

MALAYSIAN SUSTAINABLE PALM OIL
– Annual Surveillance Assessment (ASA) 1 2019
Public Summary Report

Sime Darby Plantation Berhad
Client company Address: Head Office: Level 3A, Main Block Plantation Tower, No. 2, Jalan P.J.U 1A/7 47301 Ara Damansara Selangor, Malaysia
Strategic Operating Unit (SOU 7) Bukit Kerayong Palm Oil Mill Jalan Bukit Kerayong 42200 Kapar Klang, Selangor Malaysia

Report prepared by:

Hafriazhar Mohd. Mokhtar (Lead Auditor)

Report Number: 9674123**Assessment Conducted by:**BSI Services Malaysia Sdn Bhd,
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Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Bukit Kerayong POM: 526188002000 Bukit Cheraka Estate: 526188002000 Bukit Kerayong Estate: 525572002000		
Company Name	Sime Darby Plantation Berhad – SOU 7 Bukit Kerayong		
Address	Head office : Level 3A, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7 47301 Ara Damansara, Selangor, Malaysia Certification unit : Strategic Operating Unit (SOU 7) – Bukit Kerayong Palm Oil Mill, Bukit Kerayong Road 42200 Kapar, Klang, Selangor, Malaysia		
Group name if applicable:	SOU 7 Bukit Kerayong		
Subsidiary of (if applicable)	N/A		
Contact Person Name	Senthilkumaran A/L Gopal		
Website	www.simedarby.com	E-mail	Kks.bk.kerayong@simedarbyplantation.com
Telephone	013 – 2086959	Facsimile	-

1.2 Certification Information			
Certificate Number	Mill : MSPO 682049 Estate : MSPO 690368		
Issue Date	14/03/2018	Expiry date	13/03/2023
Scope of Certification	Mill: Production of Sustainable Palm Oil and Palm Oil Products Estate: Production of Sustainable Oil Palm Fruits		
Stage 1 Date	N/A (The certification unit is RSPO certified)		
Stage 2 / Initial Assessment Visit Date (IAV)	19-21/12/2017		
Continuous Assessment Visit Date (CAV) 1	23-25/1/2019		
Continuous Assessment Visit Date (CAV) 2	N/A		
Continuous Assessment Visit Date (CAV) 3	N/A		
Continuous Assessment Visit Date (CAV) 4	N/A		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
RSPO 550181	Roundtable Sustainable Palm Oil	BSI Services Malaysia Sdn Bhd	14/04/2021

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1.3 Location of Certification Unit			
Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Longitude	Latitude
Bukit Kerayong Palm Oil Mill	Kilang Kelapa Sawit Bukit Kerayong 42200 Kapar, Klang, Selangor, Malaysia	101° 22' 29.6" E	3° 11' 12.7" N
Bukit Kerayong Estate	Bukit Kerayong Estate, P.O. Box 204 42200 Kapar, Klang, Selangor, Malaysia	101° 21' 00.5" E	3° 10' 31.3" N
Bukit Cheraka Estate	Bukit Cheraka Estate, P.O. Box 202, 45809 Jeram, Selangor, Malaysia	101° 22' 01.7" E	3° 13' 38.6" N

1.4 Plantings & Cycle					
Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Bukit Kerayong Estate	520.54	1,057.14	1,762.15	48.87	0
Bukit Cheraka Estate	495.81	2115.4	186.55	0	0
Total	1,016.35	3,172.54	1,948.7	48.87	0

1.5 FFB Production (Actual) and Projected (tonnage)			
Producer Group	Estimated (Apr 18 – Mar 19)	Actual (Dec 17 – Dec 18)	Forecast (Apr 19 – Mar 20)
Bukit Kerayong Estate	69,239.47	69,778.07	71,145.50
Bukit Cheraka Estate	59,210.52	61,161.23	59,809.22
Total	128,449.99	130,939.30	130,954.72

1.6 Certified CPO / PK Tonnage						
Mill	Estimated (Apr 18 – Mar 19)		Actual (Dec 17 – Dec 18)		Forecast (Apr 19 – Mar 20)	
	CPO	PK	CPO	PK	CPO	PK
Bukit Kerayong Palm Oil Mill	25,934.05	7,064.75	27,471.07	6,887.41	27,500.49	7,202.51
OER/KER (%)	20.19 %	5.50 %	20.98%	5.26%	21.00%	5.50 %

1.7 Description of Supply Base					
Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Bukit Cheraka Estate	3,388.70	55.52	203.40	3,647.62	92.90
Bukit Kerayong Estate	2,797.76	4.27	450.96	3,252.99	86.01
Total	6,186.46	59.79	654.36	6,900.61	89.65

1.8 Details of Certification Assessment Scope and Certification Recommendation:
<p>BSI Services Malaysia Sdn Bhd has conducted the Surveillance Certification Assessment of Sime Darby Bukit Kerayong POM SOU7 located in Jalan Bukit Kerayong, 42200 Kapar, Klang, Selangor Malaysia comprising 1 mill; 2 estates and infrastructures.</p> <p>The scope of the assessment is the documented management system with relation to the requirements of MSPO MS 2530-3:2013 – General Principles for Oil Palm Plantations and Organized Smallholders & MSPO MS 2530-4:2013 – General Principles for Palm Oil Mills and the defined assessment plan provided in terms of locations and areas of the system and organisation to be assessed.</p> <p>The assessment is a combined assessment for the mill and the group of estates that is supplying to the mill. However the assessment criteria for the mill and the estates were separated following to the required standards. The certification assessment scope is Bukit Kerayong Palm Oil Mill SOU 7 which acts as the group manager for Bukit Kerayong Estate and Bukit Cheraka Estate. This report is the combine report for Bukit Kerayong Palm Oil Mill SOU 7 and Bukit Kerayong SOU 7 Estates.</p> <p>The onsite assessment was conducted on 23/01/2019 – 25/01/2019.</p> <p>Based on the assessment result, Sime Darby Bukit Kerayong POM SOU 7 complies with the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill and recommended for certification.</p>

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
Unit 3, Level 10, Tower A
The Vertical Business Suites, Bangsar South
No. 8, Jalan Kerinchi
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BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems.

Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted from 23/01/2019 – 25/01/2019. The audit programme is included as Appendix A. The approach to the audit was to treat the Bukit Kerayong Palm Oil Mill as a MSPO Certification Unit and Bukit Kerayong SOU 7 Estates as another MSPO Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. MS 2530-3:2013 or MS 2530-4:2013 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The estates or smallholders sample were determined based on formula $N = 1.0\sqrt{y}$ where y is the number of estates while when applicable, the smallholders sample were determined following the MSPO Certification Requirement. The sampling of smallholders were based on the formula $(1.0\sqrt{y}) \times (z)$; where 1.0 is the risk factor (may defer to 1.2 and 1.4 depending on risk), where y is total number of group members and where z is the multiplier defined by the risk assessment. The sampled smallholder listed in Appendix C.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the MSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix B.

Since this is the initial assessment, there is no previous nonconformities. The assessment findings for the initial assessment are detailed in Section 4.2.

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This report is structured to provide a summary of assessment finding as attached in the Section 3. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

This report was externally reviewed by MSPO approved Peer Reviewer prior to certification decision by BSI.

The following table would be used to identify the locations to be audited each year in the 5 year cycle

1. Assessment Program					
Name (Mill / Plantation / Group smallholders)	Year 1 (Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 4)	Year 5 (ASA 5)
Bukit Kerayong POM	✓	✓	✓	✓	✓
Bukit Kerayong Estate	✓	✓	✓	✓	✓
Bukit Cheraka Estate	✓	✓	✓	✓	✓

Tentative Date of Next Visit: January 6, 2020 - January 8, 2020

Total No. of Mandays: 6

BSI Assessment Team:

Hafriazhar Mohd Mokhtar – Lead Auditor

Hafriazhar Mohd. Mokhtar is a Chemical Engineer by qualification. He has more than five years of direct work experience in the upstream processes of palm oil within the plantation industry. He is a qualified Lead Auditor for CDM, ISO 14001, ISO 50001 and ISO 9001 and has accumulated more than 500 audit days throughout his current career as the auditor for multiple disciplines covering Malaysia, Indonesia and Thailand. He has been trained in the RSPO P&C and SCCS standards and recently completed his RSPO P&C Lead Assessor training and has been involved in RSPO audits within Malaysia, Papua New Guinea, Solomon Islands and Africa During assessment, he covered the mill and estate best practices, legal issues, social issues, workers consultation, stakeholder consultation, environmental and occupational safety & health. He is fluent in Bahasa Malaysia and English languages.

Nicholas Cheong - Team Member

Holds a Master of Environmental Management from the University Putra Malaysia and Bachelor of Science (Food Science) from Charles Sturt University Australia. He has more than 7 years of working experience in sustainability auditing for palm oil industry and hydropower plant. He is also an expert in Greenhouse Gas emissions accounting. He has also 2 years of working experience in wastewater treatment and operations. He has completed the ISO9001, ISO14001, RSPO P&C Lead Auditor course, RSPO Supply Chain Lead Auditor Course, RBA Labor & Ethic Lead Auditor Course and MSPO Awareness Training. In his previous certification body, he was a Lead Assessor for Clean Development Mechanism, World Commission of Dam and ISCC. He had been involved in Sustainable Palm Oil auditing for more than 5 years. In this assessment, the focus element includes legal requirements, social and workers welfare, workers health and safety and supply chain. He is fluent in both verbal/written in English.

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He holds Bachelor Degree in Plantation Technology and Management, graduated from University Technology Mara (UiTM) on 2009. He has 4 years working experience in oil palm plantation industry. He also has the experiences as an auditor for several standards including ISO 9001, ISO 140001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2013, Endorsed RSPO P&C Lead Auditor Course in 2014, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2016. He had been involved in RSPO auditing since May 2013 within Malaysia, Papua New Guinea, Solomon Islands, Gabon and Liberia. During this assessment, he assessed on the aspects of legal, mill best practices, estate best practices, safety and health, environmental and workers and stakeholders consultation.

Accompanying Persons: N/A

Section 3: Assessment Findings

3.1 Details of audit results

This assessment has been assessed using the following MSPO normative requirements. The assessment details are provided in Appendix A.

- MSPO MS 2530-2:2013 – General Principles for Independent Smallholders
- MSPO MS 2530-3:2013 – General Principles for Oil Palm Plantations and Organized Smallholders
- MSPO MS 2530-4:2013 – General Principles for Palm Oil Mills

3.2 Details of Nonconformities and Opportunity for improvement

During the Surveillance Certification Assessment there were 9 Minor Nonconformities raised. There were also 5 Opportunity For Improvement (OFI) was raised.

Minor Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1732661-201901-N1	4.1.3.1 (MSPO Part 3)
Requirements:	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	
Statement of Nonconformity:	Management review conducted was not adequate.	
Objective Evidence:	In the SOU 7 Minutes Meeting dated 11/01/2019, the overall implementation of the internal audit was not discussed. Although the outcome of the internal audit was discussed in the management review dated 20/12/2018, the management review did not cover the action plans required which will effect decision if any changes, improvement and modification required.	
Corrections:	To include in the next Management Review Meeting agenda of action plans on internal audit findings. To discuss in the next meeting on any action plans taken effected in any changes, improvement and modification required on operational.	
Root cause analysis:	The action plans were discussed separately by OU basis thus these action plans were not included during the Management review meeting at SOU level	
Corrective Actions:	To conduct awareness briefing to all Executive and ensure PIC responsible of MSPO certification notify in the requirement to discuss on the internal audit outcome.	
Assessment Conclusion:	Corrective action plan accepted. Effectiveness evidence to be verified during next surveillance assessment.	

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Minor Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1732661-201901-N2	4.2.1.1 (MSPO Part 3)
Requirements:	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.	
Statement of Nonconformity:	Communication of information request was not adequate	
Objective Evidence:	<p>According to the clause 6.2 Procedure for External Communication, it is required that all communication sent out should be documented. At Bukit Cherekah Estate, several communication was not documented:</p> <ol style="list-style-type: none"> 1. On 11/06/2018, there was a request to use the multipurpose hall. The communication back to the requested was not documented. 2. On 23/01/2018, there was a request for seeding from the Fire Department of Kuala Selangor. The request was rejected. However the rejection was not documented. 	
Corrections:	Immediately use documented medium to give feedback and action on any matter related to communication.	
Root cause analysis:	The communication feedback was not recorded and documented.	
Corrective Actions:	<p>To inform and conduct refreshment briefing on communication related especially documented communication (written letters)</p> <p>Person In Charge En Muhammad Faez, Acting Senior Assistant of Bukit Cheraka Estate</p>	
Assessment Conclusion:	Corrective action plan accepted. Effectiveness evidence to be verified during next surveillance assessment.	

Minor Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1732661-201901-N3	4.2.2.3 (MSPO Part 3)
Requirements:	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.	
Statement of Nonconformity:	Consultation and communication of stakeholders approach related to meeting invitation was not effective.	
Objective Evidence:	During the stakeholder consultation, it was noted that relevant stakeholder has not attended the stakeholder consultation. As informed by the Assistant Manager, the invitation letter was sent by AP and as example, the letter was passed to the school security guard by the AP. In this case, it is not able to demonstrate that the invitation of stakeholders was directed to the intended person.	
Corrections:	To produce the acknowledgment of invitation letter received by the stakeholders	
Root cause analysis:	There is no mechanism to checking and ensure the approach of submission the invitation letter received to the stakeholder.	

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	Previously estate will conduct a phone call to confirmed the attendance (a week before the meeting) besides of submit the official letter to the stakeholder.
Corrective Actions:	To assign person in charge on deliver the invitation letter. To brief the PIC on the requirement to ensure the invitation letter received and acknowledged by intended person. Person In Charge Pn Nur Nadiah Hani, Assistant Manager of Bukit Cheraka Estate
Assessment Conclusion:	Corrective action plan accepted. Effectiveness evidence to be verified during next surveillance assessment.

Minor Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1732661-201901-N4	4.4.5.6 (MSPO Part 3)
Requirements:	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.	
Statement of Nonconformity:	Employment contract for some workers was not available.	
Objective Evidence:	The employment contract for the following workers at Bukit Cherekah Estate was not available: 1. S.Nathathiram A/P S.Subramaniam 2. Sivaneswary D/O P.Muniady 3. Elilarasi Agilandan D/O Katansamy.	
Corrections:	Estate Management will check and identify the affected workers without their employment contract. The HR of the Central East Region will issue the verification letter.	
Root cause analysis:	Since the merging of 2 companies (Sime Darby & Guthrie), some documentation had been missing. Assuming 3 years of Collective Agreement produced and renewed (MAPA/NUPW), the workers are well understood on the terms and conditions.	
Corrective Actions:	To brief both check roll clerk on the workers employment contract requirement. To have a proper record and ensure all file related is available. Person In Charge Pn Suriza Radiman, Chief clerk of Bukit Cheraka Estate.	
Assessment Conclusion:	Corrective action plan accepted. Effectiveness evidence to be verified during next surveillance assessment.	

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Minor Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1732661-201901-N5	4.1.3.1 (MSPO Part 4)
Requirements:	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	
Statement of Nonconformity:	Management review conducted was not adequate.	
Objective Evidence:	In the SOU 7 Minutes Meeting dated 11/01/2019, the overall implementation of the internal audit was not discussed. Although the outcome of the internal audit was discussed in the management review dated 20/12/2018, the management review did not cover the action plans required which will effect decision if any changes, improvement and modification required	
Corrections:	To include in the next Management Review Meeting agenda of action plans on internal audit findings. To discuss in the next meeting on any action plans taken effected in any changes, improvement and modification required on operational.	
Root cause analysis:	The action plans were discussed separately by OU basis thus these action plans were not included during the Management review meeting at SOU level	
Corrective Actions:	To conduct awareness briefing to all Executive and ensure PIC responsible of MSPO certification notify in the requirement to discuss on the internal audit outcome.	
Assessment Conclusion:	Corrective action plan accepted. Effectiveness evidence to be verified during next surveillance assessment.	

Minor Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1732661-201901-N6	4.6.4.2 (MSPO Part 4)
Requirements:	The management shall provide evidence of agreed contracts with the contractor.	
Statement of Nonconformity:	Some contracts was not available.	
Objective Evidence:	The addendum for contractor Kawalan Teknikal Sdn Bhd is not available.	
Corrections:	Mill management will attached the addendum to the all contract or PO to the related contractor.	
Root cause analysis:	The mill was not maintain and kept the documents.	
Corrective Actions:	To modify the PO or (in house) contract with includes the special clause of the MSPO implementation. The relevant contractor will be provided the training regarding on the MSPO compliance.	

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Assessment Conclusion:	Corrective action plan accepted. Effectiveness evidence to be verified during next surveillance assessment.
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Minor Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1732661-201901-N7	4.6.4.3 (MSPO Part 4)
Requirements:	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required	
Statement of Nonconformity:	Physical inspection not available to be verified	
Objective Evidence:	The addendum for contractor Kawalan Teknikal Sdn Bhd is not available.	
Corrections:	Mill management will attached the addendum to the all contract or PO to the related contractor.	
Root cause analysis:	The mill was not maintain and kept the documents.	
Corrective Actions:	To modify the PO or (in house) contract with includes the special clause of the MSPO implementation. The relevant contractor will be provided the training regarding on the MSPO compliance.	
Assessment Conclusion:	Corrective action plan accepted. Effectiveness evidence to be verified during next surveillance assessment.	

Minor Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1732661-201901-N8	4.5.1.2 (MSPO Part 4)
Requirements:	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations	
Statement of Nonconformity:	Environmental management plan for aspect related to emergency condition such as EFB yard bund wall collapse was not adequate.	
Objective Evidence:	Pollution prevention plan/environmental management plan 2019 SOU (7) Bukit Kerayong Oil Mill	
Corrections:	Mill management already reviewed the environmental management plans immediately for emergency condition (EFB yard bund wall collapse). Mill management will ensure all elements in environmental management plans wisely reviewed in the future.	
Root cause analysis:	There is no monitoring on the environmental aspect.	
Corrective Actions:	The inspection and monitoring on the wall structure will be carry out and ready to deploy the emergency respond team is there is emergency situation.	
Assessment Conclusion:	Corrective action plan accepted. Effectiveness evidence to be verified during next surveillance assessment.	

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Minor Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1732661-201901-N9	4.4.4.2 (MSPO Part 4)
Requirements:	The occupational safety and health plan should cover the following: 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).	
Statement of Nonconformity:	Implementation of PPE usage as per plan was not adequate.	
Objective Evidence:	It was sighted during visit at boiler where two operators who undertook the boiler fuel feeding job step were not wearing their face masks. This was not in-line with identification of fiber fuel dust inhaling hazard control measure.	
Corrections:	HIRARC been reviewed wisely and accordingly in line with the situation and condition.	
Root cause analysis:	There is no specific monitoring and risk assessment conducted to the boiler.	
Corrective Actions:	The HIRARC review team will review all the job step and identified if there any new activity or new machines in the mill operation.	
Assessment Conclusion:	Corrective action plan accepted. Effectiveness evidence to be verified during next surveillance assessment.	

Opportunity for Improvements	
OFI #	Description
1732661-201901-I1	4.1.4.1 (MSPO Part 3): The continuous improvement project for year 2019 has not been identified yet. As for 2017/2018 project it is more related to cost improvement. The improvement project shall consider social and environmental impact as well.
1732661-201901-I2	4.4.1.1 (MSPO Part 3): The management plan not clearly included with promotion of the positive impacts.
1732661-201901-I3	4.4.2.4 (MSPO Part 4): There is no record of grievance and complaints. However interview with QA Officer demonstrated that the grievance mechanism is not well understood. It was made know the assessment team that if there is verbal complaint or grievance, it is not recorded.
1732661-201901-I4	4.6.3.2 (MSPO Part 4): The contract agreement did not indicate the payment time period from the invoice date.
1732661-201901-I5	4.6.1.1 (MSPO Part 3): Consistency of SOP implementation shall be appropriately observed on few field activities including EFB application and MTG loading

Noteworthy Positive Comments	
1	Good relationship being maintained with surrounding villages, schools and contractors.
2	No stakeholder's compliant or negative feedback received during stakeholder's consultation.

3.3 Status of Nonconformities Previously Identified and OFI

Major Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1574726-201711-M1	4.3.1.1-Part 3
Requirements:	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.	
Statement of Nonconformity:	Compliance to the EMPLOYMENT ACT 1955 and Act 446 WORKERS' MINIMUM STANDARDS OF HOUSING AND AMENITIES ACT 1990 are not effectively implemented.	
Objective Evidence:	<p><u>Bukit Kerayong Estate:</u> As per EMPLOYMENT ACT 1955, Work on rest day: <i>60. (d) In the case of an employee employed on piece rates who works on a rest day, he shall be paid twice his ordinary rate per piece.</i></p> <p>However, sampled worker's pay slips showed that working on Sunday for worker ID (Myanmar): 0000096887 and Estate worker ID (Bangladesh): 0000107957 were not having the double paid which is incompliance with Malaysia Employment Act 1955. The sampled pay slips are as below: a. Estate worker ID (Bangladesh): 0000107957, pay slip for July 2017 & March 2017. b. Estate worker ID (Myanmar): 0000096887, pay slip for Nov 2017.</p> <p><u>Bukit Kerayong Estate & Bukit Cheraka Estate:</u> As per Act 446 WORKERS' MINIMUM STANDARDS OF HOUSING AND AMENITIES ACT 1990 Weekly inspection of workers' housing: <i>(2) 'It shall be the duty of the employer to ensure that all buildings used for the housing of workers, nurseries or community halls are visited and inspected weekly by an estate hospital assistant registered under the Estate Hospital Assistants (Registration) Act 1965 [Act 435] or any other responsible person authorized by the employer who shall report to the resident manager...'</i></p> <p>For Bukit Kerayong Estate & Bukit Cheraka Estate, linesite inspection was not conducted in weekly basis as evidenced in linesite records by Hospital Assistant.</p>	
Corrections:	<p><u>Bukit Kerayong Estate</u> The weekly inspection of the housing complex is carried out by the HA using the checklist provided by the PSQM.</p> <p><u>Bukit Kerayong & Bukit Cheraka Estate</u> The management of the Bukit Kerayong Estate temporarily not offering Sunday work. Management had agreed to reimburse double pay to the affected workers by stages.</p>	
Root cause analysis:	<p><u>Bukit Kerayong Estate</u> Management offered the task on voluntary basis to the workers and the working hours is not exceeding 4 hours. The salary paid as piece rated as indicated in the collective agreement. This is a current practice in estate and the management offered piece rated pay which is higher than daily rated pay.</p>	

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	<p><u>Bukit Kerayong & Bukit Cheraka Estate</u> Inspection was conducted by the Visiting Medical Officer (VMO) and assisted by the Hospital Assistant (HA), however the inspection schedule was inconsistent and no standard record. The schedule of the VMO visit by the bi-weekly basis and the issues related on housing recorded in the log book.</p>
<p>Corrective Actions:</p>	<p><u>Bukit Kerayong Estate</u> 1. The management had issued memo dated 5 January 2018 on no working on Sunday except for harvesting activity. 2. If the management required piece rated work on the Sunday, the double pay is applicable to the workers.</p> <p><u>Bukit Kerayong & Bukit Cheraka Estate</u> 1. Management will conduct the SOP Workers Minimum Housing Standard and Social Amenities training to the Hospital Assistant on January 2018. 2. The HA required to submit the checklist for the verification by the Assistant Manager on the weekly basis.</p>
<p>Close out evidence:</p>	<p><u>Bukit Kerayong Estate</u> 1. List of all the affected workers who worked on rest day but paid by normal rate identified with the reimbursed rate to be paid in year 2017. 2. Pay slips for 3 sampled workers in previous audit in January 2017 on the reimbursed rate paid in stages (Worker ID: 107957, 96887, 110449) 3. Memo circulated from the Estate Manager to Estate Management, that mentioned the double pay will be paid to the worker work on rest day for piece rate or hourly rate basis dated 27.12.2017.</p> <p><u>Bukit Kerayong & Bukit Cheraka Estate</u> 4. Bukit Kerayong Estate: Memo dated 27.12.2017 circulated from the Estate Manager to Estate Management, mentioned the schedule for linesite inspection to be conducted weekly by the assigned person in charge. 5. Bukit Kerayong Estate: Bukit Worker’s Housing Complex Inspection with the line site checklist for January 2018. 6. Bukit Cheraka Estate: BCE Linesite Inspection checklist for January 2018.</p>
<p>Assessment Conclusion:</p>	<p>ASA 1 verification: A mechanism to ensure compliance to legal and other requirement has been documented in MQMS (Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU 7. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008. Sample of licenses or permit viewed were: <ul style="list-style-type: none"> • MPOB license # 526188002000; Ladang Bukit Cheraka; FFB; Validity period 01/02/2019 - 31/01/2020; Area: 1,604.00 ha • MPOB license # 508324102000; Ladang Bukit Cloh; FFB; Validity period 01/03/2019 - 29/02/2020; Area: 2,028.29 ha </p>

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	<ul style="list-style-type: none"> • MPOB license # 589377011000; Ladang Bukit Cheraka; Seedling; Validity period 01/10/2018 - 31/09/2019; Lot # 2969 • Permit for Scheduled Controlled Goods; S/N: Putrajaya000701; Ref. # B.PGK.SEI/5300; Validity: 31/1/2018 – 30/1/2019; Diesel: 9,100 liter; Petrol: 455 liter; Bukit Cloh Division • Permit for Scheduled Controlled Goods; S/N: B010150; Ref. # B.PGK.SEI/5300; Validity: 31/1/2018 – 30/1/2019; Diesel: 10,000 liter; Bukit Cheraka Division • MPOB License # 525572002000; Ladang Bukit Kerayong; FFB; Validity period 1/1/2019 - 31/12/2019; Arae: 3,368.50 Ha. • Permit for Scheduled Controlled Goods; S/N: B010130; Ref. # B.PGK.SEL/00533; Validity: 8/1/2018 – 7/1/2019; Diesel: 3,000 liter; Ladang Sungai Kapar <p>Permit for Scheduled Controlled Goods; S/N: B010128; Ref. # B.PGK.SEL/00533; Validity: 8/1/2018 – 7/1/2019; Diesel: 10,000 liter; Ladang Bukit Kerayong</p> <p>No recurrence of issue hence Major Noncompliance remained closed.</p>
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Major Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1574726-201711-M2	4.3.1.1-Part 4
Requirements:	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.	
Statement of Nonconformity:	Compliance to the Act 446 WORKERS' MINIMUM STANDARDS OF HOUSING AND AMENITIES ACT 1990 is not effectively implemented.	
Objective Evidence:	<p>As per Act 446 WORKERS' MINIMUM STANDARDS OF HOUSING AND AMENITIES ACT 1990 Weekly inspection of workers' housing:</p> <p><i>(2) 'It shall be the duty of the employer to ensure that all buildings used for the housing of workers, nurseries or community halls are visited and inspected weekly by an estate hospital assistant registered under the Estate Hospital Assistants (Registration) Act 1965 [Act 435] or any other responsible person authorized by the employer who shall report to the resident manager...'</i></p> <p>For Bukit Kerayong POM, linesite inspection was not conducted in weekly basis as evidenced in linesite records by staff in-charge.</p>	
Corrections:	The inspection of the housing complex is being carried out weekly as per requirements. The standard checklist have been provided by PSQM.	
Root cause analysis:	No inspection conducted due to any issues related to housing will be reported to the Management. The issues recorded in the 'Buku Rekod Kerosakan Rumah'.	
Corrective Actions:	<ol style="list-style-type: none"> 1. Person in charge have been appointed to conduct the housing inspection. 2. Management will conduct the SOP Workers Minimum Housing Standard and Social Amenities training on 12 January 2018. 3. The completed checklist to be submitted to the assistant Manager for verification. 	
Close out evidence:	<p><u>Bukit Kerayong POM</u></p> <ol style="list-style-type: none"> 1. Appoinment letter to the PIC for the line site inspection dated 03.01.18 to Mr Zahariman Salleh (Mill Operator). 2. Bukit Kerayong POM: Linesite Inspection checklist for 27.02.2018. 	

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	<p>3. Attendance list for SOP Training on Linesite Inspection on 27.02.2018 to 7 attendees.</p> <p>4. Training Photos on 27.02.2018.</p>
Assessment Conclusion:	<p>ASA 1 verification:</p> <p>A mechanism to ensure compliance to legal and other requirement has been documented in MQMS (Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU 7.</p> <p>PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>Sample of licenses or permit viewed were:</p> <ul style="list-style-type: none"> - MPOB license # 562906004000 (validity period 01/08/2018 - 31/07/2019) for 180,000mt - DOE License # 003124; validity period 01/07/2018 - 30/06/2019 for 30mt/hr & DOE POM Compliance Schedule (JPKKS) AS (B) 31/152/000/067; Effective date: 1/6/2017 - Energy commission license # 2018/01070; s/n: 28695 (validity period 25/05/2018 – 24/05/2019) for 2640 kW installation capacity - DOSH FMA 1967 Permit # SL PMT 32054; Air Receiver 840kPa; Volume: 0.16 m3; Validity period: 8/10/2018 – 7/1/2020 <p>DOSH FMA 1967 Permit # PMT 77662; Steam Separator; Volume: 0.1 m3; Validity period: 8/10/2018 – 7/1/2020</p> <p>No recurrence of issue hence Major Noncompliance remained closed.</p>

Major Nonconformities:

Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1574726-201711-M3	4.4.4.2-Part 3
Requirements:	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).	
Statement of Nonconformity:	The use of appropriate Personal Protective Equipment (PPE) was not effectively implemented.	
Objective Evidence:	<p>1. During the site visit (Bukit Kerayong Estate) to the sprayer gang at block P10 sighted that all 9 sprayers do not have eye protection PPE.</p> <p>a. As per the Sime Darby Plantation Sdn Bhd Bukit Kerayong Estate (Tatacara Kerja Selamat – Keselamatan Penggunaan Bahan Racun) SOPP – Chemical, the PPE approved by JKKP includes Eye Protection PPE.</p> <p>b. CHRA (03-04/02/CHRA/2015/3) dated 03/08/2015 by NIOSH (JKKP HIE 127/2(353) also requires sprayers to wear eye protection (google) during spraying activities.</p>	

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	<p>2. During the site visit (Bukit Cheraka Estate) to the manuring gang at block OP14C sighted that all 15 manuring gang do not have eye protection PPE.</p> <p>a. As per the Sime Darby Plantation Sdn Bhd Bukit Cheraka Estate (Tatacara Kerja Selamat – Keselamatan Penggunaan Baja) the PPE approved by JKKP includes Eye Protection PPE.</p> <p>b. CHRA (03-04/02/CHRA/2015/3) dated 06/08/2015 by NIOSH (JKKP HIE 127/2(353) also requires manuring gang to wear eye protection (google) during manuring activities.</p>
Corrections:	<p><u>Bukit Kerayong Estate</u></p> <p>The Estate management decided to provide suitable eye protection for sprayer. The management will review the SOP and provide the suitable PPE (spackle type) for sprayer.</p> <p><u>Bukit Cheraka Estate.</u></p> <p>The Estate management decided to provide the PPE to manuring gang as per mention in the CHRA report. PPE is only for eye protection (spackle), for others PPE still remain unchanged.</p>
Root cause analysis:	<p><u>Bukit Kerayong Estate</u></p> <p>The Management did not provide eye protection to the sprayer as it may fog the eye glasses. The management did not provide the eye protection due to complaints received on fogged goggle and uncomfortable to wear during working.</p> <p><u>Bukit Cheraka Estate.</u></p> <p>The Management did not provide eye protection to the manuring gang as the fertilizer is in granular type and less hazardous to the eyes.</p>
Corrective Actions:	<p><u>Bukit Kerayong Estate</u></p> <ol style="list-style-type: none"> 1. The SOP spraying activity and PPE training will be conducted on January 2018. 2. The management will enforce the PPE monitoring during the morning muster. The records of monitoring will be established. <p><u>Bukit Cheraka Estate.</u></p> <ol style="list-style-type: none"> 1. The SOP manuring and PPE training will be conducted on January 2018. 2. The management will enforce the PPE monitoring during the morning muster. The records of monitoring will be established.
Close out evidence:	<p><u>Bukit Kerayong Estate</u></p> <ol style="list-style-type: none"> 1. SOP Training for sprayer attendance list with photos on 03.01.2018. 2. PPE and Tool for Harvesting list distributions to all 10 workers on 15.01.2018. <p><u>Bukit Cheraka Estate.</u></p> <ol style="list-style-type: none"> 3. Manuring Application Training & PPE Equipment Training for sprayer attendance list with photos on 10.01.2018. 4. PPE and Tool for Harvesting list distributions to all 11 workers on 08.01.2018. <p>Revised SOP titled 'Tatakerja Kerja Selamat Keselamatan Penggunaan Baja'.</p>
Assessment Conclusion:	<p>ASA 1 verification:</p>

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Group Policy on health and safety was established in English and Bahasa Malaysia in Jan 2015 which was approved by Managing Director, Datuk Franki Anthony Dass and seen displayed at various notice boards within estate office. The policy briefing was done accordingly on 14/12/2018 by the management at all estate visited.

The estate management unit has Hazard Identification, Risk Assessment, and Risk Control (HIRARC) document for financial year (FY) 2019 reviewed and updated on 14/01/19.

Estate management has appointed ESH Committee for 2019 consist representatives from employer and employee. The OHS Chairman and Secretary are in coordination with PSQM Head Quarter Officer for any update national regulations and collective agreements. OSH meeting was conducted accordingly #1: 23/10/18, #2: 27/7/18 and #3: 13/04/18.

- Daftar Kemalangan, Kejadian Berbahaya, Keracunan Pekerjaan dan Penyakit Pekerjaan; Kalendar Tahun 2017; Saiz Industri: B

- LTA: 0

- Register of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease; For Calendar Year 2018; Industrial Classification 1117

Total man-hours worked in year 2018: 1005771; average employment: 375

Fire drill was last conducted on 28/12/2018 by the management which involved the executive, staff, mandore and workers.

The Hospital Assistance is the key person as first aider and supported by estate staff whom been trained by him. Sighted the training record for first aiders on 1/11/17 attended by staff and workers.

OSH Committee has records any accident happen and evaluate it on the OSH quarter meeting. There was 15 cases reported for FY17/18 with total lost mandays 35 days. The internal investigation report was conducted accordingly by the management.

JKKP 8 was submit to DOSH on 19/1/19. Other OSH records sighted as following:

- Daftar Kemalangan, Kejadian Berbahaya, Keracunan Pekerjaan dan Penyakit Pekerjaan; Kalendar Tahun 2017; Saiz Industri: B

- LTA: 0

- Register of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease; For Calendar Year 2018; Industrial Classification 1117

Total man-hours worked in year 2018: 1005771; average employment: 375

No recurrence of issue hence Major Noncompliance remained closed.

3.4 Issues Raised by Stakeholders

IS #	Description
<p>1.</p>	<p>Feedbacks: <u>SJK(T) Bukit Cheraka</u> 1. There are about 140 students in the school. Teacher’s concern on the housing and school gate sometimes closed which resulting students has to take long and unsafety road especially during heavy rain, the condition of road is full with mud. 2. 6 wild dogs seen wandering around the school compound. 3. School management requested if estate/mill has the unused computer to be considered for school. 4. Some students were not attending the school but playing around the school compound. Parents seems not concerning on their children school attendance. School teacher is looking forward to cooperating with estate to give awareness to the parent (estate’s worker) on the importance of education. School thanking the estate for the assistance in field grass cutting and auxiliary police for sport day.</p> <p>Management Responses: 1. This has been discussed during the stakeholder meeting. Estate will consider the request since the gate closed due to cattle issue. 2. Already liaised with MDKS on the catchment activity. 3. Estate noted and will consider the request. Estate noted and will consider the request.</p> <p>Audit Team Findings: No further issue.</p>
<p>2.</p>	<p>Feedbacks: <u>SMK Jeram</u> School would like to express their appreciation on the estate’s contribution of RM 300.</p> <p>Management Responses: Noted on the appreciation.</p> <p>Audit Team Findings: No further issue.</p>
<p>3.</p>	<p>Feedbacks: <u>Yih Construction</u> Estate has been given a good cooperation to the contractor. They involved in MSP0/RSPO briefing and stakeholder meeting. So far no payment issue and agreement between contractor and estate is valid.</p> <p>Management Responses: Estate will continue the good practices.</p> <p>Audit Team Findings: No further issue.</p>
<p>4.</p>	<p>Feedbacks: <u>Kampung Bukit Kerayong</u> The issue of cattle is continuously happen as the cattle owner are more than 30 and the total cows are reach 1000. So far stakeholder’s meeting has been discussing this issue and still looking for the effective solution.</p> <p>Management Responses: The cattle issue has been brought up to the government body such as MDKS, Veterinar and Police for enforcement to the cattle owner which come from estate worker and villager and it is still in progress for the win-win solution.</p> <p>Audit Team Findings: Sighted the evidence of minute meeting in stakeholder’s meeting, complaint book, social impact assessment plan and during interview confirmed that this cattle issue has been discussed accordingly.</p>
<p>5.</p>	<p>Feedbacks:</p>

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	<p><u>Workers' Representatives</u> Overtime and basic salary were on time and paid accordingly. No discrimination occur between locals and foreign worker as well as among male and female. Estate didn't stop the worker to join any trade union as most are join NUPW.</p> <p>Management Responses: Mill and estate will continue the good practices.</p> <p>Audit Team Findings: No further issue.</p>
6.	<p>Feedbacks: <u>Lotus Two Enterprise</u> The contractor's worker are all foreign worker and some of them are hired through work agent. This is because the immigration did not approve the additional worker's quota request.</p> <p>Management Responses: Estate will rectify the issue with the contractor.</p> <p>Audit Team Findings: This issue has been raised as non-conformity under contract substitution. Further information please refer to clause 6.12.2</p>
7.	<p>Issues: Gender Committee So far no sexual harassment case reported and gender committee members are actively conducting activities for women.</p> <p>Management Responses: Management will continue to provide awareness to all the employee on the grievance procedure, case reported and prevention action.</p> <p>Audit Team Findings: No other issue.</p>

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1574726-201711-M1	Major	21/12/2017	Closed on 08/3/2018
1574726-201711-M2	Major	21/12/2017	Closed on 08/3/2018
1574726-201711-M3	Major	21/12/2017	Closed on 08/3/2018
1732661-201901-N1	Minor	25/01/2019	Open
1732661-201901-N2	Minor	25/01/2019	Open
1732661-201901-N3	Minor	25/01/2019	Open
1732661-201901-N4	Minor	25/01/2019	Open
1732661-201901-N5	Minor	25/01/2019	Open
1732661-201901-N6	Minor	25/01/2019	Open
1732661-201901-N7	Minor	25/01/2019	Open
1732661-201901-N8	Minor	25/01/2019	Open
1732661-201901-N9	Minor	25/01/2019	Open

3.6 Summary of the findings by Principles and Criteria

MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	A policy for the implementation of MSPO shall be established. - Major compliance -	Sime Darby had issued a statement on commitment towards MSPO implementations. The statement was made by Tang Meng Kon Head, Global Sustainability Operations.	Complied
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	The policy specifically emphasized achieving commitment towards a systematic approach in ensuring continuous improvement in our operation, compliance to statutory, legal and other regulation requirements and establishment of traceability within the supply chain in line with our existing Sustainability policies.	Complied
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	As per the Internal Audit Procedure (SD/SDP/PSQM/IAP Rev 2 dated 01/11/2017), the internal audit will be planned on yearly interval. Internal audit is conducted on yearly basis. The last internal audit was conducted on 17-20 December 2018 covering the entire SOU7. Bukit Cherakah Estate is part of SOU7. Bukit Kerayong Estate Internal audit 17-20/12/2018.	Complied
4.1.2.2	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. - Major compliance -	As per the Internal Audit Procedure (SD/SDP/PSQM/IAP Rev 2 dated 01/11/2017),	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.1.2.3	<p>Reports shall be made available to the management for their review.</p> <p>- Major compliance -</p>	<p>The finding of the Internal Audit was reviewed by management on 20/12/2018.</p>	<p>Complied</p>
<p>Criterion 4.1.3 – Management Review</p>			
4.1.3.1	<p>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.</p> <p>- Major compliance -</p>	<p>The management review on the internal audit finding was conducted on 20/12/2018. Another management review on the operations was conducted on 11/01/2019.</p> <p>Minor: In the SOU 7 Minutes Meeting dated 11/01/2019, the overall implementation of the internal audit was not discussed. Although the outcome of the internal audit was discussed in the management review dated 20/12/2018, the management review did not cover the action plans required which will effect decision if any changes, improvement and modification required. Hence, a minor non compliance has been raised.</p>	<p>Minor noncompliance</p>
<p>Criterion 4.1.4 – Continual Improvement</p>			
4.1.4.1	<p>The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.</p> <p>- Major compliance -</p>	<p>SD is applying Kaizen approach for continuous improvement plan. The improvement plans are considering details obtained from stakeholders.</p> <p>For year 2017/2018, the continuous improvement plan projects includes reduce medical cost from using Jeram District Hospital to Klinik Kesihatan. The cost for using Jeram Hospital is higher however the treatment standard was not better than Klinik Kesihatan.</p> <p>OFI: The continuous improvement project for year 2019 has not been identified yet. As for 2017/2018 project it is more related to cost improvement. The improvement project shall consider social and environmental impact as well.</p>	<p>OFI</p>

Criterion / Indicator		Assessment Findings	Compliance
4.1.4.2	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. - Major compliance -	SD is applying Kaizen approach. On yearly basis, project on operation improvement will be identified. For 2018, there was no projects identified for improving techniques.	Complied
4.1.4.3	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. - Major compliance -	The mechanism applied by SD for continuous improvement is Kaizen approach. Kaizen approach is a total approach where solutions are required to be identified. Hence it is deemed that resources required for the project will be included.	Complied
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	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. - Major compliance -	The Procedure for External Communication dated 01/11/2008 is established. Minor: As according to the clause 6.2 Procedure for External Communication, it is required that all communication sent out should be documented. At Bukit Cherekah Estate, several communication was not documented: 1. On 11/06/2018, there was a request to use the multipurpose hall. The communication back to the requested was not documented. 2. On 23/01/2018, there was a request for seeding from the Fire Department of Kuala Selangor. The request was rejected. However the rejection was not documented.	Minor noncompliance

Criterion / Indicator		Assessment Findings	Compliance
4.2.1.2	<p>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.</p> <p>- Major compliance -</p>	<p>The Procedure for External Communication dated 01/11/2008 included the method for the public to obtain information from the company. The procedure was introduced to the local stakeholders during the stakeholder engagement.</p> <p>Policies of the company is published on their website and copies of the polices can be seen posted on notice board within the vicinity of the mill.</p>	Complied
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p>The Procedure for External Communication dated 01/11/2008 is established.</p> <p>The last stakeholder conducted for Bukit Cherekah was on 12/12/2018.</p>	Complied
4.2.2.2	<p>A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.</p> <p>- Minor compliance -</p>	<p>The estate managers have been identified to be responsible to receive and manage all external communication.</p>	Complied
4.2.2.3	<p>List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.</p> <p>- Major compliance -</p>	<p>The list of relevant stakeholders has been established and updated in October 2018. The stakeholders include contactors, vendor/suppliers, local community head and other interested parties.</p> <p>Minor: During the stakeholder consultation, it was noted that relevant stakeholder has not attended the stakeholder consultation. As informed by the Assistant Manager, the invitation letter was sent by AP and as example, the letter was passed to the school security guard by the AP. In this case, it is not able to demonstrate that the invitation of stakeholders was directed to the intended person. Hence the invitation is not effective.</p>	Minor noncompliance

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.2.3 – Traceability			
4.2.3.1	The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s). - Major compliance -	The Standard Operation Procedure (SOP) Sustainable Supply Chain and Traceability ver. 2 dated Sept 2018 was established. The SOP includes control of documents, receiving FFB and delivery of CPO and PK and non-conforming products management.	Complied
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	Period internal audit is conducted to confirm compliances of the traceability system. More the SAP system is used by SD where by the inputs of the material are all controlled.	Complied
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system. - Minor compliance -	The responsible person managing the traceability for Bukit Cherakah Estate is Mr. Muhammad Faez Bin Sarif (Senior Assistant Manager).	Complied
4.2.3.4	Records of sales, delivery or transportation of FFB shall be maintained. - Major compliance -	There is no sale of FFB. All the FFB produced will be transported to Bukit Kerayong Palm Oil Mill or other mills managed by Sime Darby. The transport receipt are retained in the estate office.	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.	A mechanism to ensure compliance to legal and other requirement has been documented in MQMS (Mill Quality Management System) under	

Criterion / Indicator	Assessment Findings	Compliance
<p>- Major compliance -</p>	<p>Standard Operation Manual distributed to all operating units under SOU 7. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008. Sample of licenses or permit viewed were:</p> <ul style="list-style-type: none"> • MPOB license # 526188002000; Ladang Bukit Cheraka; FFB; Validity period 01/02/2019 - 31/01/2020; Area: 1,604.00 ha • MPOB license # 508324102000; Ladang Bukit Cloh; FFB; Validity period 01/03/2019 - 29/02/2020; Area: 2,028.29 ha • MPOB license # 589377011000; Ladang Bukit Cheraka; Seedling; Validity period 01/10/2018 - 31/09/2019; Lot # 2969 • Permit for Scheduled Controlled Goods; S/N: Putrajaya000701; Ref. # B.PGK.SEI/5300; Validity: 31/1/2018 – 30/1/2019; Diesel: 9,100 liter; Petrol: 455 liter; Bukit Cloh Division • Permit for Scheduled Controlled Goods; S/N: B010150; Ref. # B.PGK.SEI/5300; Validity: 31/1/2018 – 30/1/2019; Diesel: 10,000 liter; Bukit Cheraka Division • MPOB License # 525572002000; Ladang Bukit Kerayong; FFB; Validity period 1/1/2019 - 31/12/2019; Arae: 3,368.50 Ha. • Permit for Scheduled Controlled Goods; S/N: B010130; Ref. # B.PGK.SEL/00533; Validity: 8/1/2018 – 7/1/2019; Diesel: 3,000 liter; Ladang Sungai Kapar • Permit for Scheduled Controlled Goods; S/N: B010128; Ref. # B.PGK.SEL/00533; Validity: 8/1/2018 – 7/1/2019; Diesel: 10,000 liter; Ladang Bukit Kerayong 	<p>Major nonconformance</p>

Criterion / Indicator		Assessment Findings	Compliance
4.3.1.2	<p>The management shall list all laws applicable to their operations in a legal requirements register.</p> <p>- Major compliance -</p>	<p>Documented procedure has been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10/12/2008.</p> <p>List of applicable legal and other requirements was made available during the assessment and compiled in the LORR folder.</p> <p>All the legal and other requirements were register accordingly in the legal requirement register including Minimum Wages Order 2018.</p> <p>The evaluation was last carried out on 14/1/2019 by Assistant Manager and approved by Estate Manager.</p> <p>As to date, Bukit Kerayong Estate had complied with all the applicable local, state, national and ratified international laws and regulations.</p>	Complied
4.3.1.3	<p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p>- Major compliance -</p>	<p>Register been documented in EQMS & Agricultural Manual (Estate Quality Management System) under Standard Operation Manual distributed to all operating units under SOU7.</p> <p>PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance.</p> <p>Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>All the legal and other requirements were register accordingly in the legal requirement register including Minimum Wages Order 2016.</p> <p>The evaluation was last carried out on 14/1/2019 by Assistant Manager and approved by Estate Manager.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.3.1.4	<p>The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.</p> <p>- Minor compliance -</p>	<p>A mechanism to ensure compliance to legal and other requirement has been documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU7.</p> <p>PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance.</p> <p>Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations.</p> <p>Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites as well as from MAPA circulars.</p>	Complied
Criterion 4.3.2 – Lands use rights			

Criterion / Indicator		Assessment Findings	Compliance
4.3.2.1	<p>The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.</p> <p>- Major compliance -</p>	<p><u>Bukit Kerayong POM & Bukit Kerayong Estate</u></p> <p>The land title, Grant number 46219 (Lot 2601) for area of 5012 Acre, registered to Sime Darby Plantation (Peninsular) Sdn Bhd (now Sime Darby Plantation Berhad) on 27/08/02. The usage of land is not stated. The land was granted by Kanun Tanah Negara. Hence it is applicable for any usage.</p> <p><u>Bukit Cheraka Estate</u></p> <p>There are a total of 105 land titles under Bukit Cheraka Estate, for total of RM 40,926.25 (drainage cess), RM 42,800 (quit rent) registered to Sime Plantation Sdn Bhd. The usage of land is not stated. The land was granted by Kanun Tanah Negara. Hence it is applicable for any usage.</p>	Complied
4.3.2.2	<p>The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.</p> <p>- Major compliance -</p>	<p>Refer to 4.3.2.1</p> <p>The perimeter survey map of the land portion is provided together with the land title. The map is provided with the coordinated demarcation.</p>	Complied
4.3.2.3	<p>Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.</p> <p>- Major compliance -</p>	<p>The map of the land portion is provided together with the land title. The map has provided the coordinated demarcation.</p>	Complied
4.3.2.4	<p>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).</p>	<p>There is no land dispute recorded. This was verified with stakeholders' consultation.</p> <p>In order to deal with future arising land dispute (if applicable), the Sustainable Plantation Management System (SPMS) Appendix 3 dated 01/11/2008 documented the process in handling boundaries disputes.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -		
Criterion 4.3.3 – Customary rights			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	There is no customary land for the portion of land.	Complied
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should be made available. - Minor compliance -	There is no customary land for the portion of land.	Complied
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance -	There is no customary land for the portion of land.	Complied
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	The SIA was conducted on 02-04 November 2015. The management plan has been established on 27/12/2018. Responsible person, date of target completion, issues and action plan is included in the management plan. OFI: Promotion of the positive impacts need to be improve.	OFI
Criterion 4.4.2: Complaints and grievances			

Criterion / Indicator		Assessment Findings	Compliance
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented. - Major compliance -	A flowchart and procedure on handling social issues ver.1 dated 01/11/2008 has established to manage any internal complaints and grievance.	Complied
4.4.2.2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties. - Major compliance -	A flowchart and procedure on handling social issues ver.1 dated 01/11/2008 has established to manage any internal complaints and grievance.	Complied
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint. - Minor compliance -	Compliant form are made available at the mill. However, grievance can also be raised by verbal and letter. Complaint box is also made available at the mill.	Complied
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time. - Minor compliance -	Interview with the workers confirmed that they are aware of the complaint mechanism. The complaints that are usually received are request for housing fixing.	Complied
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. - Major compliance -	Complaints reserved are retained. Example of records retained in Bukit Cherekah dated 19/01/2019; 03/12/2018 and 05/04/2018.	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	Growers should contribute to local development in consultation with the local communities. - Minor compliance -	Local community contribution is by request to the estates.	Complied

Criterion / Indicator		Assessment Findings	Compliance
		Sample reviewed - at Bukit Cherekah estate, on 30/10/2018, Sekolah Jenis Kebangsaan (Tamil) Ladang Braunston requested for grass cutting. The approval was provided by Estate Manager.	
Criterion 4.4.4: Employees safety and health			
4.4.4.1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented. - Major compliance -	<p>Group Policy on health and safety was established in English and Bahasa Malaysia in Jan 2015 which was approved by Managing Director, Datuk Franki Anthony Dass and seen displayed at various notice boards within estate office.</p> <p>The policy outlines the company's commitment to provide workers with adequate knowledge, training, and experience to ensure continuous improvements in OSH management and performance. As for the new workers, there is induction training upon their arrival at training camp at Sua Betong.</p> <p>The PSQM team is also committed in establishing various working standards through procedures or pictorial method to improve safe working condition.</p>	Complied
4.4.4.2	The occupational safety and health plan shall cover the following: A safety and health policy, which is communicated and implemented. The risks of all operations shall be assessed and documented.	Group Policy on health and safety was established in English and Bahasa Malaysia in Jan 2015 which was approved by Managing Director, Datuk Franki Anthony Dass and seen displayed at various notice boards within estate office. The policy briefing was done accordingly on 14/12/2018 by the management at all estate visited.	complied

Criterion / Indicator	Assessment Findings	Compliance
<p>An awareness and training programme which includes the following requirements for employees exposed to pesticides:</p> <p>all employees involved shall be adequately trained on safe working practices</p> <p>all precautions attached to products shall be properly observed and applied</p> <p>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>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> <p>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.</p> <p>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 meeting are kept</p>	<p>The estate management unit has Hazard Identification, Risk Assessment, and Risk Control (HIRARC) document for financial year (FY) 2019 reviewed and updated on 14/01/19.</p> <p>Estate management has appointed ESH Committee for 2019 consist representatives from employer and employee. The OHS Chairman and Secretary are in coordination with PSQM Head Quarter Officer for any update national regulations and collective agreements. OSH meeting was conducted accordingly #1: 23/10/18, #2: 27/7/18 and #3: 13/04/18.</p> <p>- Daftar Kemalangan, Kejadian Berbahaya, Keracunan Pekerjaan dan Penyakit Pekerjaan; Kalendar Tahun 2017; Saiz Industri: B</p> <p>- LTA: 0</p> <p>- Register of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease; For Calendar Year 2018; Industrial Classification 1117</p> <p>Total man-hours worked in year 2018: 1005771; average employment: 375</p> <p>Fire drill was last conducted on 28/12/2018 by the management which involved the executive, staff, mandore and workers.</p>	

Criterion / Indicator		Assessment Findings	Compliance
	<p>and the concerns of the employees and any remedial actions taken are recorded.</p> <p>Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>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.</p> <p>Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>The Hospital Assistance is the key person as first aider and supported by estate staff whom been trained by him. Sighted the training record for first aiders on 1/11/17 attended by staff and workers.</p> <p>OSH Committee has records any accident happen and evaluate it on the OSH quarter meeting. There was 15 cases reported for FY17/18 with total lost mandays 35 days. The internal investigation report was conducted accordingly by the management.</p> <p>JKKP 8 was submit to DOSH on 19/1/19. Other OSH records sighted as following:</p> <ul style="list-style-type: none"> - Daftar Kemalangan, Kejadian Berbahaya, Keracunan Pekerjaan dan Penyakit Pekerjaan; Kalendar Tahun 2017; Saiz Industri: B - LTA: 0 - Register of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease; For Calendar Year 2018; Industrial Classification 1117 <p>Total man-hours worked in year 2018: 1005771; average employment: 375</p>	
Criterion 4.4.5: Employment conditions			
4.4.5.1	<p>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.</p> <p>- Major compliance -</p>	<p>Social Policy dated January 2015 was implemented. Human rights is one of the elements under the Social Policy. Interview with workers confirms that the management is treating the workers with respect and fair. The policy was undersigned by Datuk Franki Anthony Dass Managing Director.</p> <p>The policy is posted on notice boards within the vicinity of the estate.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.2	<p>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.</p> <p>- Major compliance -</p>	<p>Social Policy dated January 2015 was implemented to demonstrate equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics. The policy was undersigned by Datuk Franki Anthony Dass Managing Director.</p> <p>Interview with the workers confirmed that there are not discrimination.</p>	Complied
4.4.5.3	<p>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.</p> <p>- Major compliance -</p>	<p>The salary benchmark applied by SD is to meet the National Minimum Wage Order 2016. 9 samples of pay slips were reviewed in Bukit Cherekah and confirmed the minimum salary has been observed. The minimum wage is determined by the number of days worked in a month multiply by average daily wage, price bonus and Productivity Incentive.</p>	Complied
4.4.5.4	<p>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.</p> <p>- Minor compliance -</p>	<p>There are contract workers in the estate for varioud types of works, which are transportation services, supplying things, etc. In Bukit Kerayong Estate, there is no contract workers used in operation. In Bukit Cheraka Estate, the contract workers used for general worker (loose fruit loading) and drivers by CNRJ Resources and RCLS Enterprise. All contract workers are having valid employment contract, pay slip with salary above minimum wages of RM1000 and valid work permit and passport.</p> <p>Interview with the workers confirms that they have a copy of the employment contract and they understood the conditions stated in the contract.</p>	Complied
4.4.5.5	<p>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,</p>	<p>The workers master list was reviewed. The list includes date of birth, date joined, gender etc.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	<p>date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>		
4.4.5.6	<p>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.</p> <p>- Major compliance -</p>	<p>Minor: The employment contract for the following workers at Bukit Cherakah Estate was not available:</p> <ol style="list-style-type: none"> 1. S.Nathathiram A/P S.Subramaniam 2. Sivaneswary D/O P.Muniady 3. Elilarasi Agilandan D/O Katansamy. 	Minor noncompliance
4.4.5.7	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.</p> <p>- Major compliance -</p>	<p>The time recording method applied is attendance sheet and productivity sheets. Overtime are at the freedom of the workers to accept or not.</p> <p>In review of the grievance records and interview with workers at Bukit Cherakah, no complaints was found for pay discrepancy.</p>	Complied
4.4.5.8	<p>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.</p> <p>- Major compliance -</p>	<p>Overtime is paid 1.5 times; Rest day work is paid 2 times and Public Holiday is paid 3 times.</p> <p>The payslip and the inputs were reviewed to confirm the wages and overtime is in line with legal requirements the MAPA/NUPW regulations.</p>	Complied
4.4.5.9	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p>- Major compliance -</p>	<p>Overtime is paid 1.5 times; Rest day work is paid 2 times and Public Holiday is paid 3 times.</p> <p>The payslip and the inputs were reviewed to confirm the wages and overtime is in line with legal requirements the MAPA/NUPW regulations.</p>	Complied
4.4.5.10	<p>Other forms of social benefits should be offered by the employer to employees, their families or the community</p>	<p>The company provides:</p>	

Criterion / Indicator		Assessment Findings	Compliance
	<p>such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.</p> <p>- Minor compliance -</p>	<p>5kg rice and 5kg cooking oil to all workers once every 2 months.</p> <p>RM5 mobile subsidy to all workers.</p> <p>Free medical benefit to workers dependent at the estates clinics.</p> <p>Once a year festival token to all workers</p> <p>The field workers are paid with Productivity Incentive. The more they work the higher the incentive.</p>	Complied
4.4.5.11	<p>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.</p> <p>- Major compliance -</p>	<p>The Bukit Cherakah Estate line site was inspected during the assessment. The condition of the housing facilities are deemed appropriate. Each house are shared by 6 workers (for single workers). Water and electricity is subsidized by the company.</p> <p>The line site are found cleaned. Rubbish are collected periodically and each house are provided with rubbish bin.</p> <p>At the line site multipurpose hall, surau, clinic and small sundry shop is available.</p>	Complied
4.4.5.12	<p>The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.</p> <p>- Major compliance -</p>	<p>The Gender Policy was established since January 2015. The Policy covers the commitment to prevent sexual harassment and all forms of violence against women, workers and community. The signatory of the Policy is by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantation.</p> <p>No harassment and violence was reported. The audit team had confirmed during interview with workers.</p>	Complied
4.4.5.13	<p>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.</p>	<p>During the interview with workers, there are no evidence received that there are restriction from the company to allow workers to join trade union. The workers have their freedom to join the NUPW/MAPA union.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>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.</p> <p>- Major compliance -</p>	<p>The Social Policy established since 2015 covers the commitment of the company towards respecting the rights of all personnel to form and join trade unions of their choice to bargain collectively.</p>	
4.4.5.14	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education programmes. Children shall not be exposed to hazardous working conditions.</p> <p>- Major compliance -</p>	<p>The workers master list for Bukit Cherakah was reviewed to confirmed that there is no children and young person employed. The youngest age is 20 years old.</p>	Complied
Criterion 4.4.6: Training and competency			
4.4.6.1	<p>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.</p> <p>- Major compliance -</p>	<p>Established as Training Matrix (Needs Analysis) for FY 2019 SOU (7) Bukit Cheraka Estate that covered all level of employment including Manager, Sr./Assistant Manager, Field Supervisor, Clerks, Mandores, Machine Operator, Skilled Workers, Harvester, Sprayer, General Worker, Foreign Workers, ESH Coordinator/Committee, ERT/EPR Team, Auxiliary Police & Contractor.</p> <p>Actual plan established for whole year 2019 from Jan – Dec.</p>	Complied
4.4.6.2	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific</p>	<p>There is matrix for training requirement for operating units with each levels and team.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>skill and competency required to all employees based on their job description.</p> <p>- Major compliance -</p>		
4.4.6.3	<p>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.</p> <p>- Minor compliance -</p>	<p>The company has the yearly training matrix SOU 7. Sighted the training record based on category which are safety & health, operation, policies, etc. with training requirement for operating units (Estates) with the status.</p> <p>The training procedure is well explain in SDP-EQMS SOM Resource Management issue date 01.11.08, under competence awareness and training as reference.</p> <p>The training sampled as follow:</p> <ol style="list-style-type: none"> 1. Training on harvester activities was done on 18/12/18 2. Training for handling tractor was done on 5/12/18 3. Training for spraying was done on 27/7/18 	Complied
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	<p>An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>Environment Policy was established. The policy was signed by the Managing Director on January 2015.</p> <p>The environmental management plan has been established to monitor the identified significant activities that give impacts on environment.</p> <p>A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		Environmental, Safety & Health Program Bukit Cheraka Estate FY 2017/2018 was established.	
4.5.1.2	The environmental management plan shall cover the following: An environmental policy and objectives; The aspects and impacts analysis of all operations. - Major compliance -	Environment Policy was established. The policy was signed by the Managing Director on January 2015. Documentations including: - Environment Management Action Plan 2019 SOU (7) Bukit Cheraka Estate: Objectives – to reduce engine oils spillage from tractors - Handling of scheduled waste according to EQ (SW) Reg. 2005	Complied
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored. - Major compliance -	An environmental management plan/pollution prevention plan was established and implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and was reviewed every year to reflect the results of monitoring operational changes that may have positive and negative environmental impacts. Last reviewed was done on 15/1/19 by the management. The aspects and impacts analysis of all operations was done accordingly. The latest review for FY2019 was carried out on 14/1/2019. There are no changes to the EAI and EIE.	Complied
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	Environmental Management Programme also includes continual improvement plans - Pollution prevention action plan FY 2019 SOU (7) Bukit Cheraka Estate. For example, to reduce any run-off pesticides to land, to eliminate traces of oil spillage at the workshop/tractor parking bay, to reduce the released exhaust emission to air, to manage the scheduled waste as per	Complied

Criterion / Indicator		Assessment Findings	Compliance
		requirement, to reduce massive land contamination at the landfill area and etc.	
4.5.1.5	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. - Major compliance -	Annual training programme of the estates includes environmental awareness and compliance related trainings to the executives, staffs and workers. Continuous awareness training programme has been carried out on 27/7/18 by the company to its workers and other stakeholders.	Complied
4.5.1.6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed. - Major compliance -	Environmental related matters were discussed during muster briefing. Workers interview reveal that they are encouraged to discuss environmental issues with the management. Continuous awareness training programme has been carried out on 27/7/18 by the company to its workers and other stakeholders.	Complied
Criterion 4.5.2: Efficiency of energy use and use of renewable energy			
4.5.2.1	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. - Major compliance -	Both the estates maintain records of energy usage, which is reported monthly to head office. The use of the fossil fuel against the FFB production is being monitored. Eg: for 2018 total diesel consumption was 1.868 Ltr/mt FFB.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.5.2.2	The oil palm premises shall estimate the direct usage of non-renewable 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. - Major compliance -	Both estates visited have estimation on total energy required. This estimation was compared to the actual usage by monthly and reported to the head office for monitoring.	Complied
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	There is no application of renewable energy at the estates visited.	Complied
Criterion 4.5.3: Waste management and disposal			
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	Visits made to both estates showed that all waste products and sources of pollution were identified and documented. Eg: Scheduled waste, domestic waste and recycle waste. The documentation and identification of all the waste products such as scheduled waste, domestic waste and recyclable waste such as metal, plastic, mill waste and polluting materials e.g. EFB were maintained and monitored at the both estate. Scheduled Waste identified included spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used filters (SW 410).	Complied
4.5.3.2	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: Identifying and monitoring sources of waste and pollution Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products	Documented waste management action plan was established where the site visit confirmed that the practice of reduce, reuse and recycle of materials has been implemented throughout the company. Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory in the both estates visited.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	Proper storage areas were identified for the storage of the recyclable wastes at the estates.	
4.5.3.3	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. - Major compliance -	As per following: - Tatacara Kerja Selamat Keselamatan Penggunaan Bahan Racun; Sime Darby Plantation Berhad Bukit Cheraka Estate; Copy # BCE/SOP-03 - Prosedur Keselamatan Kerja Penggunaan Bahan Racun; Sime Darby Plantation Berhad Bukit Cheraka Estate (Post-emergence); Copy # BCE/SOP-03	Complied
4.5.3.4	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. - Major compliance -	Empty pesticide containers were disposed as a recycle waste. The latest disposal was done on 29/12/18 by SS Setia Teknologi Enterprise (Refer to DOA approval letter dated: 7/12/2015 and DOE approval letter dated 24/10/18).	Complied
4.5.3.5	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses. - Minor compliance -	Domestic waste was disposed at approved landfill, Jeram.	Complied
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	Based on the assessment of all polluting activities as of the Environment Aspect and Impact assessment, identified source was from the estate activities. Current monitoring for scheduled waste was through regular monitoring which conducted as per requirement.	Complied

Criterion / Indicator		Assessment Findings	Compliance
		There was no disposal of scheduled waste. All the scheduled waste generated during maintenance of tractors were collected by SDI Sdn Bhd. All the records were found adequate as per required by EQ (Scheduled Waste) Regulations 2005.	
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	Waste Management Plan for 2019 has been integrated into environmental improvement plan which is being reviewed on yearly basis. Last reviewed was done on 5/1/19 by Sr. Assistant Manager. The plan was monitored regularly.	Complied
Criterion 4.5.5: Natural water resources			
4.5.5.1	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: Assessment of water usage and sources of supply. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities. 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.). Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones	Water Reduction Plan FY 2018/2019 SOU (7) Bukit Cheraka Estate: 1. Water Leakage 2. Nursery – mobile pump & tubewell Water Contingency Plan FY 2018/2019 SOU (7) Bukit Kerayong Estate: 1. Drought season – no rain/prolonged dry period – fill up drains with water from waterways & catchment area; rainwater harvesting tank; buy from Syabas 2. Flood – heavy rain & high tide – desilting drain on regular basis; deepening & widening drains; shift OP seedling to secured area Identification & management of waste water 1. Chemical mixing area – sump 2. Sprayer PPE wash area – drains 3. Workshop – wash – oil traps 4. Linesite – domestic water 5. Washroom – toilet & wash – septic tank	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>at or before planting or replanting, along all natural waterways within the estate.</p> <p>Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p>- Major compliance -</p>		
4.5.5.2	<p>No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p>- Minor compliance -</p>	There is no construction of bunds, weirs and dams across main rivers or waterways passing through an estate.	Complied
4.5.5.3	<p>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).</p> <p>- Minor compliance -</p>	Water harvesting implementation including road maintenance program – grading, resurfacing, road side pruning, tarmac and road side drain construction. During site visit, the road side pit was well maintained.	Complied
Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value			
4.5.6.1	<p>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:</p> <p>Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p>	<p>As per HCV Re-Assessment for Selangor Central Zone: Strategic Operating Unit (SOU):</p> <ul style="list-style-type: none"> - 6 – Tennamaram - 7 – Bukit Kerayong <p>By PSQM Department Sime Darby Plantation Sdn. Bhd. Final Report (Version II) December 2015</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>Conservation status (<i>e.g.</i> 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.</p> <p>- Major compliance -</p>	<ul style="list-style-type: none"> - Bukit Kerayong Estate; Pond 3.0 ha; HCV 4 - Bukit Cheraka; Slope area 55.52 ha; HCV 4 	
4.5.6.2	<p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</p> <p>- Major compliance -</p>	<p>RTE sightings were recorded in the Buku Permantauan HCV for Bukit Kerayong Estate.</p> <p>Evidence to continuously prevent and discourage illegal or hunting, fishing or collecting activities were maintained and implemented.</p> <p>Signage as well as routine patrolling activities were utilised as part of creating awareness among employees and maintain HCVs.</p> <p>The last monitoring for water catchment (P12A) was done on 12/1/19.</p> <p>There was no issue at water catchment during the visit.</p>	Complied
4.5.6.3	<p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p>- Major compliance -</p>	<p>Established as High Conservation Value (HCV) Management Plan 2018/2019 SOU (7) Bukit Cheraka Estate:</p> <ul style="list-style-type: none"> - Slope area – ensure signage maintained – by Aug 18; update erosion monitoring record – by Jul 18 ## - Awareness – promote awareness on HCV – by Sep 18; identify task relating to HCV/Biodiversity performed – by Nov 18 ## <p>Last training done on 17/11/2017; Biodiversity & HCV Training ##</p>	Complied
<p>Criterion 4.5.7: Zero burning practices</p>			

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Criterion / Indicator		Assessment Findings	Compliance
4.5.7.1	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. - Major compliance -	No open burning for replanting area.	Complied
4.5.7.2	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. - Major compliance -	The management practice using mechanize system, felled and chipped the palm during land preparation. There was no open burning sighted.	Complied
4.5.7.3	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. - Major compliance -	The management practice using mechanize system, felled and chipped the palm during land preparation. There was no open burning sighted.	Complied
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. - Minor compliance -	The management practice using mechanize system, felled and chipped the palm during land preparation. There was no open burning sighted.	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored. - Major compliance -	The SOP for the estates and mill operations are available which is prepared on Group basis. There are levels of the documentation identified as follows; 1. Level 1 Estate quality management system standard operation manual	Complied

Criterion / Indicator		Assessment Findings	Compliance																
		2. Level 2 EQMS quality management manual 3. Level 3 standard operating procedure 4. Level 4 work instruction 5. Level 5 records.																	
4.6.1.2	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. - Major compliance -	There were no planting on slope on more than 25 degree, no peat soils or soil categorized as problematic or fragile soil at the estates. All palm by-products including fronds, EFB, and expeller are recycled. EFB is applied at the rate of 40mt/ha in field.	Complied																
4.6.1.3	A visual identification or reference system shall be established for each field. - Major compliance -	The block marking was maintained accordingly and clearly visible, sighted the block marking at field P03A and field P09A.	Complied																
Criterion 4.6.2: Economic and financial viability plan																			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	SOU 7 had established an annual budget for 2019. The Ex-Estate Cost includes the direct cost, fixed cost, manuring cost and others. The budget was plan 2019 with 4 years forecast plan up to 2023.	Complied																
4.6.2.2	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. - Major compliance -	Established as Bukit Cheraka Estate Long Range Replanting Program (LRRP) as following for total planted area of 3,388.70 ha: <table border="1" data-bbox="1025 1278 1850 1369"> <thead> <tr> <th>FY</th> <th>17/18</th> <th>18 (Jul - Dec)</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	FY	17/18	18 (Jul - Dec)	2019	2020	2021	2022	2023									Complied
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Criterion / Indicator		Assessment Findings								Compliance																												
		Area (ha)	142.33	173.14	87.91	134.44	192.90	144.06	136.08																													
		Area %	4%	5%	3%	4%	6%	4%	4%																													
4.6.2.3	<p>The business or management plan may contain:</p> <p>Attention to quality of planting materials and FFB</p> <p>Crop projection: site yield potential, age profile, FFB yield trends</p> <p>Cost of production : cost per tonne of FFB</p> <p>Price forecast</p> <p>e) Financial indicators : cost benefit, discounted cash flow, return on investment</p> <p>- Major compliance -</p>	<p>Established as Estate Management Plan Apex Sub-Initiative Central East Region consists of the following:</p> <table border="1"> <thead> <tr> <th>Initiative</th> <th>Sub-initiative</th> <th>Implementation</th> <th>Period</th> </tr> </thead> <tbody> <tr> <td>Yield</td> <td>EFB Application</td> <td>C3 & C4 soils area</td> <td>Jul 18 – Dec 22</td> </tr> <tr> <td></td> <td>P&D Management</td> <td>- Integrated P&D Management - 5 years bagworm history</td> <td>Jul 18 – Dec 22</td> </tr> <tr> <td></td> <td>Water Management</td> <td>- SOP water management during wet season - Water zoning, retention, irrigation, reticulation</td> <td>Jul 18 – Dec 22</td> </tr> <tr> <td></td> <td>High Density Planting</td> <td>- 13% HDP (160 -180) - Genome Palms (136-148)</td> <td>Jul 18 – Dec 22</td> </tr> <tr> <td>OER</td> <td>Operational excellence</td> <td>Critical station breakdown control</td> <td>Jul 18 – Dec 22</td> </tr> <tr> <td></td> <td>Transport equipment availability</td> <td>- Machinery automation - Scheduled maintenance - Training</td> <td>Jul 18 – Dec 22</td> </tr> </tbody> </table>								Initiative	Sub-initiative	Implementation	Period	Yield	EFB Application	C3 & C4 soils area	Jul 18 – Dec 22		P&D Management	- Integrated P&D Management - 5 years bagworm history	Jul 18 – Dec 22		Water Management	- SOP water management during wet season - Water zoning, retention, irrigation, reticulation	Jul 18 – Dec 22		High Density Planting	- 13% HDP (160 -180) - Genome Palms (136-148)	Jul 18 – Dec 22	OER	Operational excellence	Critical station breakdown control	Jul 18 – Dec 22		Transport equipment availability	- Machinery automation - Scheduled maintenance - Training	Jul 18 – Dec 22	Complied
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Criterion / Indicator		Assessment Findings	Compliance
4.6.2.4	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented. - Major compliance -	The budget plan was reviewed annually with both actual and forecasted amount for 5 years (up to 2023) and well documented upon request.	Complied
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	This is available in the guidelines LOA (limit of authority)-Tender Preparation Guideline as at August 2017 and revised sourcing method for plantation upstream Malaysia dated 11/7/2017. All tender and pricing exercises are handled by the HQ management and also tender by Estate for budget below RM10K. Projects are tendered from the approved vendors registered with HQ. Payments are processed and made by HQ through system named MEX. This is made upon job verification by the estate personnel.	Complied
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	Sample Letter of Award & Acceptance (LOA) Tender to Purchase and Demolish Old Wooden House (Size 38 x 46 ft.) at Bukit Kerayong Estate, Selangor; Ref. # CER/TD/023/2018-BKE; Date: 4/1/2019	Complied
Criterion 4.6.4: Contractor			
4.6.4.1	Where contractors are engaged, they shall understand the MSP0 requirements and shall provide the required documentation and information. - Major compliance -	Bukit Kerayong Estate & Bukit Cheraka Estate had informed its contractors regarding the need to follow the MSP0 requirements through MSP0 Review & Training-Staff, Stakeholder & workers was done the stakeholders including contractors on the MSP0 requirements on 10.11.17.	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	This is in compliance. A contract between Bukit Kerayong Estate and Syarikat Perniagaan Chin Hin (supplier) and KSG Enterprise Sdn Bhd (Replanting) were sighted. Inclusive in the contract, is a clause for compliance with all the relevant governing law.	Complied

Criterion / Indicator		Assessment Findings	Compliance
		For Bukit Cheraka Estate, there is a contract between Bukit Cheraka Estate and DNRJ Resources (Contract Form: 4300394419) and RCLS Enterprise (4300395721) sighted.	
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required. - Minor compliance -	The requirement of accepting MSPO accredited auditors to audit against the contractors are being mentioned in the MSPO Review & Training-Staff, Stakeholder & workers was done the stakeholders including contractors on the MSPO requirements latest on 16/1/2019.	Complied
4.6.4.4	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. - Major compliance -	All works performed at the estates are checked and verified by the estates personnel. Projects where tenders are issued by HQ are checked by representative from HQ.	Complied
4.7 Principle 7: Development of new planting			
Criterion 4.7.1: High biodiversity value			
4.7.1.1	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. - Major compliance -	There is no new planting in both the estates visited.	Not applicable
4.7.1.2	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.	Not applicable	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
Criterion 4.7.2: Peat Land			
4.7.2.1	New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice. - Major compliance -	Not applicable	Not applicable
Criterion 4.7.3: Social and Environmental Impact Assessment (SEIA)			
4.7.3.1	A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations. - Major compliance -	No NPP for Bukit Kerayong & Bukit Cheraka Estate.	Not applicable
4.7.3.2	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. - Major compliance -	No NPP for Bukit Kerayong & Bukit Cheraka Estate.	Not applicable
4.7.3.3	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed. - Major compliance -	No NPP for Bukit Kerayong & Bukit Cheraka Estate.	Not applicable
4.7.3.4	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	No NPP for Bukit Kerayong & Bukit Cheraka Estate.	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
	<p>managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed.</p> <p>- Minor compliance -</p>		
Criterion 4.7.4: Soil and topographic information			
4.7.4.1	<p>Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.</p> <p>- Major compliance -</p>	Not applicable	Not applicable
4.7.4.2	<p>Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.</p> <p>- Major compliance -</p>	Not applicable	Not applicable
Criterion 4.7.5: Planting on steep terrain, marginal and fragile soils			
4.7.5.1	<p>Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.</p> <p>- Major compliance -</p>	Not applicable	Not applicable
4.7.5.2	<p>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.</p> <p>- Major compliance -</p>	Not applicable	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
4.7.5.3	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. - Major compliance -	Not applicable	Not applicable
Criterion 4.7.6: Customary land			
4.7.6.1	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. - Major compliance -	Not applicable	Not applicable
4.7.6.2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. - Minor compliance -	Not applicable	Not applicable
4.7.6.3	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. - Major compliance -	Not applicable	Not applicable
4.7.6.4	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.	Not applicable	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.7.6.5	Identification and assessment of legal and recognised customary rights shall be documented. - Major compliance -	Not applicable	Not applicable
4.7.6.6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented. - Major compliance -	Not applicable	Not applicable
4.7.6.7	The process and outcome of any compensation claims shall be documented and made publicly available. - Major compliance -	Not applicable	Not applicable
4.7.6.8	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development. - Minor compliance -	Not applicable	Not applicable

MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill.

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	Policy for the implementation of MSPO shall be established. - Major compliance -	Sime Darby had issued a statement on commitment towards MSPO implementations. The statement was made by Tang Meng Kon Head, Global Sustainability Operations.	Complied
4.1.1.2	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. - Major compliance -	The policy specifically emphasized achieving commitment towards a systematic approach in ensuring continuous improvement in our operation, compliance to statutory, legal and other regulation requirements and establishment of traceability within the supply chain in line with our existing Sustainability policies.	Complied
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	As per the Internal Audit Procedure (SD/SDP/PSQM/IAP Rev 2 dated 01/11/2017), the internal audit will be planned on yearly interval. Internal audit is conducted on yearly basis. The last internal audit was conducted on 17-20 December 2018 covering the entire SOU7. Bukit Kerayong POM is part of SOU7.	Complied
4.1.2.2	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. - Major compliance -	As per the Internal Audit Procedure (SD/SDP/PSQM/IAP Rev 2 dated 01/11/2017).	Complied
4.1.2.3	Reports shall be made available to the management for their review.	The finding of the Internal Audit was reviewed by management on 20/12/2018.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
Criterion 4.1.3 – Management Review			
4.1.3.1	<p>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.</p> <p>- Major compliance -</p>	<p>The management review on the internal audit finding was conducted on 20/12/2018. Another management review on the operations was conducted on 11/01/2019.</p> <p>Minor: In the SOU 7 Minutes Meeting dated 11/01/2019, the overall implementation of the internal audit was not discussed. Although the outcome of the internal audit was discussed in the management review dated 20/12/2018, the management review did not cover the action plans required which will effect decision if any changes, improvement and modification required. Hence, a minor noncompliance has been raised.</p>	Minor noncompliance
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	<p>The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.</p> <p>- Major compliance -</p>	<p>The latest Continual Improvement Plan for FY 2018/2019 was adopting the RSPO CIP. The improvement plan includes workers welfare, waste management occupational health and safety and operation improvement.</p>	Complied
4.1.4.2	<p>The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.</p> <p>- Major compliance -</p>	<p>The staff/workers competency training plan for FY 2018/2019 was established.</p> <p>The training identified including operations, understanding of MSPO/RSPO requirements, human rights, company policies, health and safety etc.</p> <p>The FY2018/2019 OPEX budget has includes training budget and operations improvement including environmental improvement, worker welfare, OHS etc.</p> <p>Interview with workers confirmed trainings are provided by company on regular basis.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSP0 requirements			
4.2.1.1	The management shall communicate adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms. - Major compliance -	The Procedure for External Communication dated 01/11/2008 is established. Periodic stakeholder meetings are conducted to share information with the stakeholders. The last stakeholder meeting was conducted on 16/01/2019.	Complied
4.2.1.2	The 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. - Major compliance -	The Procedure for External Communication dated 01/11/2008 included the method for the public to obtain information from the company. The procedure was introduced to the local stakeholders during the stakeholder engagement. Policies of the company is published on their website and copies of the polices can be seen posted on notice board within the vicinity of the mill.	Complied
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders. - Major compliance -	The Procedure for External Communication dated 01/11/2008 is established.	Complied
4.2.2.2	The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i> . - Minor compliance -	The mill manager has been identified to be responsible to receive and manage all external communication.	Complied
4.2.2.3	A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.	The list of stakeholders is established. The stakeholder list has been review and updated accordingly.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
Criterion 4.2.3 – Traceability			
4.2.3.1	The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability. - Major compliance -	The Standard Operation Procedure (SOP) Sustainable Supply Chain and Traceability ver. 2 dated Sept 2018 was established. The SOP includes control of documents, receiving FFB and delivery of CPO and PK and non-conforming products management.	Complied
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	Period internal audit is conducted to confirm compliances of the traceability system. More the SAP system is used by SD where by the inputs of the material are all controlled.	Complied
4.2.3.3	The management shall identified and assign suitable employees to implement and maintain traceability system. - Minor compliance -	The responsible person for the traceability is Head of Operating Unit. The current mill manager is Mr. Senthilkumaran Gopal.	Complied
4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained. - Major compliance -	The dispatch notes and weight bridge tickets are retained at the weighbridge office and store. The retaining of the records are following the country requirements.	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations. - Major compliance -	A mechanism to ensure compliance to legal and other requirement has been documented in MQMS (Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU 7.	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>Sample of licenses or permit viewed were:</p> <ul style="list-style-type: none"> - MPOB license # 562906004000 (validity period 01/08/2018 - 31/07/2019) for 180,000mt - DOE License # 003124; validity period 01/07/2018 - 30/06/2019 for 30mt/hr & DOE POM Compliance Schedule (JPKKS) AS (B) 31/152/000/067; Effective date: 1/6/2017 - Energy commission license # 2018/01070; s/n: 28695 (validity period 25/05/2018 – 24/05/2019) for 2640 kW installation capacity - DOSH FMA 1967 Permit # SL PMT 32054; Air Receiver 840kPa; Volume: 0.16 m3; Validity period: 8/10/2018 – 7/1/2020 - DOSH FMA 1967 Permit # PMT 77662; Steam Separator; Volume: 0.1 m3; Validity period: 8/10/2018 – 7/1/2020 	
4.3.1.2	<p>The management shall list all relevant laws related to their operations in a legal requirements register.</p> <p>- Major compliance -</p>	<p>The Legal & Other Requirements Register (LORR) covers all the necessary regulatory requirements. The LORR for was reviewed on 14/01/2019. List of applicable legal and other requirements was made available during the assessment and complied in the QSHE/04/5.2.4 folder. Documented procedure has been established and implemented refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10/12/2008.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. - Major compliance -	The Legal & Other Requirements Register (LORR) covers all the necessary regulatory requirements. The LORR for was reviewed on 14/01/2019. Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office. The latest change in regulation applicable to the POM operation is the Labour Law.	Complied
4.3.1.4	The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements. - Minor compliance -	Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office.	Complied
Criterion 4.3.2 – Lands use rights			
4.3.2.1	The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users. - Major compliance -	The palm oil mill was commission in 1969. The mill is operating on state land. The mill is located within Bukit Kerayong Estate. There was no HCV 5 and 6 identified for Bukit Kerayong estate. Hence there is no possibility that there are user rights.	Complied
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land. - Major compliance -	The POM is located inside Bukit Kerayong Estate. The land is a state land granted to Sime Darby Plantatin Sdn Bhd. The land was registered on 15/08/2002 under grant number 52712 with 11.7106ha.	Complied
4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	During the assessment at Bukit Kerayong Estate, the boundaries markings were observed. The marking are main with trenches and boundary pole.	Complied
4.3.2.4	Where there are, or haven been disputes, documented proof of legal acquisition of land and fair compensation that have been or are being made to previous owners and occupants;	No land dispute has been recorded. Interview with local stakeholders and governmental agencies confirmed that there were no land dispute.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	shall made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -		
Criterion 4.3.3 – Customary rights			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	There is no customary land for the portion of land.	Complied
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -	There is no customary land for the portion of land.	Complied
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - Major compliance -	There is no customary land for the portion of land.	Complied
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	The SIA was conducted on 02-04 November 2015. OFI: The social management plan was not implemented appropriately. - The social management action plan 2019 has been established. The management plan for 2018 was compared and found that actions is still continues even the action is ineffective. Example – Used chemical	OFI

Criterion / Indicator		Assessment Findings	Compliance
		<p>containers, the action plan stated in 2018 was collected and dispose. Action to prevent this is training given to workers not to use. This action was identified to be completed on 01/11/2018. However in 2019, the same highlights was raised and the same action was identified. Since 2018 action was not effective, the same action is not appropriate.</p> <p>- The management plan did not promote the positive impacts.</p>	
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	<p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>- Major compliance -</p>	<p>A flowchart and procedure on handling social issues ver.1 dated 01/11/2008 has established to manage any internal complaints and grievance.</p>	Complied
4.4.2.2	<p>The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties.</p> <p>- Major compliance -</p>	<p>A flowchart and procedure on handling social issues ver.1 dated 01/11/2008 has established to manage any internal complaints and grievance.</p>	Complied
4.4.2.3	<p>A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.</p> <p>- Minor compliance -</p>	<p>Compliant form are made available at the mill. However, grievance can also be raised by verbal and letter.</p> <p>Complaint box is also made available at the mill.</p>	Complied
4.4.2.4	<p>Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.</p> <p>- Minor compliance -</p>	<p>OFI: There is no record of grievance and complaints. However interview with QA Officer demonstrated that the grievance mechanism is not well understood. It was made know the assessment team that if there is verbal complaint or grievance, it is not recorded.</p>	OFI

Criterion / Indicator		Assessment Findings	Compliance
4.4.2.5	<p>Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.</p> <p>- Major compliance -</p>	<p>There are no recorded complaints recorded for the past 24 months. Only records on the request for housing repair is available.</p>	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	<p>Palm oil miller should contribute to local development in consultation with the local communities. Where the mill is an integral part of plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.</p> <p>- Minor compliance -</p>	<p>Local community contribution is by request to the mill.</p> <p>On 07/08/2018, Sekolah Kebangsaan Bukit Kerayong requested monetary contribution and on 19/10/2018, Kuala Selangor Police request for monetary contribution.</p> <p>All request has been approved.</p>	Complied
Criterion 4.4.4: Employees safety and health			
4.4.4.1	<p>An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantation established 2 policies as following:</p> <ol style="list-style-type: none"> 1) Safety & Health Management Policy; Dated January 2015 2) Occupational Safety & Health Policy; Dated January 2015 <p>Policies were communicated directly by management to all workers at each operating units within SOU 7. Policies also displayed on notice boards at strategic location within operating units offices.</p> <p>Previous OSH plan established as OSH Management Plan 2018/2019 SOU (7) Bukit Kerayong Oil Mill consists of 14 tasks to be completed from July 2018 until June 2019. Due to company restructure, the period has been changed to be in-line with company's new financial year period from January to December. The revised OSH plan was established as OSH Management Plan 2019 SOU (7) Bukit Kerayong Oil Mill which also consists of 14 tasks and few numbers of activities as following sample:</p>	Complied

Criterion / Indicator		Assessment Findings			Compliance
		Task	Activity	Month	
		ESH Legal Compliance	Review all legal compliance	Jan 2019	
		Emergency Response Plan (ERP)	Training of ERP	Apr 2019	
		Risk Management	- Identify high risk areas - Maintenance - Close confined space - Hygiene Tech	Jun – Sep 2019	
		ESH Meeting	Quarterly	Jan, Apr, Jul, Oct 2019	
		Plans were reviewed during quarterly ESH meeting for its status of implementation.			
4.4.4.2	<p>The occupational safety and health plan should cover the following:</p> <p>A safety and health policy, which is communicated and implemented.</p> <p>The risk of all operations shall be assessed and documented.</p> <p>An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:</p> <p>All employees involved are adequately trained on safe working practices;</p>	<p>a) The OSH plan generally covered 14 tasks with few sub-activities of each tasks as above as well as policies.</p> <p>b) Risks of all operations within Bukit Kerayong Mill were assessed and documented as Hazard Identification, Risk Assessment and Control (HIRARC) SOU (7) Bukit Kerayong Oil Mill FY 2019; Dated: 5/1/2019. The risk assessment was based on probability and severity matrix with determined control as per Hierarchy of Risk Control. Sighted the operations at mill included Office, Security, Ramp, Sterilizer, Threshing, Press, Clarification, Workshop, Store, Pre-Treatment Plant, Water Treatment Plant, Effluent Treatment Plant, Engine Room, CPO Storage, Kernel Plant, Boiler and Lab. However, it was sighted that</p>			Minor noncompliance

Criterion / Indicator	Assessment Findings	Compliance
<p>All precautions attached to products should be properly observed and applied;</p> <p>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>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 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.</p> <p>The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept and the concerns of employees and any remedial actions taken shall be recorded.</p> <p>Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p>	<p>there's an on-going construction of new CPO Storage tank which was not being assessed its hazards and risks. There's also an identified job step of boiler fuel manual feeding in boiler operation that has been identified with slip and fall hazard but not fiber dust inhaling hazards. Although effect of hazard was identified as body injuries however face mask PPE has been included as existing control. Construction hazard was determined through Job Safety Analysis (JSA) provided by contractor for the project title: Proposed Supply, Fabricate, Delivery to Site, Install, Test & Commission of One Unit 500mt CPO Tank c/w Ancillary Works at Bukit Kerayong POM; HIRARC # 0001; Rev. # 00; Date: 2/1/2019; Contractor: Lotus Two Enterprise</p> <p>c) A Training Need and Plan Form 2019 SOU (7) Bukit Kerayong Oil Mill was established to determine the awareness and skill training needed for all mill employee. Training plan however has been established as Training Plan for FY2019 SOU (7) Bukit Kerayong Oil Mill that includes training of relevant OSH regulation, HIRARC, SOP, MSPO & etc. It was noted that there was an occupational accident occurred on 17/3/2018 involved the operator at clarification station for purifier cleaning job step. Upon investigation, HIRARC review was conducted and additional control measure was implemented including re-training of all purifier operation worker on 26/4/2018.</p> <p>d) PPE issued to workers based on their work station. However it was sighted during visit at boiler where two operators who undertook the boiler fuel feeding job step were not wearing their face masks. This was also in-line with non-identification of fiber fuel dust inhaling hazard. Hence a minor noncompliance has been raised.</p> <p>e) Standard Operating Procedure for handling of chemicals established as Operational Control Procedure Chemical Safety Management; Doc.</p>	

Criterion / Indicator	Assessment Findings	Compliance
<p>Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p># SD/SDP/PSQM(ESH)/202-OH4; Rev. 0; Date: 26/2/2015 in accordance to relevant legal requirements.</p> <p>f) The mill established its own Environment, Safety & Health (ESH) Committee as per ESH Organization Chart Bukit Kerayong Mill FY2018/19. The Regional General Manager of Selangor Central Zone has appointed the Mill Manager as the ESH Chairman and ERT Chairman as per letter dated 2/1/2019 effective from 1/1/2019 to 31/12/2021. A total of 17 personnel consists of management staff (Head of Department) and workers (Operators) also been appointed as the ESH Committee as per letters dated 2/7/2018.</p> <p>g) Official ESH Committee meeting was conducted on quarterly basis that involved two-way communication between management and employees on all OSH issues relevant to mill operation. Latest meeting was conducted on 19/10/2018; Meeting # 40/2018-2 as per Minutes of Meeting OSH Committee. Agenda discussed in the meeting including Issue from previous meeting; OSH Performance – plan, accidents and incidents, unsafe act, legal compliance, PPE, emergency preparedness; first aid boxes and etc.</p> <p>h) Accident and emergency procedures established as following:</p> <ul style="list-style-type: none"> - Response to An Environmental and OSH Emergency Includes Accident/Incident Flow Chart - Response to An Environmental and OSH Emergency In Event of Fire Flow Chart - Response to An Environmental and OSH Emergency In Event of Explosion Flow Chart - Response to An Environmental and OSH Emergency In Event of Diesel Spillage Flow Chart - Response to An Environmental and OSH Emergency In Event of Chemical Spillage Flow Chart 	

Criterion / Indicator		Assessment Findings	Compliance
		i) First aiders were trained j) Accidents records available through PSQM-ESH Incident Reporting Form and Incident Detailed Report Form.	
Criterion 4.4.5: Employment conditions			
4.4.5.1	The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees. - Major compliance -	Social Policy dated January 2015 was implemented. Human rights is one of the elements under the Social Policy. Interview with workers confirms that the management is treating the workers with respect and fair. The policy is posted on notice boards within the vicinity of the estate.	Complied
4.4.5.2	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. - Major compliance -	Migrant workers are recruited with (2 +1) and 3 years contract. Local workers are on a long term employment. No any kind of discrimination was noted. Job opportunities and amenities such as free housing, subsidized water and electric supplier (connect to national water and electricity supply) and medical care (panel clinic) are given to all employees without discrimination. Foreign migrant workers. Refer to Letter of Employment, Employment Contract para" 14 – Annual leave : 14 days for < 5 years and 16 days for > 5 years. Overtimed paid as per Employment Act 1995 (EA).	Complied
4.4.5.3	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage. - Major compliance -	All the workers are under direct employment and some workshops are under contracts workers. The pay slip has included basic income, allowance pay, working days, medical leave, deduction of salary and etc. as per employment contract. The payroll for the following sampled workers for Aug, Oct and December 2018 were verified to be consistent with the Minimum Wages Order 2016. Minimum wages Order 2019 will be implemented in January 2019 pay slip.	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>Sampled below workers:</p> <ol style="list-style-type: none"> 1. BKPO Contract Worker: Mohammed Suruz Sheikh 2. BKPO Contract Worker: Md Hafizur Rahman 3. BKPO Employee id: 6781 4. BKPO Employee id: 97974 5. BKPO Employee id: 6790 6. BKPO Employee id: 145178 7. BKPO Employee id: 132586 8. BCE Contract Worker: Saw Kheng Han (Yih Construction) 9. BCE Contract Worker: Hamizan Bin Mustapa (Yih Construction) 10. BCE Employee id: 134761 11. BCE Employee id: 125657 12. BCE Employee id: 83006 13. BCE Employee id: 129658 14. BCE Employee id: 126726 15. BKE Employee id: 43744 16. BKE Employee id: 29726 17. BKE Employee id: 120132 18. BKE Employee id: 96889 <p>There was no records or complaint observed during the interview with workers. All the sampled workers for direct employment and contract workers were achieved the minimum wage accordance to Minimum Wage Order 2016 which achieved RM 1000/month</p>	
4.4.5.4	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.	All the workers are under direct employment and some workshops are under contracts workers. The pay slip has included basic income, allowance pay, working days, medical leave, deduction of salary and etc. as per employment contract. The payroll for the following sampled workers for Aug, Oct and December 2018 were verified to be consistent	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	<p>with the Minimum Wages Order 2016. Minimum wages Order 2019 will be implemented in January 2019 pay slip.</p> <p>Sampled below workers:</p> <ul style="list-style-type: none"> a. BKPOM Contract Worker: Mohammed Suruz Sheikh b. BKPOM Contract Worker: Md Hafizur Rahman c. BKPOM Employee id: 6790 d. BKPOM Employee id: 132586 e. BCE Contract Worker: Saw Kheng Han (Yih Construction) f. BCE Contract Worker: Hamizan Bin Mustapa (Yih Construction) g. BCE Employee id: 83006 h. BCE Employee id: 129658 i. BKE Employee id: 29726 j. BKE Employee id: 120132 k. BKE Employee id: 96889 <p>There was no records or complaint observed during the interview with workers. All the sampled workers for direct employment and contract workers were achieved the minimum wage accordance to Minimum Wage Order 2016 which achieved RM 1000/month</p>	
4.4.5.5	<p>The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	The workers master list was reviewed. The list includes date of birth, date joined, gender etc.	Complied
4.4.5.6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of	The following contracts has been verified to confirm that workers have binding working agreement with the company:	

Criterion / Indicator		Assessment Findings	Compliance
	<p>employment contract shall be made available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>a. BKPOM Employee id: 6781 b. BKPOM Employee id: 97974 c. BKPOM Employee id: 145178 d. BCE Employee id: 134761 e. BCE Employee id: 125657 f. BCE Employee id: 126726 g. BKE Employee id: 43744</p> <p>Interview with the workers confirms that they have a copy of the employment contract and they understood the conditions stated in the contract.</p>	Complied
4.4.5.7	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.</p> <p>- Major compliance -</p>	The system implemented by SD punch card system. The hours in the punch card will then be cross referenced with daily output sheets.	Complied
4.4.5.8	<p>The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable.</p> <p>- Major compliance -</p>	The working hours are recorded using "punch card" system. The punch card will be verified by supervisor daily. The checkroll clerks will input the information into SAP system (e.g. Normal Full Day, rest day work, paid holiday work etc) for the payroll clerk to compile the monthly salary. In case the worker is on leave or absence, it is recorded in the same system.	Complied
4.4.5.9	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p>- Major compliance -</p>	<p>Overtime is paid 1.5 times; Rest day work is paid 2 times and Public Holiday is paid 3 times.</p> <p>The payslip and the inputs were reviewed to confirm the wages and overtime is in line with legal requirements of Employment Act 1955.</p>	Complied
4.4.5.10	<p>Other forms of social benefits should be offered by the employer to employees, their families or community such as</p>	The company provides:	

Criterion / Indicator		Assessment Findings	Compliance
	<p>incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings.</p> <p>- Minor compliance -</p>	<p>Free medical benefit to workers and dependent at the panel clinic.</p> <p>Free cooking oil and rice for each worker in every 2 months.</p>	Complied
4.4.5.11	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.</p> <p>- Major compliance -</p>	<p>The basic amenities and facilities at the quarters provided by the company to it workers includes subsidized electricity, water and domestic waste disposal. Electricity and water is provided by government. Usage of electricity and water given for free with limit as stated in the workers contract.</p> <p>During the field assessment, it was observed that the housing are in good conditions. For local workers with family, each will be given a house while for foreign workers for single workers, it will be given shared house of 3 each per house.</p> <p>For foreign workers, all foreign workers will be given a starter kit which includes basis amenities (e.g. mattress, cooking utilities).</p>	Complied
4.4.5.12	<p>The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.</p> <p>- Major compliance -</p>	<p>The Gender Policy was established since January 2015. The Policy covers the commitment to prevent sexual harassment and all forms of violence against women, workers and community. The signatory of the Policy is by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantation.</p> <p>No harassment and violence was reported. The audit team had confirmed during interview with workers.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.13	<p>The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p>- Major compliance -</p>	<p>The last minute of meeting was conducted on 14/12/2018. Interview with workers confirmed that there is no restriction for them to join union.</p> <p>There is also no complaint received from stakeholder regarding such restriction.</p> <p>The Social Policy established since 2015 covers the commitment of the company towards respecting the rights of all personnel to form and join trade unions of their choice to bargain collectively.</p> <p>The workers union representative for the Mohd Samsuriah.</p>	Complied
4.4.5.14	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.</p> <p>- Major compliance -</p>	<p>There is no children employment in the mill. The youngest worker is Kunalan A/L Nagappan born on 07/08/1990.</p> <p>The SAP system in SD has block keying in of workers below age 18 by year and month.</p>	Complied
Criterion 4.4.6: Training and competency			
4.4.6.1	<p>All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.</p> <p>- Major compliance -</p>	<p>The annual training program has been established and significantly covers all aspects of the MSPO. Additional subjects include mill operating procedures, parameters of mill produce, machinery maintenance etc. The training program also specified the target group of employees to be trained under the allocated subjects.</p> <p>The program mainly covers both requirement of the estates and mill in the SOU 7. The subject for the training are issued and assisted by the PSQM personnel.</p> <p>The following topics included in the annual training program 2018/19 among others are extracted below;</p> <ol style="list-style-type: none"> 1. OSH Act 7 regulations 1994. 2. Environmental Quality Act 1974 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		3. USECHH 2000 4. OSH Committee and function. 5. First Aid Training 6. Scheduled waste training 7. RSPO/MSPO training 8. Water treatment 9. HCV & Biodiversity training. Record of trainings for Bukit Kerayong POM sighted during the audit is shown in item 4.4.4.2 above.	
4.4.6.2	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. - Major compliance -	The training needs for the mill 2018/19 training program has been established. The details of the training needs include categories of stations, subjects, and employees group. Included in this program are subjects related to environment e.g. environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training, machine handling, mill stations operations, control of process parameters, workshop management.	Complied
4.4.6.3	A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure. - Minor compliance -	This is in compliance and detailed in 4.4.6.1 above. Training program is made on annual basis. In addition it is subject for a review during the financial year should need arises.	Complied
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	An environmental policy and management plan shall be in line with the relevant country and state environmental laws	There is an Environmental Management Policy for the mill issued and endorsed in Jan 2015 by the Managing Director. Inside the policy among others has stated that the Company is committed to protecting the	Complied

Criterion / Indicator		Assessment Findings	Compliance
	shall be established, effectively communicated and implemented. - Major compliance -	environment and conserving biodiversity through sustainable development.	
4.5.1.2	The environmental management plan shall cover the following: An environmental policy and objectives; The aspects and impacts analysis of all operations - Major compliance -	Policy is available and objectives stated therein. The environmental impact evaluation for boiler operation, power generation, crude palm oil storage leakage and spillage, ruptured, effluent pond ruptured, anaerobic process pong release of gas to atmosphere. However, environmental management plan for aspect related to emergency condition such as EFB yard bund wall collapse was not adequate. This was based on the pollution prevention plan/environmental management plan 2019 SOU (7) Bukit Kerayong Oil Mill which does not identified actual incident of bund wall collapse/sinking aspects and impacts hence, a minor noncompliance has been raised.	Minor noncompliance
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored. - Major compliance -	a) The environmental management plan generally covered 14 tasks with few sub-activities of each tasks as above as well as policies. b) Risks of all operations within Bukit Kerayong Mill were assessed and documented as Hazard Identification, Risk Assessment and Control (HIRARC) SOU (7) Bukit Kerayong Oil Mill FY 2019; Dated: 5/1/2019. The risk assessment was based on probability and severity matrix with determined control as per Hierarchy of Risk Control. Sighted the operations at mill included Office, Security, Ramp, Sterilizer, Threshing, Press, Clarification, Workshop, Store, Pre-Treatment Plant, Water Treatment Plant, Effluent Treatment Plant, Engine Room, CPO Storage, Kernel Plant, Boiler and Lab	Complied
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan.	This is available as per item 4.5.1.3 above. All programme for improvement are shown in the 'action to be taken' column.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -		
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives. - Major compliance -	A training program is available in the SOU 7 Training Program updated on a yearly basis or revised as per the management requirement. Included in this programme are subjects related to environment e.g environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training.	Complied
4.5.1.6	The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed. - Major compliance -	Through quarterly meeting as per latest Environment Performance Monitoring Committee (EPMC) Year 2018; Meeting # 4/2018; Dated: 19/10/2018. EPMC appointment letter dated 11/11/2017 and 1/8/2017.	Complied
Criterion 4.5.2: Efficiency of energy use and use of renewable energy			
4.5.2.1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period - Major compliance -	The Mill maintains records of energy usage, which is reported monthly to head office through SAP system. Bukit Kerayong POM uses electric supply from TNB. The POM maintains records of energy usage, which is reported monthly to head office. Direct Fossil Fuel Used/Tonne FFB FY 2018/2019 SOU (7) Bukit Kerayong Oil Mill: <ul style="list-style-type: none"> - Shell/FFB: 0.13 (Jul – Dec 2018) - Electricity/FFB: 8.61 (Jul – Dec 2018) - Fiber/FFB: 0.14 (Jul – Dec 2018) - Diesel/FFB: 0.30 (Jul – Dec 2018) – vehicle only 	Complied
4.5.2.2	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their	The mill records the following data and tabulated the ratio against the FFB processed and CPO produced to determine the efficiency of their	Complied

Criterion / Indicator		Assessment Findings	Compliance								
	operations. This shall include fuel use by contractors, including all transport and machinery operations. - Major compliance -	operations; the diesel used (non-renewable) for the mill operations fibre/shell used (renewable). The use of the fossil fuel against the FFB production is being monitored. <table border="1"> <tr> <td>Electricity/mt FFB</td> <td>Fibre/mt FFB</td> <td>Shell/mt FFB</td> <td>Diesel/ mt FFB</td> </tr> <tr> <td>8.61 kwh/FFB</td> <td>0.14 mt/FFB</td> <td>0.13mt/FFB</td> <td>0.30 ltrs/mt</td> </tr> </table>	Electricity/mt FFB	Fibre/mt FFB	Shell/mt FFB	Diesel/ mt FFB	8.61 kwh/FFB	0.14 mt/FFB	0.13mt/FFB	0.30 ltrs/mt	
Electricity/mt FFB	Fibre/mt FFB	Shell/mt FFB	Diesel/ mt FFB								
8.61 kwh/FFB	0.14 mt/FFB	0.13mt/FFB	0.30 ltrs/mt								
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	The fibre and shell are used in the boiler for fuel recycled in the process system. Surplus quantity of shell/fibre are delivered to estates for multi purposes or sold to outside buyers. EFB is used in the estates for mulching. The details of the renewable energy fibre/shell used in the mill, is shown in 4.5.2.2 above.	Complied								
Criterion 4.5.3: Waste management and disposal											
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	All waste and pollution are identified and documented in the Waste Management Plan 2017/2018. The waste generated from the mill operations as shown below; Domestic waste – rubbish from the mill complex and employees quarters (disposed by estate management). Recycled waste – Fibre, palm kernel shell, boiler ash, scrap iron. Scheduled waste – Spent IPA, hexane, filter, lubricants, hydraulic oil, grease, used batteries The source of mill pollution generated from the mill is the smoke from the boilers is monitored from the stack emission during the entire operations. These reports are reviewed by the mill and submitted to DOE. There was no major issue.	Complied								
4.5.3.2	A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for:	The Waste Management Plan 2017/2018 is available and sighted. The plan listed the waste generated from the mill operations as shown below;	Complied								

Criterion / Indicator		Assessment Findings	Compliance
	<p>Identifying and monitoring sources of waste and pollution.</p> <p>Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.</p> <p>- Major compliance -</p>	<ul style="list-style-type: none"> - Scheduled Waste – used lubricants, used batteries, contaminated rags/gloves and absorbent (workshop). - Domestic Waste – rubbish (linesite, office, workshop, store, shop) - Scheduled waste – used waste (Laboratory). Sighted sample records as following: <ul style="list-style-type: none"> a. Delivery/Service Order # 136499; Date: 3/9/2018; Consignment # TC18-12187-SW409; TC18-12188-SW322; TC18-12189-SW305 by Texcycle (P2) Sdn. Bhd. b. Delivery/Service Order # 139590; Date: 18/12/2018; Consignment # TC18-17561-SW410; TC18-17563-SW305; by Texcycle (P2) Sdn. Bhd. 	
4.5.3.3	<p>The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005</p> <p>- Major compliance -</p>	<p>The SOP on Scheduled Waste disposal is established and implemented. The inventory of the waste generated is recorded using the "eswis" inventory system. The last update on the eswis was on December 2018.</p>	Complied
4.5.3.4	<p>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.</p> <p>- Major compliance -</p>	Not applicable	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
4.5.3.5	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse. - Minor compliance -	Domestic waste is disposed via the city council collection.	Complied
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	The polluting activities are identified and documented in the Environmental Aspect & Impact Identification. From the EAI, it will be evaluated for the impact and any impact will be included in the management plan. The evaluation is documented in the Environmental Impact Evaluation. Based on the assessment of all polluting activities as of the Form 1: Identification and significant determination of environmental aspect and setting objectives and targets identified source was boiler and incinerator chimney. Current monitoring was through online boiler smoke density and alarm and six-monthly boiler and incinerator stack monitoring of dust particulate. Sighted sample monitoring records as following: - Isokinetic Stack & Air Emission Monitoring Report August 2018; Report ref. # ALM/SIMEDARBY/0818/4213; Monitoring Date: 4/9/2018; Reporting Date: 21/9/2018; by Alam Hijau Integrasi (M) Sdn. Bhd.	Complied
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	The pollution preventive action plan dated 01/08/2018 has been reviewed. Mitigation plan, actions and time frame has been identified. On top of that the Environmental Management Plan for FY2018/2019 is available. The monitoring of the plan is available.	Complied
4.5.4.3	Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method	The POME is treated with an open anaerobic, aerobic and stabilization lagoon.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>should be in accordance with the respective state and national policies and regulations.</p> <p>- Major compliance -</p>	<p>Monthly monitoring on the final discharge is conducted. The effluent at the final discharge is tested to ensure it compliance to the DOE Licence discharge limits.</p> <p>Sighted sample monitoring records as following:</p> <ul style="list-style-type: none"> - Effluent Analysis Test Report; Test Report # EP533/2018; Date sampled: 26/11/2018; Date Report: 20/12/2018 by Sime Darby Research Sdn. Bhd. Lab Services Laboratories R&D Centre – Carey Island. BOD Final Discharge: 79 mg/l (Anaerobic Pond 2 Final Discharge) 	
Criterion 4.5.5: Natural water resources			
4.5.5.1	<p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <p>Assessment of water usage and sources.</p> <p>Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill’s current activities.</p> <p>Ways to optimize water and nutrient usage and reduce wastage (<i>e.g.</i> having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>- Major compliance -</p>	<p>The Water Reduction Plan for the mill has been established. It was last reviewed on 01/08/2018 for the FY2018/2019. Included therein are inspection of reservoir, water treatment, monitoring of processed water, water leakages/overflow, run-off and ETP monitoring.</p> <p>The mill management has provided contingency plans in event of water crisis for financial year FY2018/2019.</p> <p>Steps/options to be adopted taken are;</p> <ul style="list-style-type: none"> • to purchase water from SYABAS • use water from mill reserved water tank • use water from tubewell • used water from rain pond <p>In event of a flood situation:</p> <ul style="list-style-type: none"> • desilting drain on regular basis • deepening and widening drains at mill and line site are • to evacuate residence to higher ground 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		Latest consumption records shown Water used/Tonne FFB FY2018/2019 SOU (7) Bukit Kerayong Oil Mill: 2.11 m ³ /mt FFB (Jul – Dec 2018).	
4.5.5.2	Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations. - Major compliance -	Details of effluent treatment and report as per item 4.5.4.3 above. The effluents are retained for treatment in a flow through 4 ponds before being discharged onto the land. The compliance requirement is provided in the DOE 'Jadual Pematuhan' licensed to the mill. The final BOD is max 100 mg/l for the water discharge. The mill performs regular /scheduled desilting of ponds to sustain the designed capacity to maintain good efficiency of pond treatment.	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Mill Management			
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored. - Major compliance -	The mill processing system is documented in the Sustainability Plantation Management System MQMS/SQM/08 v 1 dated 01/11/2008 which includes the mill SOP, and Mill Quality Management Manual v.1 2008/MQMS/QMM/08. This document provides guidelines and standards in the mill operations. The Standard Operating procedure (SOP) described details from the reception, sterilisation, threshing, pressing, clarification, depericarping (nut polishing) station, effluent, laboratory, workshop, despatches etc. In addition there are also manuals available within the industry and MPOB that are used as guidelines.	Complied
4.6.1.2	All palm oil mills shall implement best practices. - Major compliance -	The monitoring of the mill process is made through the shift supervision headed by an Engineer. All process parameters are documented and summarized in a daily report. In addition there are audits by PSQM and GCAD. This is to ensure compliance to Policies, procedures in relation mill operations, financial, OSH, welfare among others.	Complied
Criterion 4.6.2: Economic and financial viability plan			

Criterion / Indicator		Assessment Findings	Compliance
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	The annual business management plan is available. The document is in the form of annual budget and the projection for 5 years (Budget year, PY2, PY3, PY4, PY5) prepared as guidance for future planning. The business plan contains FFB processed, production of CPO & CPK. Component of operating expenditure includes process labour, maintenance external, maintenance parts, consumable, EVIT, admin cost, labour overhead. Inclusive in the business plan is also Capital Expenditure (CAPEX) among others replacement/upgrading of building/machinery, workers amenities for the mill.	Complied
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	The contractual agreement with Lotus Two Enterprise and Kawalan Teknikal Sdn Bhd dated 16/01/2017 and 01/012017 respectively was reviewed. The pricing schedule is documented in the contract.	Complied
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	The contractual agreement with Lotus Two Enterprise dated 16/01/2017 was reviewed. Interview with the contractors confirmed the payment terms and payment time are appropriate. OFI: The contract agreement did not indicate the payment time period from the invoice date.	OFI
Criterion 4.6.4: Contractor			
4.6.4.1	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	The contractors are being trained for MSPO Training for contractor on 21/11/2017. The training was conducted by Pn Sharifah Sharina from Sustainability Quality Management Team. The implementation of the understanding of contractors on MSPO requirements are lacking:	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>a. Contractor Kawalan Teknikal has signed agreement on 01/01/2017. However during the MSPO training the Kawalan Teknkal did not present. There was no other evidence to show that the contractor are made to understand the MSPO requirements and shall be provided with required documentation and information.</p> <p>b. Lotus Two Enterprise did not understand the MSPO requirement. Part of the MSPO requirement is compliance to legal requirements. The employer stated in the immigration pass for worker Nil Chan and Md Hafizur Rahman is not Lotus Two. The name stated for Nil Chan is Junjungan Pelangi Sdn Bhd while Md Hafizur Rahman is Hen Hin Furniture Manufacturing Sdn Bhd.</p> <p>c. Lotus Two Enterprise did not understand the MSPO requirement. Part of the MSPO requirement is compliance to legal requirements. The employment contract between the employer and employee is referring to Bangladesh Labour Law.</p>	
4.6.4.2	<p>The management shall provide evidence of agreed contracts with the contractor.</p> <p>- Major compliance -</p>	<p>The contractual agreement with Lotus Two Enterprise and Kawalan Teknikal Sdn Bhd dated 16/01/2017 and 01/012017 respectively was reviewed. The contract agreement of Lotus Two Enterprise had an addendum demonstrating that the contractor is required to meet the obligation requirements by MSPO.</p> <p>Minor: The addendum for contractor Kawalan Teknikal Sdn Bhd is not available.</p>	Minor noncompliance
4.6.4.3	<p>The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.</p> <p>- Minor compliance -</p>	<p>The addendum to the contract demonstrated that the contractor is required to meet the obligation requirements by MSPO. As training on the MSPO requirements was conducted, therefore requirement for clause 4.6.4.3 is deemed understood by the contractor.</p>	Minor noncompliance

Criterion / Indicator		Assessment Findings	Compliance
		Minor: The addendum for contractor Kawalan Teknikal Sdn Bhd is not available.	

4.0 Assessment Conclusion and Recommendation:

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment Bukit Kerayong Palm Oil Mill and Bukit Kerayong SOU 7 Estates Certification Unit complies with the MS 2530-3:2013 or MS 2530-4:2013. It is recommended that the certification of Bukit Kerayong Palm Oil Mill and Bukit Kerayong SOU 7 Estates Certification Unit is approved.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: Syed Muzharel Azhar Syed Mohamad	Name: Hafriazhar Mohd. Mokhtar
Company name: Sime Darby Plantation Berhad	Company name: BSI Services Malaysia Sdn. Bhd.
Title: chairman, Bukit Kerayong SOU 7	Title: Lead Auditor
Signature: 	Signature: 
Date: 11/6/2019	Date: 3/6/2019

Appendix A: Assessment Plan

Date	Time	Subjects	HMM	NC	MH
Wednesday, 23/01/2019	08:30 – 09:00	Opening Meeting <ul style="list-style-type: none"> • Presentation by Sime Darby Team • Presentation by BSI Lead Auditor -introduction of team member and assessment agenda • Confirmation of assessment scope and finalizing audit scope 	✓	✓	-
	09:00 – 11:00	Bukit Kerayong Palm Oil Mill Field Assessment: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment. Laboratory, weighbridge and palm product storage area, staff, workers and contractor interview, housing and facility inspection, clinic, etc.	✓	✓	-
	11:00 – 12:30	Document Review (MS:2530 Part 4), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services, P6 : Best practices	✓	✓	-
	12:30 – 13:30	Lunch / Break	✓	✓	-
	13:30 – 16:30	Continue with Document review and site verification if deemed necessary.	✓	✓	-
	16:30 – 17:00	Interim closing meeting	✓	✓	-
	Thursday, 24/01/2019	08:30- 11:00	Bukit Cherakah Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc.), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.	✓	✓
11:00 – 12:30		Document review (MS:2530 Part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting	✓	✓	-
10:30 – 12:30		Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	✓	✓	-
12:30 – 13:30		Lunch / Break	✓	✓	-
13:30 – 16:30		Continue with Document review and site verification if deemed necessary.	✓	✓	-
16:30 – 17:00		Interim closing meeting	✓	✓	-
Friday, 25/01/2019		08:30- 11:00	Bukit Kerayong Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation,	✓	-

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Date	Time	Subjects	HMM	NC	MH
		OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc.), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.			
	11:00 – 12:00	Document review (MS:2530 Part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting	✓	-	✓
	12:00 – 14:00	Lunch / Break (Friday Prayer)	✓	-	✓
	14:00 – 15:30	Continue with Document review and site verification if deemed necessary.	✓	-	✓
	15:30 – 16:00	Preparation for closing meeting	✓	-	✓
	16:00 – 17:00	Closing meeting	✓	-	✓

Appendix B: List of Stakeholders Contacted

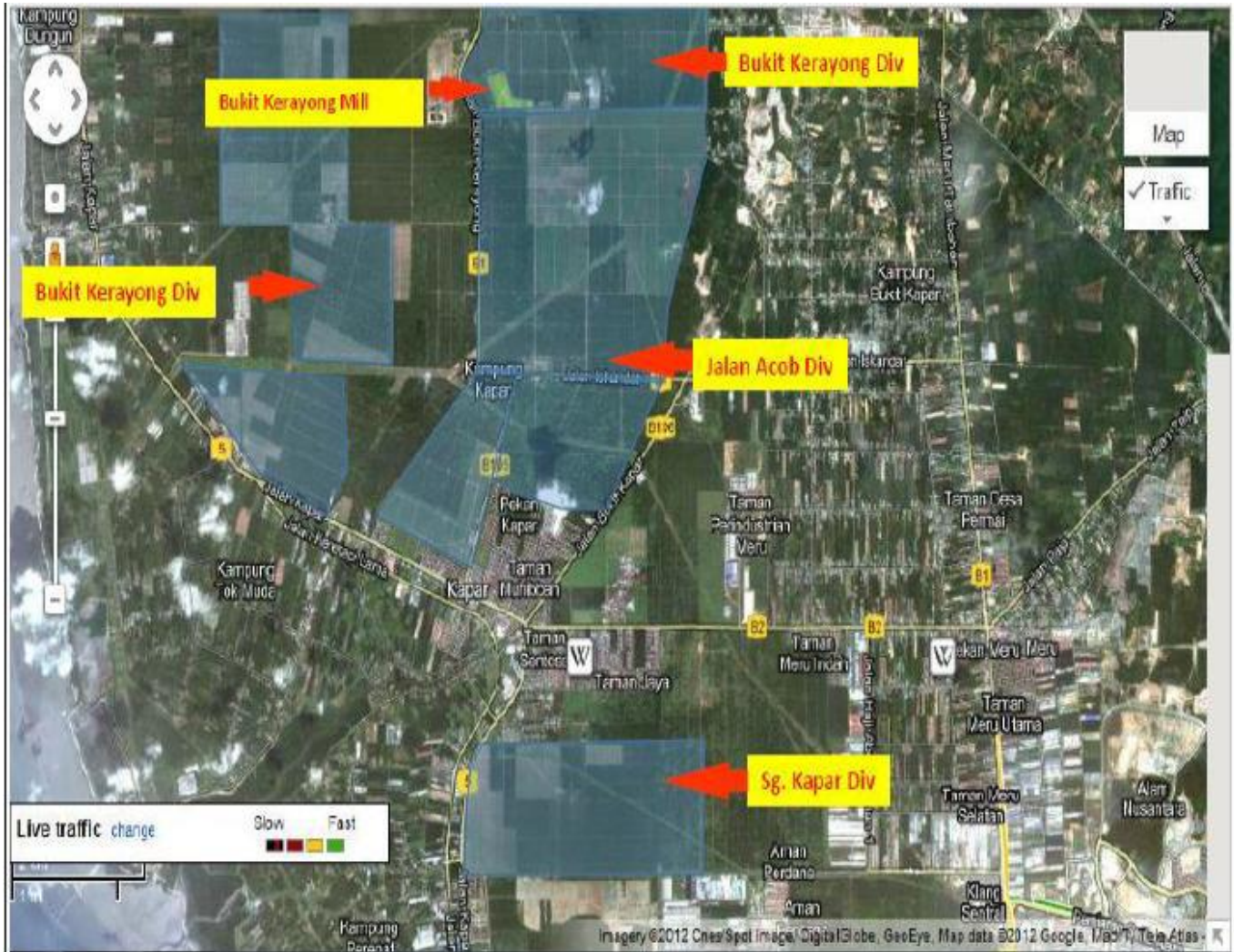
<p>Internal Stakeholders Managers Assistant Managers Staffs NUPW Representatives Gender Committee Hospital Assistant (HA) General Workers Creche Workers</p>	<p>External Stakeholders Yih Construction Lotus Two Enterprise</p>
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<p>Government Department SJK(T) Bukit Cheraka SMK Jeram</p>	<p>Local Community Kampung Bukit Kerayong</p>
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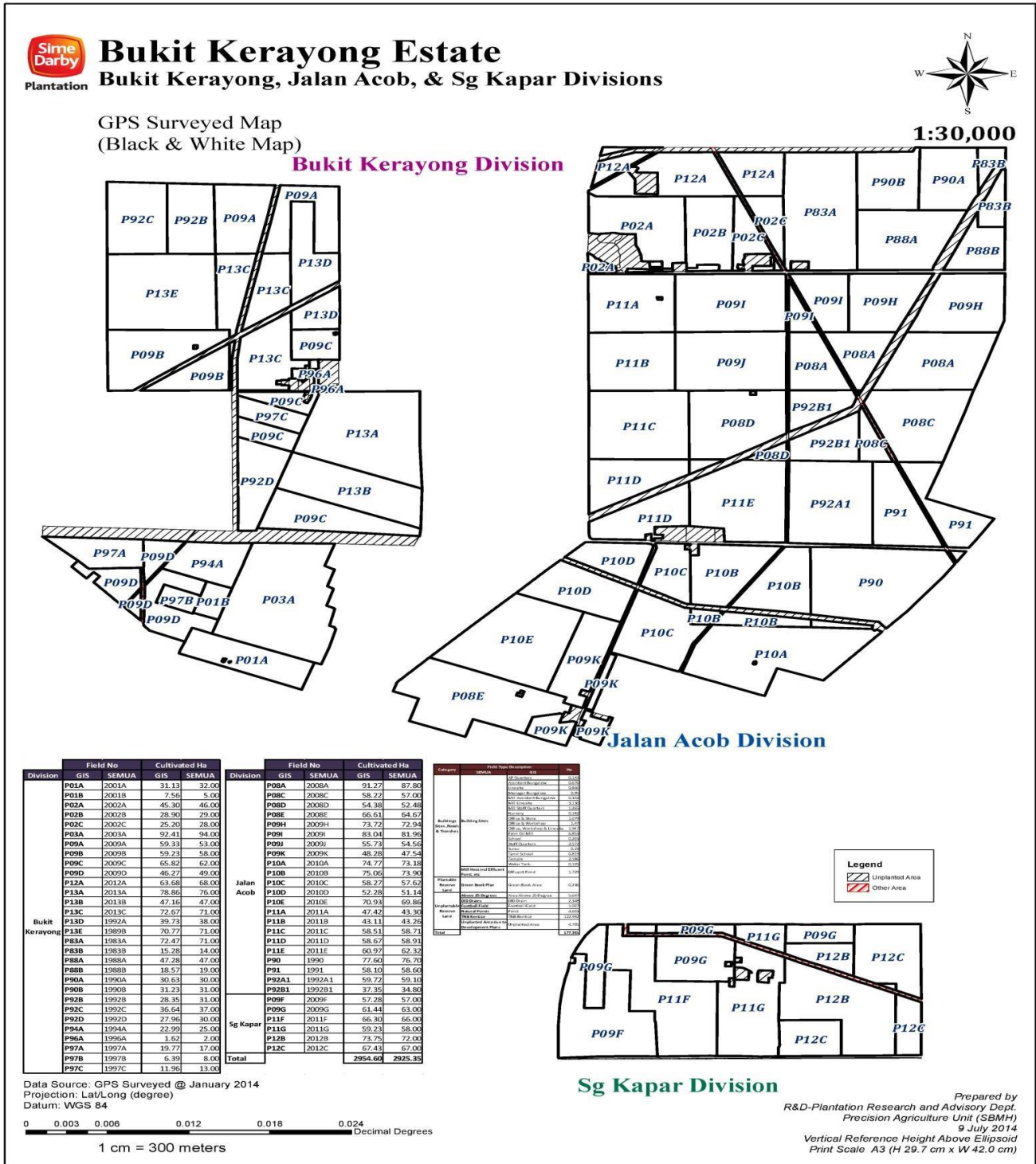
Appendix C: Smallholder Member Details

N/A

Appendix D: Location Map of Bukit Kerayong Palm Oil Mill Certification Unit and Supply bases



Appendix E: Bukit Kerayong Estate Field Map



Appendix G: List of Abbreviations

AN	Ammoniacal Nitrogen
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
GMP	Good Manufacturing Practice
HCV	High Conservation Value
IAV	Initial Assessment Visit
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
MSDS	Material Safety Data Sheet
MSP0	Malaysian Sustainable Palm Oil
O&G	Oil and Grease
PK	Palm Kernel
PPE	Personal Protective Equipment
PSQM	Plantation Sustainability and Quality Management
PQR	Performance Quality Rating
RC	Re-Certification
RED	Renewable Energy Directive
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SOU	Strategic Operating Unit
SS	Suspended Solids
TN	Total Nitrogen
TS	Total Solids
VFA	Volatile Fatty Acids