

**MALAYSIAN SUSTAINABLE PALM OIL
– 1st ANNUAL SURVEILLANCE ASSESSMENT –
Public Summary Report**

Sime Darby Plantation Berhad
Head Office: Level 3A, Main Block Plantation Tower, No. 2, Jalan P.J.U 1A/7 47301 Ara Damansara Selangor, Malaysia
Certification Unit: Chersonese Palm Oil Mill (SOU2) & Plantations including Chersonese Estate, Tali Ayer Estate, Kalumpong Estate and Holyrood Estate
Location of Certification Unit: Strategic Operating Unit (SOU 2) – 34350 Kuala Kurau Bagan Serai, Perak, Malaysia

Report prepared by:
Mohamed Hidhir Zainal Abidin (Lead Auditor)

Report Number: 9674542

Assessment Conducted by:
BSI Services Malaysia Sdn Bhd,
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TABLE of CONTENTS	Page No
Section 1: Executive Summary	3
1.1 Organizational Information and Contact Person	3
1.2 Certification Information	3
1.3 Location of Certification Unit	4
1.4 Plantings & Cycle	4
1.5 FFB Production (Actual) and Projected (tonnage).....	4
1.6 Certified CPO / PK Tonnage	5
1.7 Details of Certification Assessment Scope and Certification Recommendation:	5
Section 2: Assessment Process	6
1. Assessment Program	7
Section 3: Assessment Findings	8
3.1 Details of audit results	8
3.2 Details of Nonconformities and Opportunity for improvement.....	8
3.3 Status of Nonconformities Previously Identified and OFI	12
3.4 Issues Raised by Stakeholders	16
3.5 Summary of the Nonconformities and Status.....	16
3.6 Summary of the findings by Principles and Criteria	17
4.0 Assessment Conclusion and Recommendation:	88
Appendix A: Assessment Plan	89
Appendix B: List of Stakeholders Contacted	91
Appendix C: Smallholder Member Details.....	92
Appendix D: Location and Field Map	93
Appendix E: List of Abbreviations Used.....	94

Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Mill: 533667104000 Holyrood Estate: 530733002000 Kalumpong Estate: 524392002000; 542021011000 Tali Ayer Estate: 508238502000 Chersonese Estate: 532370011000		
Company Name	Sime Darby Plantation Berhad		
Address	Level 3A, Main Block Plantation Tower, No. 2, Jalan P.J.U 1A/7 47301 Ara Damansara Selangor, Malaysia		
Group name if applicable:	Sime Darby Plantation Berhad		
Subsidiary of (if applicable)	N/A		
Contact Person Name	Mdm. Shylaja Devi Vasudevan Nair (Head, Sustainability Unit PSQM)		
Website	www.simedarby.com	E-mail	Shylaja.vasudevan@simedarby.com
Telephone	+603-78484379 (Head Office) +605-648 9153 (Mill)	Facsimile	+603-78484356 (Head Office) +605-648 9153 (Mill)

1.2 Certification Information			
Certificate Number	Mill: MSPO 682039 Plantations: MSPO 688334		
Issue Date	10/01/2018	Expiry date	09/01/2023
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)	25-27 October 2017		
Continuous Assessment Visit Date (CAV) 1	10-12 December 2018		
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 590800	RSPO	BSI Services (M) Sdn Bhd	04/10/2021

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
Chersonese Palm Oil Mill	Kilang Kelapa Sawit Chersonese, 34350 Kuala Kurau, Perak	100° 27' 40" E	4° 58' 38" N
Chersonese Estate	Ladang Chersonese, 34350 Kuala Kurau, Perak	100° 26' 59" E	4° 59' 04" N
Holyrood Estate	Ladang Holyrood, 34100 Selama, Perak	100° 42' 36" E	5° 07' 26" N
Tali Ayer Estate	Ladang Tali Ayer, 34300 Bagan Serai, Perak	100° 31' 20" E	5° 03' 30" N
Kalumpong Estate	Ladang Kalumpong/Byram, 34300 Bagan Serai, Perak	100° 36' 05" E	4° 58' 11" N

1.4 Plantings & Cycle					
Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Chersonese Estate	779.75	1,180.41	625.82	497.39	0
Holyrood Estate	166.56	757.88	165.98	160.85	0
Tali Ayer Estate	300.25	1,197.98	1,811.34	114.07	0
Kalumpong Estate	312.1	393.6	1827.89	0	0
Total	1,558.66	3,529.87	4,431.03	772.31	0

1.5 FFB Production (Actual) and Projected (tonnage)			
Producer Group	Estimated (Jan 2018 – Dec 2018)	Actual (Dec 2017– Nov 2018)	Forecast (Jan 2019– Dec 2019)
Chersonese Estate	52,786	49,749.78	46,900.00
Holyrood Estate	24,203	8,799.950	19,367.85
Tali Ayer Estate	63,876	56,433.27	60,000.00
Kalumpong Estate	60,368	50,335.97	53,412.00
Total	201,233	165,318.97	179,679.85

1.6 Certified CPO / PK Tonnage			
	Estimated (Jan 2018 – Dec 2018)	Actual (Dec 2017– Nov 2018)	Forecast (Jan 2019– Dec 2019)
Chersonese POM 45 MT/hr	CPO (OER: 20.98 %)	CPO (OER: 20.61%)	CPO (OER: 20.68%)
	42,941.45	34,075.08	37,157.79
	PK (KER:5.5 %)	PK (KER: 5.26%)	PK (KER: 5.24%)
	11,086.83	8,691.19	9,415.22

1.7 Certified Area					
Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Chersonese Estate	3,083.37	25.87	179.76	3,289	92.03
Holyrood Estate	1,251.27	12.19	69.66	1,333.12	92.62
Tali Ayer Estate	3,423.64	24.24	535	3,982.88	84.81
Kalumpong Estate	2,533.59	21.09	86.32	2,641.00	95.93
Total	10,291.87	83.39	870.74	11,246	90.46

1.8 Details of Certification Assessment Scope and Certification Recommendation:
<p>BSI Services Malaysia Sdn Bhd has conducted the Annual Surveillance Assessment of Sime Darby Chersonese Strategic Unit 2 (SOU 2) located in Kuala Kurau, 34350 Bagan Serai, Perak, Malaysia comprising 1 mill; 4 estates and infrastructures.</p> <p>The onsite assessment was conducted to assess the compliance of the certification unit against 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. 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 Chersonese Palm Oil Mill SOU 2 and Chersonese Strategic Unit 2 (SOU 2) which acts as the group manager for Chersonese Estate, Holyrood Estate, Tali Ayer Estate and Kalumpong Estate. This report is the combine report for Chersonese Palm Oil Mill SOU 2 and Chersonese SOU 2 Estates. The onsite assessment was conducted on 10-12 December 2018.</p> <p>Based on the assessment result, Sime Darby Chersonese SOU 2 Estates had complied with the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and Chersonese Palm Oil Mill SOU 2 had complied with MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill and recommended for continued certification.</p>

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
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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 10-12 December 2018. The audit programme is included as Appendix A. The approach to the audit was to treat the mill or plantations as a MSPO Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, 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 and 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.

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.

All the previous nonconformities are remains closed. The assessment findings for the initial assessment are detailed in Section 4.2.

MSPO Public Summary Report
Revision 0 (Aug 2017)

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 3)	Year 5 (ASA 4)
Chersonese Palm Oil Mill	√	√	√	√	√
Holyrood Estate	√	-	√	-	√
Kalumpang Estate	√	-	√	-	√
Chersonese Estate	-	√	-	√	-
Tali Ayer Estate	-	√	-	√	-

Tentative Date of Next Visit: November 5, 2019 - November 7, 2019

Total No. of Mandays: 6

BSI Assessment Team:

Mohamed Hidhir Zainal Abidin – Lead Auditor

He holds Bachelor Degree in Chemical Engineering, graduated from National University of Malaysia on 2006. He has 7 years working experience in palm oil industry specifically on palm oil milling for 5 years. He also has the experiences as auditor for several standards including ISO 9001, ISO 14001, 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 2012, Endorsed RSPO P&C Lead Auditor Course in 2013, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2015. He had been involved in RSPO auditing since May 2012 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices, safety and health, environmental and workers and stakeholders consultation.

Mohamad Fadzli Masran – Team Member

He graduated in Bachelor of Forestry Science at University Putra Malaysia. He started his career as Assistant Manager at Kulim Plantations Sdn. Bhd. managing the day to day plantation operations. In his career at Kulim Plantation, Fadzli had accumulated more than 10 years of sustainability implementation experience including workers’ welfare, workers’ occupational, health & safety, environment conservation and protection at buffer areas and continuous improvement management plans. He had accumulated auditing experience when he was the internal auditor for ISO9001 and ISO14001 at Kulim Plantations. He has completed ISO IMS 9001, 14001, 45001(OHS 18001) Lead Auditor Course in April 2018 and endorsed RSPO Lead Auditor Course in July 2018. During this assessment, he assessed on the aspects of environmental and estate best practise. He is fluent in Bahasa Malaysia and English languages.

Section 3: Assessment Findings

3.1 Details of audit results

This assessment has been assessed using the following RSPO 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

The nonconformity is listed below.

During the Certification Assessment there were 4 Major & 1 Minor nonconformities raised. The Chersonese SOU2 POM and supply bases Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

The implementation of the corrective action plans to address the minor nonconformity will be followed up during the next surveillance assessment. The implementation of the Corrective Actions for the Major Nonconformity(ies) has been verified for its effectiveness and closed accordingly.

Major Nonconformities:		
Ref	Area/Process	Clause
1719793-201811-M1	Chersonese POM	Part 4: 4.4.4.2
Requirements:	The occupational safety and health plan should cover the following: h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.	
Statement of Nonconformity:	The accident and emergency procedures were not effectively communicated and understood by all employees	
Objective Evidence:	Noted during interview, the storekeeper were not aware regarding the emergency response procedure for chemicals spillage as per MQMS: section VII: Section 11 ver. 1 dated 1/11/2008	
Corrections:	To conduct refresher training regarding chemical handling and ERP (chemical spillage) to storekeeper and management team.	
Root cause analysis:	Mill management had conducted Emergency Response Training to all the respective workers/staff. However the awareness is still not fully adapted.	
Corrective Actions:	Conduct training evaluation to ensure the awareness and competency level is knowledgeable and competent.	
Assessment Conclusion:	Training was carried out on 9/1/19. Evaluation of training for those attended was verified and rated as competence. No retraining required. Audit team have reviewed the	

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Revision 0 (Aug 2017)

	evidence submitted and the major NC is satisfactorily closed. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 14/2/19.
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Major Nonconformities:		
Ref	Area/Process	Clause
1719793-201811-M2	Chersonese Estate	Part 3: 4.4.5.11
Requirements:	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.	
Statement of Nonconformity:	Amenities and facilities provided were not in compliance with Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446)	
Objective Evidence:	Chersonese Estate There was no effective monitoring system to ensure all drug/medicine readily useable for treatment. Vaccine (anti-tetanus) date of expiry: December 2018 was still kept in the refrigerator. Further check in the VMO logbook, frequency of visit is only once a month and no visit carried out for October 2018. Refer to visit report dated 20/11/18, 4/9/18 and 28/8/18.	
Corrections:	<ol style="list-style-type: none"> 1. Check the drug/medicine expiry date when receiving new drug/medicine stock. 2. To ensure VMO visiting book is updated and available. 	
Root cause analysis:	<ol style="list-style-type: none"> 1. No stock movement for drug/medicine carried out to check the expiry date period. 2. VMO visit was carried out fortnightly however the visiting book were misplace during the external audit. 	
Corrective Actions:	<ol style="list-style-type: none"> 1. Regular stock check monthly carried out by HCA and verified by Estate Management (Labelling system for every medicine / drug). Include date of expired in inventory records. 2. To include the frequency of VMO visit in the agreement letter (every fortnightly) and get the acknowledgement by VMO. 	
Assessment Conclusion:	<p>The following evidences were verified:</p> <ul style="list-style-type: none"> - Inventory/bin card dated 31/1/19 for with the expiry date information (valid until 7/2020) - VMO logbook has been updated accordingly every fortnight visit. A memo issued to the VMO was verified. Refer to latest VMO visit dated 11/12/19 and 18/12/18. Letter to VMO clinic dated 17/12/18 was sighted. <p>Audit team have reviewed the evidence submitted and the major NC is satisfactorily closed.</p> <p>Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 14/2/19</p>	

Major Nonconformities:		
Ref	Area/Process	Clause
1719793-201811-M3	Chersonese and Tali Ayer Estate	Part 3: 4.4.4.2
Requirements:	The occupational safety and health plan should cover the following: e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees	
Statement of Nonconformity:	i)The SOP for handling of chemicals is not effectively communicated and understood by all employees ii) The accident and emergency procedures is not effectively communicated and understood by all employees	
Objective Evidence:	Chersonese Estate During site visit at the store, it was notice that the store keeper enter the chemical store without any PPE. It was against the Pictorial Safety Standard under section 5.0. Chersonese Estate and Tali Ayer Estate During interview with the Scheduled Waste storekeeper, it was noted that he was not aware regarding the Emergency Action Plan for large chemical spillage such as diesel or used lubricant oil (SW 305) as stated in Estate Quality Management System Standard Operation manual (EQMS SOM) dated November 1st, 2008, Appendix 5.5.3.3, Figure 6.4c.	
Corrections:	<ol style="list-style-type: none"> To enhance awareness the Chemical Safety among all respective members. To conduct refresher training regarding chemical handling and ERP (chemical spillage) to storekeeper and management team. 	
Root cause analysis:	<ol style="list-style-type: none"> No awareness on Chemical Safety among Management. Estate management had conducted Emergency Response Training to all the respective workers/staff. However the awareness is still not fully adapted. 	
Corrective Actions:	1 & 2. Conduct training evaluation to ensure the awareness and competency level is knowledgeable and competent.	
Assessment Conclusion:	<p>The following evidences were verified:</p> <ul style="list-style-type: none"> - Emergency Preparedness and Response (EPR) training was carried out on 18/12/18 at Chersonese Estate. Verified training evaluation done after conduct of training. <p>Audit team have reviewed the evidence summited and the major NC is satisfactorily closed. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 14/2/19</p>	

Major Nonconformities:		
Ref	Area/Process	Clause
1719793-201811-M4	Chersonese Estate	Part 3: 4.5.3.2
Requirements:	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products	
Statement of Nonconformity:	The waste management plan was not effectively implemented	
Objective Evidence:	Chersonese Estate Sighted during document review, it was noted that first SW 409 was generated on 28/2/2018 and disposed on 19/11/2018. The SW 409 were kept at the premise more than 180 days. The estate has not seek approval from DOE for extension of storage time. It was comply with Environmental Quality Act 1974, Environmental Quality (Scheduled Waste) Regulations 2005.	
Corrections:	To ensure the scheduled waste dispose before 180days / 20mt as per Scheduled Waste regulations and to get approval from DOE if estate required extension period.	
Root cause analysis:	Estate management had communicate with registered contractors to dispose the SW409, however the total quantity is not meet the contractor requirement. Estate management not applied approval from DOE for the extension period.	
Corrective Actions:	Triple rinse the empty pesticide container and dispose it as a recycle waste	
Assessment Conclusion:	<p>The following evidences were verified:</p> <ul style="list-style-type: none"> - Letter to DOE on the application for exemption of triple rinsed container as scheduled waste dated 20/12/18 - Email dated 27/12/18 was sighted. Exemption has been approved for the triple rinsed chemical container to be dispose as domestic waste. <p>Audit team have reviewed the evidence summited and the major NC is satisfactorily closed. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 14/2/19.</p>	

Minor Nonconformities:		
Ref	Area/Process	Clause
1719793-201811-N1	Chersonese POM	Part 4: 4.4.5.10
Requirements:	Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings.	
Statement of Nonconformity:	Social benefit offered by the employer was not consistently distributed to employees as per contract agreement.	
Objective Evidence:	Chersonese POM Based on Kontrak Pekerjaan Tenaga Kerja Asing – Semenanjung Malaysia April 2013, clause 16: subsidi makanan (5kg rice and 5 kg oil subsidy for every	

	2 month) has to be distributed to employees. According to IOM dated 13/10/17 from Upstream Operation, 10kg of rice to be given to substitute 5 kg of cooking oil. Refer to rice distribution records for February and April 2018, only 5 kg of rice received by 65 workers instead of 10kg to substitute 5 kg of cooking oil.
Corrections:	Mill management shall deliver the shortage of rice within the next delivery
Root cause analysis:	Total received was sufficient, however the distribution to workers led to a shortage of rice due to being unaware of the IOM dated 13.10.2017
Corrective Actions:	1. To constantly monitor any IOM received and to communicate with regional office in case of any inquiries regarding this matter. 2. To tabulate table for stock received and distributed to workers for reference.
Assessment Conclusion:	Corrective action is accepted. Continuous implementation will be further verified in the next assessment.

Noteworthy Positive Comments	
1	Good cooperation from management team and SQM
2	Good document retrieval

3.3 Status of Nonconformities Previously Identified and OFI

Finding Reference	1547210-201709-M1	Certificate Reference	MSPO 682039
Certificate Standard	MS 2530:2013 Part-4	Clause	4.4.4.2 - Part 4
Category	Major		
Area/Process:	Sime Darby Chersonese Palm Oil Mill and Supply Base		
Details:	The occupational safety and health for the workers are not observed.		
Objective evidence:	1. Both the oxygen and acetylene cylinders were not provided with flash back arrestors and the pressure gauges were damaged. 2. The employers observed doing grinding and welding were not using the appropriate PPE		
Cause	Low level of awareness by the workshop personnel and the technical supervisor (mechanical). No periodic inspection carried out by supervisor to ensure compliance.		
Correction / containment	The flashback arrestor installed as required. Both technical supervisor and the workshop personnel were reprimanded and issued show cause letter		
Corrective action	Workers and supervisor were given refresher training and evaluation of the training. ASA1 verification:		

MSPO Public Summary Report
Revision 0 (Aug 2017)

	Sighted during site visit, the flashback arrestor were installed at the oxygen and acetylene tank. The mill has also installed additional lock as safety measure at both tank. Workplace inspection visit was conducted on monthly basis and the result were discussed during OSH committee meeting.
Closed?:	Yes

Finding Reference	1547210-201709-M2	Certificate Reference	MSPO 682039
Certificate Standard	MS 2530:2013 Part-4	Clause	4.4.4.2 - Part 3
Category	Major		
Area/Process:	Sime Darby Chersonese Palm Oil Mill and Supply Base		
Details:	The occupational safety and health for the workers are not observed.		
Objective evidence:	<ol style="list-style-type: none"> 1. At Kalumpong Estate, during racking using a blower, it was observed that the worker is not using the appropriate PPE. 2. At Holyrood Estate, there is no first aid kit provided to the field workers. 		
Cause	Mandore in charge was on region's activity and being replaced by the head gang which is not communicated to Medical Assistant to provide the First Aid Kit.		
Correction / containment	First Aid Kit is now provided to the manuring gang during the activity		
Corrective action	<ol style="list-style-type: none"> 1. To check during morning muster on the First Aid Kit to ensure responsible mandore brings the kit into the field. 2. Spot check in the field on the first aid kit to ensure they bring at all time. 3. To renew and update list of person's responsible to ensure no cases of overlook. <p>ASA1 verification: Noted during document review, Sime Darby has established the SOP for racking using Zenoah Blower. Noted during site visit at spraying gang and workshop at Chersonese Estate and harvesting gang and workshop at Tali Ayer Estate, the mandore of the gang and foreman hold responsible for the first aid kit. The mandore bring the kit to the field. Interview with the mandore show the understanding on usage of the spill kit.</p>		
Closed?:	Yes		

MSP0 Public Summary Report
Revision 0 (Aug 2017)

Finding Reference	1547210-201709-M3	Certificate Reference	MSP0 682039
Certificate Standard	MS 2530:2013 Part-4	Clause	4.5.5.1 - Part 3
Category	Major		
Area/Process:	Sime Darby Chersonese Palm Oil Mill and Supply Base		
Details:	Riparian zone management has not been carried out.		
Objective evidence:	Circle of palms at the riparian zone in Holyrood Estate had been sprayed with chemicals.		
Cause	<ol style="list-style-type: none"> 1. No regular training and refreshment to the sprayers on the spraying at the buffer zone. 2. Inadequate marking/signboards showing the border of buffer zone at the affected fields. 		
Correction / containment	Refresher training to the sprayers prior spraying programme or whenever new sprayers join the group.		
Corrective action	<ol style="list-style-type: none"> 1. Tight supervision to be in place whenever conducting spraying at affected fields. 2. White band marking on the palms along the riparian buffer zone to indicate clear boundary of buffer zone. 3. Additional signages to be erected to show buffer zone area <p>ASA1 verification: Sighted during site visit at both estates, the vegetation along the riparian zone at HCV area near Teluk Rubiah Mangrove Forest at Chersonese Estate and water sampling point at Sungai Semang in Tali Ayer Estate were maintained. No evidence of chemical application along the riparian zone.</p>		
Closed?:	Yes		

Finding Reference	1547210-201709-M4	Certificate Reference	MSP0 682039
Certificate Standard	MS 2530:2013 Part-4	Clause	4.4.5.11 - Part 4
Category	Major		
Area/Process:	Sime Darby Chersonese Palm Oil Mill and Supply Base		
Details:	Housing inspection has not been conducted according to the Workers' Minimum Standards of Housing and Amenities Act 1990 section 23		
Objective evidence:	<p>As according to the Workers' Minimum Standards of Housing and Amenities Act 1990 section 23, inspection shall be conducted once a week. It was found that, the following are the frequency of inspection carried out:</p> <ol style="list-style-type: none"> 1. July 2017 - 2 times 		

MSPO Public Summary Report
Revision 0 (Aug 2017)

	2. August 2017 - 2 times 3. September 2017 - 1 time
Cause	No proper appointed person for line workers housing inspection
Correction / containment	Mill already discuss with HCA and shall aid the HCA to carry out the required periodically inspection as per law regulation requirement.
Corrective action	Mill already put it in the scheduled and will be monitored by Assistant and SQM ASA1 verification: Line site inspection as carried out by Chersonese POM QA and carried out on weekly basis. Latest report was done on 3/12/18.
Closed?:	Yes

Finding Reference	1547210-201709-M5	Certificate Reference	MSPO 682039
Certificate Standard	MS 2530:2013 Part-4	Clause	4.5.3.4 - Part 3
Category	Major		
Area/Process:	Sime Darby Chersonese Palm Oil Mill and Supply Base		
Details:	The empty scheduled waste containers are not disposed according to the Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974.		
Objective evidence:	In Kalumpong estate the following are found at the schedule waste stores 1. No proper identification of type of waste generated (e.g. pesticide containers, contaminated containers) 2. Waste that are not identified does not have first generation identification. 3. Pesticide containers are stored at stores that is not identified as scheduled waste.		
Cause	Store keeper is new worker and not aware regarding to Schedule waste issue		
Correction / containment	To put labelling of scheduled waste with the date of generate To keep maintenance and housekeeping the scheduled waste store		
Corrective action	To give scheduled waste training to store keeper, mandore and workshop attendent by SQM ASA1 verification: Sighted during document review at Chersonese and Tali Ayer Estate, the estate has documented the waste identification plan in the waste management plan. Empty pesticide container were identified as Scheduled Waste and the record of disposal were sighted. All the Scheduled Waste inventory were recorded accordingly and reported to DOE through E-SWISS		
Closed?:	Yes		

3.4 Issues Raised by Stakeholders

IS #	Description
1	Issues: Local Communities’ Representative – There was no encroachment of land by the company so far. Trenches were constructed to demarcate the boundary of the land.
	Management Responses: The management will ensure no encroachment of land by the company to the villagers and neighbouring plantations.
	Audit Team Findings: No further issue.
2	Issues: Gender Committee’s Representatives – The committees and female workers informed that no sexual harassment case was reported. The company protects their reproductive rights and no discrimination toward them.
	Management Responses: The management will continue to monitor if there is any sexual harassment case.
	Audit Team Findings: No other issue.
3	Issues: Workers’ Representative (Different nationalities and NUPW representatives) – They were paid according to Minimum Wage Order 2016. They were treated equally without any discrimination. They are allowed to transfer to any work stations if they found unfit to work. However, they lack of understanding on the calculation of wages including overtime.
	Management Responses: The management will treat all the workers fairly without any bias and comply with Minimum Wage Order 2016. Chersonese Estate’s management will conduct a briefing to the workers on the calculation of wages including overtime.
	Audit Team Findings: This will be verified during next audit.

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1547210-201709-M1	Major	27/10/17	Closed on 3/1/18
1547210-201709-M2	Major	27/10/17	Closed on 3/1/18
1547210-201709-M3	Major	27/10/17	Closed on 3/1/18
1547210-201709-M4	Major	27/10/17	Closed on 3/1/18
1547210-201709-M5	Major	27/10/17	Closed on 3/1/18
1719793-201811-M1	Major	12/12/18	Closed on 14/2/19
1719793-201811-M2	Major	12/12/18	Closed on 14/2/19
1719793-201811-M3	Major	12/12/18	Closed on 14/2/19
1719793-201811-M4	Major	12/12/18	Closed on 14/2/19
1719793-201811-N1	Minor	12/12/18	To be closed in the next assessment

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 -	The internal memo from Mr Tan Men Kon, Head of Plantation Sustainability & Quality Management documented the commitment Sime Darby towards MSPO implementation. The internal memo dated 8 th September 2017 was issued to all Estates and Mills. The commitment is to implement and certified with MSPO by December 2017.	Complied
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	The continual improvement commitment is documented in the following Management & Operation Policies: Quality Management Policy dated January 2015 Lean Six Sigma Policy dated January 2015 Quality Policy dated January 2015 The commitments are made by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantations Berhad.	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.	MSPO Internal audit was carried out SQM department for mill and estates under SOU2 on 21-23/11/18. The Internal Consultative Assessment Report dated 26/11/18 was verified. Total of 12 major and	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

	- Major compliance -	15 minor non-conformities raised during audit. All findings were in the process of closure.	
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 -	An internal audit procedure (SD/SDP/PSQM/IAP dated 1/11/2017) had been established and documented. The results of the audit conducted on 21-23/11/18 reported under Internal Consultative Assessment Report dated 26/11/18. The identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action had been carried at the Management meeting held on 23/11/2018.	Complied
4.1.2.3	Reports shall be made available to the management for their review. - Major compliance -	The minutes of the Management meeting held on 23/11/18 on the documented results of the audit conducted on 21-23/11/8 was verified. The identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action had been discussed and the PIC was identified and time frame established.	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. - Major compliance -	Sime Darby is RSPO certified company. On annual basis management review is conducted on Regional level. The last management review was conducted on 23/11/2018. All pertinent agenda has been discussed for the effective implementation of MSPO.	Complied
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company. - Major compliance -	Both estates visited has established the method for continual improvement, e.g.: Kaizen and various action plans. Chersonese Estate	Complied

		<p>i. To carry road side pruning at Jin Seng Division to improve safety and easy to carry out road repair.</p> <p>Tali Ayer Estate</p> <p>i. To reduce usage of A4 paper from 240 rems to 200 rems</p>	
4.1.4.2	<p>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.</p> <p>- Major compliance -</p>	<p>The management has conducted training need analysis on annually basis to identify the needs of training for each group of workers. The training identified including operations, understanding of MSPO/RSP0 requirements, human rights, company policies, health and safety etc. The training identified were programmed throughout the year.</p>	Complied
4.1.4.3	<p>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.</p> <p>- Major compliance -</p>	<p>Estates visited has established continual improvement plan and documented in Kaizen and various actions plans. The management's plans were available for review.</p>	Complied
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	<p>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.</p> <p>- Major compliance -</p>	<p>The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The time frame to provide feedback to the stakeholder is documented to be 2 weeks of the date receiving the queries. The Mill Manager is responsible to address all communication and request for documentations that could be made available to public/stakeholders.</p>	Complied
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>Sime Darby Plantations Berhad continued to use the group website for disseminating public information. The Sustainability Report and Group Annual report is available in website.</p> <p>Information relating to land titles, safety and health plans, pollution prevention plans, and annual report are available at the estate. In</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

	- Major compliance -	<p>addition to the website, the policies were also displayed at various locations including the main notice boards of the estates and muster ground notice boards for employees and visitors to view.</p> <p>Procedure for complaints and grievances were available through Sime Darby Plantations Berhad website at http://www.simedarbyplantation.com/Sustainability.aspx</p>	
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 Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2).</p> <p>The Sustainable Plantation Management System Appendix 5 (Flowchart and Procedures on handling Social Issues) dated 01/11/2008 documented the process for handling communication regarding social issues.</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 Manager is responsible to deal with the 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 latest stakeholders list for FY 2018/2019 was updated at all visited estates.</p> <p>The external stakeholder consultation is conduct once a year. The last stakeholder meeting was conducted on 10/5/2018 for Chersonese Estate. External stakeholder invited (contractor- Hai Sin Hung and Rajan A/L Alai – replanting, village representative, Kg Nibong Hanggus and SJK (T) Ladang Jin Seng. There were no negative feedback with regards to the estate and mill activities in the stakeholder consultation.</p>	Complied
Criterion 4.2.3 – Traceability			
4.2.3.1	<p>The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).</p>	<p>Chersonese Estate and Tali Ayer Estate is sending the FFB to Chersonese POM.</p>	Complied

	- Major compliance -	<p>The weighbridge ticket provided the following details:</p> <ol style="list-style-type: none"> 1. Product (FFB or Loose fruit) 2. Delivery note from estates stating the weight and fruit grade (A or B). 3. D.O Number 4. Date of the shipment <p>The Sustainable Plantation Management System Appendix 15 dated March 2016 documented the procedure for traceability. The procedure requires validation of certificate of supplying estate.</p> <p>The procedure had identified critical control points to prevent contamination of non-certified FFB. The current traceability system is Sime Weigh System.</p> <p>The responsible personal for the traceability is the Estate Manager.</p>	
4.2.3.2	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>- Major compliance -</p>	<p>The internal audit conducted on 21-23/11/18 for Chersonese and Tali Ayer Estate. The Internal audit conducted has included the traceability elements.</p>	Complied
4.2.3.3	<p>The management should identify and assign suitable employees to implement and maintain the traceability system.</p> <p>- Minor compliance -</p>	<p>The overall personal in charge for the traceability is the Estate Manager. The responsibility is stated in the job description. Hence there is no required to have a formal letter of appointment.</p>	Complied
4.2.3.4	<p>Records of sales, delivery or transportation of FFB shall be maintained.</p> <p>- Major compliance -</p>	<p>There is no sales of the FFB per say as Chersonese estate and Tali Ayer estate is the identified supply base to Chesonese Mill, Chersonese estate and Tali Ayer estate belongs to the Sime Darby Plantation Bhd.</p> <p>The delivery note of the FFB are kept at the operating units and will be retained for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents</p>	Complied

4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	<p>All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>Sime Darby has established a mechanism to ensure compliancy to legal and other requirement and documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU 2.</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 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 legal requirement was documented in Legal and Requirement Register.</p> <p>Sighted the evidence of compliancy to applicable law and regulations as follows:</p> <p>Chersonese Estate</p> <p>i. Certificate Fitness for Air Compressor under Factory and Machinery Act 1967, Regulations, 1970 Regulation 10(2). Refer Cert. no. PK PMT 7791. Validity period from 19/09/2018 – 18/9/2019.</p> <p>ii. MPOB License. License no. 5332370011000. Validity period from 1/9/2018 -31/8/2019.</p> <p>iii. Purchasing of diesel. Ref. no. KPDNKK.PBR.003.SK(P/D)037/2008 for 9000 litre. Validity period from 15/12/2017 – 15/12/2018. Renewal of license is still in progress through BLESS system. Sighted the notification email from BLESS system admin with serial number. Refer email dated 27/11/2018.</p>	Complied

		<p>Tali Ayer Estate</p> <p>i. Approval to purchase poisonous/limited pesticides – Acephate. Refer approval letter no. PRK/2018/ACP/042(GL) for 356 kg. Validity period from 5/6/2018 – 25/6/2018.</p> <p>ii. MPOB License. License no. 524391002000. Validity period from 1/11/2018 -31/10/2019.</p> <p>iii. Purchasing of diesel. Ref. no. KPDNKK.PBR.003.SK(P/D)079/2008 for 18000 litre. Validity period from 3/7/2018 - 2/7/2019.</p> <p>iv. Certificate Fitness for Air Compressor under Factory and Machinery Act 1967, Regulations, 1970 Regulation 10(2). Refer Cert. no. PK PMT 512. Validity period from 30/08/2017 – 29/11/2018 (expired). The DOSH has conducted the inspection to the air compressor on 30/10/2018 and waiting for the certificate to be issue by DOSH.</p>	
<p>4.3.1.2</p>	<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 December 2008.</p> <p>All legal requirement was documented in Legal and Requirement Register.</p> <p>All the legal and other requirements were register accordingly and documented in the legal requirement register including new update for Factory and Machinery (Steam Boiler and Unfired Vessel) Regulation 1970 (Amendment) Regulation 2017 and Factory and Machinery (Exemption of Certificate of Fitness for Unfired Pressure Vessel) Order 2017.</p> <p>Chersonese Estate</p> <p>All legal requirement was documented in Legal and Requirement Register. The latest evaluation was conducted on 1/7/2018 by Senior</p>	<p>Complied</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

		<p>Assistant and approved by the Estate Manager. As to date, the Bukit Benut Estate comply with all the applicable local, state, national and ratified international laws and regulations.</p> <p>Tali Ayer Estate</p> <p>All legal requirement was documented in Legal and Requirement Register and List of License/Permit. The latest evaluation was conducted on 9/7/2018 by Senior Assistant and approved by the Estate Manager. As to date, the Bukit Benut Estate comply with all the applicable local, state, national and ratified international laws and regulations.</p>	
<p>4.3.1.3</p>	<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>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 December 2008.</p> <p>All legal requirement was documented in Legal and Requirement Register.</p> <p>All the legal and other requirements were register accordingly and documented in the legal requirement register including new update for Factory and Machinery (Steam Boiler and Unfired Vessel) Regulation 1970 (Amendment) Regulation 2017 and Factory and Machinery (Exemption of Certificate of Fitness for Unfired Pressure Vessel) Order 2017.</p> <p>Chersonese Estate</p> <p>The latest evaluation was conducted on 1/7/2018 by Senior Assistant and approved by the Estate Manager.</p> <p>Tali Ayer Estate</p> <p>The latest evaluation was conducted on 9/7/2018 by Senior Assistant and approved by the Estate Manager.</p>	<p>Complied</p>

<p>4.3.1.4</p>	<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 SOU2. 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 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. 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>	<p>Complied</p>												
<p>Criterion 4.3.2 – Lands use rights</p>															
<p>4.3.2.1</p>	<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>There is no land dispute at Chersonese Estate. Total of 65 land titles leased from Perak State Government for 99 years. Sample of land titles checked:</p> <table border="1" data-bbox="1050 1123 1870 1366"> <thead> <tr> <th>Grant/Title no.</th> <th>Lot no./District</th> <th>Land use rights</th> <th>Hectare</th> </tr> </thead> <tbody> <tr> <td>50936</td> <td>Lot 3435/Kerian</td> <td>Agricultural</td> <td>207.9069 ha</td> </tr> <tr> <td>27335</td> <td>Lot 3227/Kerian</td> <td>Agricultural</td> <td>411.3632 ha</td> </tr> </tbody> </table>	Grant/Title no.	Lot no./District	Land use rights	Hectare	50936	Lot 3435/Kerian	Agricultural	207.9069 ha	27335	Lot 3227/Kerian	Agricultural	411.3632 ha	<p>Complied</p>
Grant/Title no.	Lot no./District	Land use rights	Hectare												
50936	Lot 3435/Kerian	Agricultural	207.9069 ha												
27335	Lot 3227/Kerian	Agricultural	411.3632 ha												

		24286	Lot 4966/Kerian	Agricultural	435.1 ha	
		Land title for Tali Ayer checked:				
		Grant/Title no.	Lot no./District	Land use rights	Hectare	
		359784	Lot 19777/Kerian	Agricultural	591.4 ha	
		3226	Lot 839/Kerian	Agricultural	132.1297 ha	
		150037	Lot 840/Kerian	Agricultural	180.8942 ha	
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land. - Major compliance -	Refer to 4.3.2.1 The perimeter survey map of the land portion is provided together with the land title. The map is has provided the coordinated demarcation.				Complied
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	The map of the land portion is provided together with the land title. The map has provided the coordinated demarcation.				Complied
4.3.2.4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	There is not land dispute recorded. This was verified with stakeholders' consultation. 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.				Complied
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 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 Social assessment for SOU2 Chersonese Oil Mill was conducted internally by the Plantation Sustainable and Quality Management (PSQM) Team. The last SIA was conducted in June 2015. SIA management plan is documented as per SOU basis and as per site specific plan. The new SIA management plan dated November 2018 was sighted. The plan has included all inputs collected from various source such as meetings, complaints and grievances for the development of master plan.	Complied
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented. - Major compliance -	Under the sustainable plantation management system Appendix 5, procedure on handling social issue (version 1; year 2008) has been implemented. Under Group policies and authorities GPA No 85 Whistleblowing provide an internal mechanism for reporting, investigating and remedying any wrongdoing.	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

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 -	The complaint and grievances is open to effected parties including internal and external stakeholders. The time to process the complaints or grievances is 2 weeks.	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 -	The complaint form is made available in the mill office. In case the complainant would want to make an anonymity complaint it can be made through electronic Complaint form or email to Senior Director or Whistleblowing committee or toll free number or fax or by mail. This information is available in notice boards in 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 conducted with workers to confirm their understanding of the complaint and grievance process. There is no grievance recorded since the last audit. Only request for maintenance housing are made by workers.	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 -	The complaint record for request for maintenance are available and kept for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents..	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 -	The estates management have made contribution to the local communities and stakeholders such as donation to school sports day, temple repair, safety town hall (safety programme, motivational and religious talk) for the benefit of local communities and also workers	Complied
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.	Sime Darby has established the Group Policy on Health and Safety signed by the Managing Director on Jan 2015. The policy has been communicated to the workers through induction training for new	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

	<p>- Major compliance -</p>	<p>workers, morning briefing and displayed at various notice board within the mill.</p> <p>The PSQM team is also committed in establishing various working standards through procedures or pictorial method to improve safe working condition</p> <p><u>Chersonese Estate</u></p> <p>The estate has established safety and health plan FY 2018. Latest review was conducted on 3/7/2018. The plan covers 15 activity programmed throughout the FY 2018.</p> <p><u>Tali Ayer Estate</u></p> <p>The estate has established safety and health plan FY 2018. Latest review was conducted on 6/7/2018. The plan covers 15 activity programmed throughout the FY 2018.</p>	
<p>4.4.4.2</p>	<p>The occupational safety and health plan shall cover the following:</p> <ul style="list-style-type: none"> a) A safety and health policy, which is communicated and implemented. b) The risks of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to pesticides: <ul style="list-style-type: none"> i. all employees involved shall be adequately trained on safe working practices ii. all precautions attached to products shall be properly observed and applied d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). 	<p>Safety and Health Policy has been established and communicated to the workers through induction training for new workers, morning briefing, iCARE Safety and Health Townhall meeting, and displayed at various notice board within the Estate.</p> <p><u>Chersonese Estate</u></p> <ul style="list-style-type: none"> i. Latest Safety Townhall was conducted on 12/5/2018. Interview with the sprayer shows the understanding of OSH practices in the estate. ii. Sighted the muster briefing records for safety on 14/5/2018 and 8/10/2018. <p><u>Tali Ayer Estate</u></p> <ul style="list-style-type: none"> i. Latest Safety Townhall was conducted on 15/5/2018. Interview with the harvesters shows the understanding of OSH practices in the estate. Sime Darby has established Standard Operating Procedure for risk assessment and documented in EQMS/SOM sub-section 5.4, Appendix 5.4.1a. <p>Estate visited has conducted risk assessment for all the operations and documented in Hazard Identification, Risk Assessment, and Risk</p>	<p>Major Non-Compliance</p>

	<p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p>	<p>Control (HIRARC). The assessment cover all main operations and support operations. The assessment also covers working type, job step, hazard, effect, existing control, type, probability, etc. the HIRARC was reviewed by the HIRARC review team lead by the Estate Manager at minimum of once a year and as per other conditions stated in the SOP.</p> <p><u>Chersonese Estate</u> Latest HIRARC review was conducted on 28/5/2018. Review was done for harvesting operation due to accident happen on 28/4/2018.</p> <p><u>Tali Ayer Estate</u> Latest HRARC review was don on 20/9/2018. Review conducted for Security patrolling operation due to accident happen involving security personnel on 16/9/2018 The estates visited has established training program for employees exposed to chemicals to ensure the continuous awareness to the employee. The training was conducted by the Manager, Asst. Manager and representative form the chemical suppliers to the supervisors and operators. Sighted the training records as follows: <u>Chersonese Estate</u> i. Safety on trunk injection training dated 10/10/2018 ii. Spraying technique and safety aspects training dated 6/3/2018 iii. Manuring training dated 13/8/2018</p> <p><u>Tali Ayer Estate</u> i. Chemical handling training dated 19/7/2018 ii. Spraying with Alion by ICP, Bayer training dated 27/7/2018 iii. Manuring SOP training dated 1/8/2018</p> <p>The estates visited has provided appropriate PPE to all workers according to the job type. The PPE given as per HIRARC and Pictorial Safety Standard (PSS) Estate dated 17/3/2008.</p>	
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	<p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p><u>Chersonese Estate</u> Sighted during interview with sprayers at P17A, sprayers have provided with appropriate PPE i.e half face mask, safety goggle, nitrile gloves and wellington boots. Sighted the PPE issuance records for workers id no. 25984, 116702 and 111871.</p> <p><u>Tali Ayer Estate</u> Sighted the PPE issue records to the sprayers i.e half face mask, safety goggle, nitrile gloves and wellington boots. Procedures of chemical handling is presented in several documents, such Document No. SD/SDP/SQM(ESH)/001-1 Sime Darby Plantation Environment, Safety, and Health Management System (ESHMS) Manual dated July 1st, 2012 and Pictorial Safety Standard (PSS) Estate dated 17/3/2008.</p> <p><u>Chersonese Estate</u> During site visit at the store, it was notice that the store keeper enter the chemical store without any PPE. It was against the Pictorial Safety Standard under section 5.0.</p> <p>Thus, NC was issued.</p> <p>Estate Manager was appointed by the Sime Darby management to be the Chairman of OSH Committee at the mill as per letter signed by the Regional General Manager/CEO for Northern Region. The management appointed Asst. Manager as person responsible for Safety and Health as per letter dated 16/7/2018 signed by the Regional General Manager. Mill management has appointed Safety Committee Member consist of OSH Coordinator, Secretary, employer representatives and employee representative's appointment letter by the Mill Manager. The OHS Chairman and Secretary are in coordination with PSQM Head Quarter Officer for any update national regulations and collective agreements.</p>	
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MSPO Public Summary Report
Revision 0 (Aug 2017)

		<p>The management conducted OSH committee meeting on quarterly basis. In the meeting discussed issue on employees' safety, health and welfare such as mill safety and health achievement report, safety compliance by contractors, workplace audit report, legal compliance, safety and health training and etc.</p> <p><u>Chersonese Estate</u></p> <p>Latest OSH committee was conducted on 21/9/2018, 25/6/2018 and 23/3/2018</p> <p><u>Tali Ayer Estate</u></p> <p>Latest OSH committee was conducted on 1/11/2018, 8/8/2018 and 9/5/2018</p> <p>Accident of emergency procedure is presented in Estate Quality Management System Standard Operation manual (EQMS SOM) dated November 1st, 2008. Flowchart of emergency handling presented in Appendix 5.5.3.3.</p> <p><u>Chersonese Estate</u></p> <p>During interview with the Scheduled Waste storekeeper, it was noted that he was not aware regarding the Emergency Action Plan for large chemical spillage such as diesel or used lubricant oil (SW 305) as stated in Estate Quality Management System Standard Operation manual (EQMS SOM) dated November 1st, 2008, Appendix 5.5.3.3, Figure 6.4c.</p> <p>First aider were present at the field operations. Mandore for each gang were trained and appointed as the first aider and bring the first aid kit daily to the field.</p> <p><u>Chersonese Estate</u></p>	
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		<p>Noted during interview with the spraying gang mandore shows the knowledge of first aid kit. Sighted the first aid training dated 18/9/2018.</p> <p><u>Tali Ayer Estate</u></p> <p>First aider were present at the field operations. Noted during interview with foreman shows the knowledge of first aid kit. Sighted the first aid training dated 12/4/2018.</p> <p>The estates visited recorded all accidents reports and reported to HQ using the PSQM-ESH Monthly update Formby online through GSQM ESH Portal. Sighted the report for the month of September, October and November 2018. The accident occurred was reviewed on quarterly basis during OSH committee meeting.</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>Sime Darby Plantation Berhad is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the Social and Humanity Management Policy signed by Managing Director in January 2015.</p>	Complied
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>The top management of Sime Darby Plantation Berhad is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the Social and Humanity Management Policy signed by Managing Director in January 2015. There were no evidences of any form of discrimination based on race, national origin, religion, gender, union and political affiliation and is covered in the policy as well. Interview with workers and trade union leader indicates that there is no such discrimination occurs in the workplace</p>	Complied

MSP0 Public Summary Report
Revision 0 (Aug 2017)

<p>4.4.5.3</p>	<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 payroll and pay slip records of employees showed that all employees are paid with the monthly salary are compliance with the local minimum wages requirements.</p> <p><u>Chersonese Estate</u> Sample of pay slips for local workers for February (low) and November 2018 (peak): i) Employee# 0000092173 ii)Employee# 0000087058</p> <p>Sample of pay slips for foreign workers for February (low) and November 2018 (peak): i) Employee# 0000141749 ii) Employee# 0000144496 iii)Employee# 0000121882 iv)Employee# 0000131544</p> <p><u>Tali Ayer Estate</u> Sample of pay slips for foreign workers for February (low) and November 2018 (peak): i) Employee# 0000110128 ii) Employee# 0000110136 iii)Employee# 0000118193 iv)Employee# 0000118200 v)Employee# 0000132485</p> <p>Review the pay slip and mill attendance report (including OT hours) confirmed that their basic salary wages complied with minimum wages (RM 38.46/day) for daily rated and RM 1000/month for monthly rated workers</p>	<p>Complied</p>
<p>4.4.5.4</p>	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the</p>	<p>There is no permanent contract workers in the estate. There is only temporary contract workers at Chersonese for replanting purposed.</p>	<p>Complied</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

	<p>employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>Payslip of the excavator drivers has been sighted that it is according to the employment contract. The records are documented in Chersonese Estate.</p>	
<p>4.4.5.5</p>	<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, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>Chersonese maintain an accurate record of all employees (local and foreign) under Employee Master Listing report, ZCKRLM04. Total of 355 employees (as at 10/12/18) listed under estate’s check roll.</p> <p>Records updated and verified during the audit were found contains the following details of information for every employees.</p> <p>Employee Name Activity Nationality Gang details Date of Birth Occupation Religion Employment Date Sex Passport No. and Expiry Date (for foreigner) Work Permit Expiry Date Identification Card no. Socso. No. EPF no.</p>	<p>Complied</p>
<p>4.4.5.6</p>	<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>Employment Contract for local and foreign workers are available. Information indicated in the form showed that all employees are provided with fair contracts in term of salary, accommodation and other benefits.</p> <p>Copies of Employment Contract for each local and foreign workers indicated in the employment records are available. Foreign worker</p>	<p>Complied</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

		<p>contract is valid for 3 year plus yearly contract extension for those who intent to continue working with the company.</p> <p>Sample of employment contract available for the local workers: i) Employee# 0000092173 ii)Employee# 0000087058</p> <p>Sample of employment contract available for the foreign workers: i) Employee# 0000141749 ii) Employee# 0000144496 iii)Employee# 0000121882 iv)Employee# 0000131544</p> <p>Tali Ayer Estate Sample of employment contract checked: i) Employee# 0000110128 ii) Employee# 0000110136 iii)Employee# 0000118193 iv)Employee# 0000118200 v)Employee# 0000132485</p>	
<p>4.4.5.7</p>	<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>Chersonese and Tali Ayer Estate has established a time recording system using punch card for all employees. Time recording system has been implemented by punch card system for all mill employees. The working hours for all employees has been clearly documented in the Employment Contract and displayed in the office to ensure transparent for both employees and employer</p>	<p>Complied</p>
<p>4.4.5.8</p>	<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>The working hours and breaks of the individual worker indicated in the time records were in compliance with legal regulations and collective agreements. Based on check roll records, overtime and breaks were recorded and consistent with the payslip for sample months in, February</p>	<p>Complied</p>

	- Major compliance -	2018 and November 2018. No evidence of overtime exceeded 104 hours as per Employment (Limitation of Overtime Work) Regulations 1980.	
4.4.5.9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. - Major compliance -	Pay slips of all employees (check roll) are available as evidence of salary payment. The pay slip contain the following information : a) Earnings - Basic Salary (Daily Rated Work, Work on Rest Day and Work on Holiday) - Overtime (Week days, Rest days and Holiday) b) Deduction - Union fee (NUPW & AMESU),SOCSO, EPF , electricity deduction and others Observed that the wages and overtime payment documented on the pay slips are in line with legal requirement and as stated in the employment contract	Complied
4.4.5.10	Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions. - Minor compliance -	The company provides: 5kg rice and 5kg cooking oil to all workers once every 2 months RM5 mobile subsidy to all workers. Free medical benefit to workers dependent at the estates clinics. Renewal for driving license for local workers Sending worker’s children to schools Once a year festival token to all workers Yearly schooling assistance Sime Darby scholarship The field workers are paid with Productivity Incentive. The more they work the higher the incentive.	Complied
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities	The basic amenities and facilities at the quarters provided by the company to it workers includes electricity, water and domestic waste disposal. Electricity and water is connected with the national	Major Non-Compliance

MSPO Public Summary Report
Revision 0 (Aug 2017)

	<p>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>infrastructure facilities. The usage of electricity and water is bared by the workers themselves.</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 2-3 each people per house. Line site inspection is conducted on weekly basis as per the Workers' Minimum Standards Housing and Amenities Act 1990. The results of the inspection is being discussed with the estate manager for actions.</p> <p>For foreign workers, all foreign workers will be given a starter kit which includes basis amenities (e.g. mattress, cooking utilises).</p> <p>Chersonese Estate</p> <p>There was no effective monitoring system to ensure all drug/medicine readily useable for treatment. Vaccine (anti-tetanus) date of expiry: December 2018 was still kept in the refrigerator. Further check in the VMO logbook, frequency of visit is only once a month and no visit carried out for October 2018. Refer to visit report dated 20/11/18, 4/9/18 and 28/8/18. Thus, a major NC was issued.</p>	
<p>4.4.5.12</p>	<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>Complied</p>
<p>4.4.5.13</p>	<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. 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</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. 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 appointed union leader at Chersonese Estate is Mr Manogaram. Latest union meeting with mill management dated 14/9/18 is referred</p>	<p>Complied</p>

	right should not be discriminated against or suffer repercussions. - Major compliance -	to. No concern highlighted by the union representative based on the meeting minute.	
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education programmes. Children shall not exposed to hazardous working conditions. - Major compliance –	The Social Policy and Social & Humanity Management Policy was established since January 2015. The Policy covers the commitment to not condone forced labour or child labour. The signatory of the Policy is by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantation. Field observation, interviewing with workers and verification of workers master list confirmed that there is no child labor.	Complied
Criterion 4.4.6: Training and competency			
4.4.6.1	All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept. - Major compliance -	Both estate visited has established training program for all workers based on training need analysis conducted on annually basis. Chersonese Estate The estates has established training plan for base from training need analysis conducted for all employee, management and contractors. The plan is documented in Training Plan Chersonese Estate FY 2018. 42 training program were identified and programmed throughout the FY 2018/. Sighted the training records as follows: i. Scheduled waste training dated 14/8/2018 ii. IPM training dated 19/3/2-18 Tali Ayer Estate The estates has established training plan for base from training need analysis conducted for all employee, management and contractors. The	Complied

		<p>plan is documented in Training Plan Tali Ayer Estate FY 2018. 42 training program were identified and programmed throughout the FY 2018/.</p> <p>Sighted the training records as follows:</p> <ul style="list-style-type: none"> i. Tractor driving and Preventive Maintenance Vehicle dated 12/9/2018 ii. IPM, bagworm treatment training dated 28/8/2018 iii. Refresher for PPE awareness, HCV and COBC training dated 7/12/2018 	
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 skill and competency required to all employees based on their job description.</p> <p>- Major compliance -</p>	<p>The estates visited has conducted training need analysis for all employee, management and contractors. The need analysis was conducted base on the job designation and training required by the job type. 42 training were analysis and identified as required.</p>	Complied
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 estates visited has training program which updated annually. The annual internal audit by PSQM and management review does review the effectiveness of the training plan and its execution.</p>	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>Sime Darby has established Environmental Policy signed by the Managing Director on January 2015. The environmental management plan has been established to monitor the identified significant activities that give impacts on environment. A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented.</p>	Complied

<p>4.5.1.2</p>	<p>The environmental management plan shall cover the following:</p> <ul style="list-style-type: none"> a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. <p>- Major compliance -</p>	<p>Chersonese Estate</p> <p>The estate has established the environmental plan based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The management plan was established for the activity which give significant impact for the environment. The EAI and EIE were reviewed annually basis by the EAI/EIE review team. Latest Review was conducted on 21/6/2018.</p> <p>The management plan stated the objectives of the environmental issue, mitigating measures, person responsible and monitoring period. The progress of the plan was monitored on monthly basis. The plan was reviewed on annually basis. Latest reviewed was conducted on 1/7/2018.</p> <p>Tali Ayer Estate</p> <p>The estate has established the environmental plan based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The management plan was established for the activity which give significant impact for the environment. The EAI and EIE were reviewed annually basis by the EAI/EIE review team. Latest Review was conducted on 2/7/2018. Additional activity, racking palm base using Zenoah Blower were add into the EAI/EIE</p> <p>The management plan stated the objectives of the environmental issue, mitigating measures, person responsible and monitoring period. The progress of the plan was monitored on monthly basis. The plan was reviewed on annually basis. Latest reviewed was conducted on 5/7/2018.</p>	<p>Complied</p>
<p>4.5.1.3</p>	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.</p>	<p>The estates visited has established the environmental plan based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The management plan was established for the activity which</p>	<p>Complied</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

	- Major compliance -	<p>give significant impact for the environment. The EAI and EIE were reviewed annually basis by the EAI/EIE review team.</p> <p>The management plan stated the objectives of the environmental issue, mitigating measures, person responsible and monitoring period. The progress of the plan was monitored on monthly basis. The plan was reviewed on annually basis.</p>	
4.5.1.4	<p>A programme to promote the positive impacts should be included in the continual improvement plan.</p> <p>- Minor compliance -</p>	<p>Estates visited has established continual improvement plan and documented in Kaizen and various actions plans. The management's plans were available for review.</p>	Complied
4.5.1.5	<p>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.</p> <p>- Major compliance -</p>	<p>Both estate visited has established training program for all workers based on training need analysis conducted on annually basis including the environmental policy and awareness. Note during interview with the workers, the awareness on environmental policy and issue in the estate are adequate.</p>	Complied
4.5.1.6	<p>Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.</p> <p>- Major compliance -</p>	<p>The management has discussed with the employee regarding environmental quality during toolbox briefing. Noted during interview with the workers, the workers are free to report or discussed about their concern on environmental issue with the management.</p>	Complied
Criterion 4.5.2: Efficiency of energy use and use of renewable energy			
4.5.2.1	<p>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.</p>	<p>Both estates visited has established management plan to optimized the usage of non-renewable energy and monitor it on monthly basis.</p> <p>Sighted the implementation of the management plan as follows:</p> <p>i. Sighted the records of Preventive Maintenance Vehicle for tractors at both estates visited.</p>	Complied

	<p>- Major compliance -</p>	<p>ii. The monitoring records for diesel consumption/FFB production at Chersonese estate FY 2018 as follows:</p> <table border="1" data-bbox="1048 411 1872 711"> <thead> <tr> <th>Month</th> <th>Consumption L/ton</th> </tr> </thead> <tbody> <tr> <td>Jul</td> <td>2.92</td> </tr> <tr> <td>Aug</td> <td>2.80</td> </tr> <tr> <td>Sept</td> <td>2.35</td> </tr> <tr> <td>Oct</td> <td>2.95</td> </tr> <tr> <td>Nov</td> <td>2.98</td> </tr> </tbody> </table> <p>For 2017, diesel consumption/FFB production were recorded at 2.63 L/ton FFB.</p>	Month	Consumption L/ton	Jul	2.92	Aug	2.80	Sept	2.35	Oct	2.95	Nov	2.98	
Month	Consumption L/ton														
Jul	2.92														
Aug	2.80														
Sept	2.35														
Oct	2.95														
Nov	2.98														
<p>4.5.2.2</p>	<p>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.</p> <p>- Major compliance -</p>	<p>The estimate for the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations inclusive of fuel use by contractors, including all transport and machinery operations was available in the respective estate yearly budgets.</p>	<p>Complied</p>												
<p>4.5.2.3</p>	<p>The use of renewable energy should be applied where possible.</p> <p>- Minor compliance -</p>	<p>No renewable energy used in the estates visited.</p>	<p>Complied</p>												
<p>Criterion 4.5.3: Waste management and disposal</p>															
<p>4.5.3.1</p>	<p>All waste products and sources of pollution shall be identified and documented.</p> <p>- Major compliance -</p>	<p><u>Chersonese Estate</u></p> <p>The estate has identified the waste products and source pollution and documented in Environmental Management Plan SOU – Chersonese under section Waste Management. The waste identified as follows:</p>	<p>Complied</p>												

		<ul style="list-style-type: none"> i. Domestic waste – Rubbish ii. Scheduled waste – used lubricants/hydraulic oil, Empty pesticides containers iii. Clinical waste iv. Recyclable waste – Reuse empty pesticides containers v. Industrial waste – Scrap metal, used tires <p>Tali Ayer Estate</p> <p>The estate has identified the waste products and source pollution and documented in waste management action plan FY 2018. The waste has been identified as follows:</p> <ul style="list-style-type: none"> i. Scheduled waste – Used lubricants, used Hydraulic oil, Empty pesticides containers, clinical waste ii. Domestic waste – Rubbish iii. Recycled waste 	
<p>4.5.3.2</p>	<p>A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <ul style="list-style-type: none"> a) Identifying and monitoring sources of waste and pollution b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products <p>- Major compliance -</p>	<p>Estates visited has established Waste management Plan base on the identification and source of pollutions and the plan were available for review.</p> <p><u>Chersonese Estate</u></p> <p>The estate has established Waste management Plan base on the identification and source of pollutions and documented in Environmental Management Plan SOU - Chersonese</p> <p>Sighted during document review, it was noted that first SW 409 was generated on 28/2/2018 and disposed on 19/11/2018. The SW 409 were kept at the premise more than 180 days. The estate has not seek approval from DOE for extension of storage time. It was comply with</p>	<p>Major Non-compliance</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

		<p>Environmental Quality Act 1974, Environmental Quality (Scheduled Waste) Regulations 2005.</p> <p>Thus, NC was raised.</p> <p><u>Tali Ayer Estate</u></p> <p>The estate has established Waste management Plan base on the identification and source of pollutions and documented Waste Management Action Plan FY 2018.</p>	
4.5.3.3	<p>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.</p> <p>- Major compliance -</p>	<p>Procedure for Scheduled Waste Management was established (SD/SDP/PSQM (ESH)/203-EN1 dated 26/2/2016. Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers.</p> <p>Both estate visited also have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. Stores for scheduled waste were inspected at both estate visited and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>The estates maintain the inventory records for all scheduled waste and reported to DOE on monthly basis through E-SWISS.</p> <p>Sighted the disposal of Scheduled Waste as follows:</p> <p><u>Chersonese Estate</u></p> <p>i. 6/12/2018 for SW 305; C/N no: 201812071153LP10</p> <p><u>Tali Ayer Estate</u></p> <p>i. 10/12/2018 for SW 305; C/N no: 89530</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</p>	<p>Empty pesticides containers are identified as Scheduled Waste, SW409. The empty containers were stored at designated store before collected by licensed company approved by the DOE.</p>	Complied

	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 -	Sighted the latest disposal of SW 409 as follows: <u>Chersonese Estate</u> i. 19/11/2018 for SW 409; C/N no: 2018111914CF9KS <u>Tali Ayer Estate</u> i. 3/10/2018 for SW 409; C/N no: INV/SW57/2018 ii. 20/4/2018 for SW 409; C/N no: INV/SW28/2018	
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 were collected twice a week and being stowed in a bin at designated area before being transported by contractors to be disposed at Kerian Municipal Landfill.	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 -	Both estates assessed their polluting activities. This has been incorporated in the Environmental Improvement Plan/Pollution Prevention Plan 2018/19. Details as provided in 4.5.1.3 and 4.5.1.4. Therein is given potential sources of pollutants, objective & targets and action to be taken.	Complied
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	Details of action plan for identified pollutants are shown in 4.5.1.3	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:	Documented in Sime Darby Slope and River Protection Policy dated 15/1/2015 signed by the Managing Director stated that buffer zone shall be maintained on both side of the river banks. River width Buffer zone	Complied

<p>a. Assessment of water usage and sources of supply.</p> <p>b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate’s current activities.</p> <p>c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</p> <p>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f. 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>	> 40 meters	50 meters	
	20 to 40 meters	40 meters	
	10 to 20 meters	20 meters	
	5 to 10 meters	10 meters	
	< 5 meters	5 meters	
	* > 3 meters	20 meters	
	<p>* For Sabah Plantations only</p> <p>Monitoring based on Sustainable Plantation Management System Appendix 7 Standard Operation Procedure (SOP) for taking water samples from streams/rivers, version 1, year 2008, issue no. 1, dated 01/11/2008.</p> <p>Both estates visited has established water management plan and reviewed annually basis. The management plan focusing on activity with impact to natural water sources such as water contamination and action plan during water shortage.</p> <p>Both Estates used water supplied by Lembaga Air Perak. Monitoring of consumption/usage was conducted on monthly basis and available for review.</p> <p>The quality of out-going water into rivers was monitored quaterly by carrying out water analysis. River water sampling for analysis was done for upstream, midstream and downstream. Sighted the water analysis records as follows:</p> <p><u>Chersonese Estate</u></p> <p>i. Pesticides water analysis – conducted on 20/8/2018. Refer report no PL700/2018 dated 7/9/2018. Result – non detected.</p>		

MSPO Public Summary Report
Revision 0 (Aug 2017)

		<p>ii. River water analysis - Refer report no IE1037/2018 dated 30/8/2018. Result – conform with NWQS</p> <p><u>Tali Ayer Estate</u></p> <p>i. Pesticides water analysis – Refer report no PL892/2018 dated 24/10/2018. Result – non detected.</p> <p>ii. River water analysis – Refer report no. IE170/2018 dated 25/1/2018, IE519/2018 dated 13/4/2018 and IE916 2018 dated 25/7/2018. Result – conform with NWQS</p> <p>Sighted during site visit at the riparian zone at both estate visited, the vegetation were well maintained. No evidence of chemical application along the riparian zone.</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>	No bunds were sighted across main rivers and waterways in both estates.	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>	The practice water harvesting of water from road-side drains being directed and stored in conservation road side pits was observed in both estates.	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>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p>	<p>The estate and Plantation Sustainability Department has conducted HCV assessment in June 2016. No HCV on biodiversity identified as per report. The management has identified conservation area and established management plan to monitor and ensure the area are well conserve.</p> <p>Estate visited communicate the information regarding the HCV, RTE and conservation area with the employee through briefing and signage erected at few area in the estate.</p>	Complied

	<p>b) 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>		
<p>4.5.6.2</p>	<p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>a) Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>b) 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>According to the HCV report for both estates visited, there are no RTE species (according to IUCN classification) sighted at the operating units.</p>	<p>Complied</p>
<p>4.5.6.3</p>	<p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p>- Major compliance -</p>	<p>According to the HCV report for both estates visited, there are no RTE species (according to IUCN classification) sighted at the operating units. However, both estate has established HCV management plan to monitor all conservation area identified in the estate. Sighted the implementation of the management plan as follows:</p> <p>i. Monitoring was conducted twice a month. Sighted the monitoring records dated 8/9/2018, 18/9/2018, 6/10/2018, 20/10/2018, 7/11/2018 and 20/11/2018</p> <p>ii. Sighted during site visit, signboard of prohibition of illegal and appropriate hunting and fishing were erected at the conservation area and estate entrance.</p>	<p>Complied</p>

Criterion 4.5.7: Zero burning practices			
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 -	Zero open burning policy as per SOP Section B2 - Felling/Land Clearing & Land Preparation dated November 2008. Management complying with the Malaysian environmental law –EQA and Regulations 1974. No open burning noted based on the records on the land clearing and felling for the replanting at visited estates. Method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	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 -	No open burning noted based on the records on the land clearing and felling for the replanting at visited estates. Method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	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 -	No controlled burning noted based on the records on the land clearing and felling for the replanting at visited estates. Method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	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 -	Noted based on the records on the land clearing and felling for the replanting at visited estates, method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			

<p>4.6.1.1</p>	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<p>SOP was established for the Estates. & Agricultural Manual, Sustainability Plantation Management System and EQMS (Estate Quality Management System) were distributed to all operating units under SOU2 as a guidance document to conduct estate operation. The SOP covers land preparation, planting material, upkeep, harvesting, FFB transportation and etc.</p> <p>Sime Darby has established mechanism to monitor the implementation of their procedure by Plantation Advisor Visit, Performance Monitoring Visit and Agronomist Visit. The visit focusing on Yield Improvement, Crop Recovery, Replanting and Immature Palms Maintenance and Mature Upkeep.</p>	<p>Complied</p>
<p>4.6.1.2</p>	<p>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.</p> <p>- Major compliance -</p>	<p>Sime Darby has established policy on slope protection and documented in Slope and River Protection Policy signed by the Managing Director in Jan 2015.</p> <p>The policy stated for slope more than 25 degree must be exclude from any new plantation development and replanting program. All the existing crop and vegetation shall be maintain accordingly.</p> <p>Landscapes of both estates visited are mostly flat. Sime Darby has established policy on slope protection and documented in Slope and River Protection Policy signed by the Managing Director in Jan 2015. The policy stated for slope more than 25 degree must be exclude from any new plantation development and replanting program. All the existing crop and vegetation shall be maintain accordingly.</p> <p>The policy was communicated to the employee during master briefing, townhall training and displayed in several notice board in the estate.</p>	<p>Complied</p>
<p>4.6.1.3</p>	<p>A visual identification or reference system shall be established for each field.</p> <p>- Major compliance -</p>	<p>Both Estates visited had a visual identification/reference system for each established field/block and maps established. Field numbers and hectare were marked on palms and in some areas on concrete slaps.</p>	<p>Complied</p>

Criterion 4.6.2: Economic and financial viability plan		
4.6.2.1	<p>A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.</p> <p>- Major compliance -</p>	<p>SOU2 has continued its commitment to long term sustainability and improvements through a capital expenditure program. The management has forecasted 5 years business plan from FY 2018 – 2023.</p>
4.6.2.2	<p>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.</p> <p>- Major compliance –</p>	<p>SOU2 estates have long range replanting program from FY 2018 - 2022. Replanting is planned for low yield field area, disease infected area, tall palm and older than 25 years old.</p> <p>Chersonese Estate</p> <p>Replanting program was planned from FY 2018 – 2023. Latest review was conducted in October 2018. Program for the next 5 financial year as follow:</p> <p>2018: 180.91 ha 2019: 270.35 ha 2020: 186.62 ha 2021: 0.00 ha 2022: 145.45 ha</p> <p>Replanting was planned early for field in P95 (replanting in 2018), P93 and P93A (replanting in 2019) due to the low yield and disease infected (ganoderma).</p> <p>Tali Ayer Estate</p> <p>Replanting program was planned from FY 2018 – 2023. Latest review was conducted in October 2018. Program for the next 5 financial year as follow:</p> <p>2018: 0.00 ha</p>

		<p>2019: 0.00 ha 2020: 0.00 ha 2021: 119.23 ha 2022: 79.39 ha</p>	
4.6.2.3	<p>The business or management plan may contain:</p> <ul style="list-style-type: none"> a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production : cost per tonne of FFB d) Price forecast e) e) Financial indicators : cost benefit, discounted cash flow, return on investment <p>- Major compliance –</p>	<p>The budget provisions cover activities for upkeep, cultivation, harvesting & evacuation, welfare, capital expenditure, RSPO compliance etc. The budgets included projections on yield/ha, and total cost of production per MT & per ha. The document were available for review.</p>	Complied
4.6.2.4	<p>The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.</p> <p>- Major compliance -</p>	<p>Sime Darby has established a system to monitor the mill and estate operation. The Structured Oil Recovery Assessment (SORA) (for Mill) / Structured Crop Recovery Assessment (SCRA) (for estates) and Planning and Monitoring Unit visited the operating units quarterly. Their reports covers on all aspect of operation.</p>	Complied
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	<p>Pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p>- Major compliance –</p>	<p>Pricing mechanism for other services (FFB transport and replanting contractor) are documented in the contract. Refer to 2 sample contracts: i) Replanting work (Contractor: Rajan Excavator Contractor Sdn Bhd, effective 1st June 2018)</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

		ii) FFB transport (Contractor: Bagan Samak Enterprise, 1 st September 2016 – 30 th August 2018), extension of contract from 1 st October 2018 – 31 st August 2019), refer to letter date 26/9/18 signed by head of procurement of Sime Darby Plantation Berhad. Rate/pricing mechanism is explicitly written in the contract and the agreement and acknowledgement is evident.	
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	According to the agreement made, the payment to contractors shall be made 30 days after the invoice date that submitted to the company by 1st week of the month. Interview with the contractors confirmed that the payment was made promptly according to the agreement.	Complied
Criterion 4.6.4: Contractor			
4.6.4.1	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	Chersonese and Tali Ayer Estate had informed its contractors regarding the need to follow the MSPO requirements. A formal letter and brief terms has been sent to the contractors. The letters were sent on 4/12/2018 to all contractors and the reply from the contractors to agree to and understand the legal obligations requirements by MSPO are being met are kept. Dissemination of MSPO requirement was written in the contract under prior to contract signing. Other method of communication such as stakeholder meeting and training was also being implemented. A training session for contractors was last carried out on 1/7/18.	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Main contract and formal letter issued by the Estate Manager served as the "revision" to the available contract agreement with the contractors to agree on the obligations of MSPO requirements. Contractor i) Replanting work (Contractor: Rajan Excavator Contractor Sdn Bhd, effective 1st June 2018) ii) FFB transport (Contractor: Bagan Samak Enterprise, 1st September 2016 – 30th August 2018), extension of contract from 1st October 2018 – 31st August 2019), refer to letter date 26/9/18 signed by head of procurement of Sime Darby Plantation Berhad.	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

<p>4.6.4.3</p>	<p>The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.</p> <p>- Minor compliance -</p>	<p>The requirement of accepting MSPO accredited auditors to audit against the contractors are being stated in the formal letter attachment to the contractors.</p>	<p>Complied</p>
<p>4.6.4.4</p>	<p>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.</p> <p>- Major compliance -</p>	<p>The contractors are being evaluated based on Key Performance Indicator @ KPI on timely delivery, accident rate, non-compliance to ESH requirements and security procedures and complaints by estate and mill. Example of evaluation observed is for FFB transporter (Bagan Samak Enterprise) which the details of KPIs were included in the annexure 8 of the contract agreement.</p>	<p>Complied</p>
<p>4.7 Principle 7: Development of new planting – Cheronese and Tali Ayer Estate did not carry out any new plantings since January 2015. Therefore, Principle 7 is not applicable during this main assessment. The immature areas are replanted area.</p>			

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 -	The internal memo from Mr Tan Men Kon, Head of Plantation Sustainability & Quality Management documented the commitment Sime Darby towards MSPO implementation. The internal memo dated 8 th September 2017 was issued to all Estates and Mills. The commitment is to implement and certified with MSPO by December 2017.	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 continual improvement commitment is documented in the following Management & Operation Policies: Quality Management Policy dated January 2015 Lean Six Sigma Policy dated January 2015 Quality Policy dated January 2015 The commitments are made by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantations Berhad.	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 -	MSPO Internal audit was carried out SQM department for mill and estates under SOU2 on 21-23/11/18. The Internal Consultative Assessment Report dated 26/11/18 was verified. Total of 12 major and 15 minor non-conformities raised during audit. All findings were in the process of closure.	Complied
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of	An internal audit procedure (SD/SDP/PSQM/IAP dated 1/11/2017) had been established and documented.	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	strengths and root causes of nonconformities, in order to implement the necessary corrective action. - Major compliance -	The results of the audit conducted on 21-23/11/18 reported under Internal Consultative Assessment Report dated 26/11/18. The identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action had been carried at the Management meeting held on 23/11/2018.	
4.1.2.3	Reports shall be made available to the management for their review. - Major compliance -	The minutes of the Management meeting held on 23/11/18 on the documented results of the audit conducted on 21-23/11/8 was verified. The identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action had been discussed and the PIC was identified and time frame established.	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. - Major compliance -	Sime Darby is RSPO certified company. On annual basis management review is conducted on Regional level. The last management review was conducted on 23/11/2018. All pertinent agenda has been discussed for the effective implementation of MSPO.	Complied
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company. - Major compliance -	Continuous improvement plan for POM FY2018/2019. It cover the mostly on the mill operation and safety related budget. For example: i) Plant & machinery : Turbine wheel, reversing segment and main oil pump replacement ii) Fire Fighting/Safety and Health : Firefighting pump set @ hydrant system upgrade iii) Plant & machinery: Cake breaker conveyor upgrade c/w	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		separating column and cyclone unit.	
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>Continual improvement is demonstrated based on project initiated by mill management through KAIZEN/Lean Six Sigma project. The project focus mainly on cost saving and process losses minimization for each financial year. Sample of completed project for FY 2018/2019:</p> <p>i) To improve kernel extraction rate at Kernel Recovery Station from 4.97% to 5.00% by March 2018.</p> <p>ii) To reduce USB at thresher station from 2.50% to 1.8% by March 2018</p>	Complied
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	<p>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.</p> <p>- Major compliance -</p>	<p>The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The time frame to provide feedback to the stakeholder is documented to be 2 weeks of the date receiving the queries. The Mill Manager is responsible to address all communication and request for documentations that could be made available to public/stakeholders.</p>	Complied
4.2.1.2	<p>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.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantations Bhd continued to use the group website for disseminating public information. The Sustainability Report and Group Annual report is available in website. Information relating to land titles, safety and health plans, pollution prevention plans, and annual report are available at the estate.</p> <p>In addition to the website, the policies were also displayed at various locations including the main notice boards of the estates</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		and muster ground notice boards for employees and visitors to view. Procedure for complaints and grievances were available through Sime Darby Plantations Bhd website at http://www.simedarbyplantation.com/Sustainability.aspx	
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 Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The Sustainable Plantation Management System Appendix 5 (Flowchart and Procedures on handling Social Issues) dated 01/11/2008 documented the process for handling communication regarding social issues	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 is responsible to deal with the 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. - Major compliance -	The latest stakeholders list was updated. Document dated 1/5/18 was sighted. The external stakeholder consultation is conduct once a year. The last stakeholder meeting was conducted on 10/9/2018 for Chersonese POM. External stakeholder invited (contractor- MSG and MVKS, temple and surau representative, village representative, Kg Kuala Gula and SJK (T) Chersonese). There were no negative feedback with regards to the estate and mill activities in the stakeholder consultation.	Complied
Criterion 4.2.3 – Traceability			

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
4.2.3.1	<p>The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability.</p> <p>- Major compliance -</p>	<p>FFB received from group estates and own supply base to Chersonese POM.</p> <p>The weighbridge ticket provided the following details: Product (FFB or Loose fruit) Delivery note from estates stating the weight and fruit grade (A or B). D.O Number Date of the shipment "Standard Operating Procedure (SOP) for Sustainable Supply Chain and Traceability" [appendix 15 of the Sustainable Plantation Management System (SPMS)], version 2, issue:5 dated Sept 2018 documented the procedure for traceability documented for the traceability procedure. The procedure requires validation of certificate of supplying estate. The procedure had identified critical control points to prevent contamination of non-certified FFB. The current traceability system is Sime Weigh System. The responsible personal for the traceability is the Mill Manager.</p>	Complied
4.2.3.2	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>- Major compliance -</p>	<p>"Standard Operating Procedure (SOP) for Sustainable Supply Chain and Traceability" [appendix 15 of the Sustainable Plantation Management System (SPMS)], version 2, issue:5 dated Sept 2018 documented the procedure for traceability documented for the traceability procedure. The procedure requires validation of certificate of supplying estate. The procedure had identified critical control points to prevent contamination of non-certified FFB. The current traceability system is Sime Weigh System. The responsible personal for the traceability is the Mill Manager.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.2.3.3	The management shall identified and assign suitable employees to implement and maintain traceability system. - Minor compliance -	The overall personal in charge for the traceability is the Mill Manager. The responsibility is stated in the job description. Hence there is no required to have a formal letter of appointment.	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 records of CPO and PK sales were verified. The dispatch of the CPO are determine by HQ Sales & Marketing and will be entered into the Sime Weigh System. The weigh bridge operator will check the system before releasing the dispatch. The sample dispatch documentation sighted was date: 6/12/18, WB ticket#010877, weight; 38.33 mt to SD Kernel Crushing Plant, Pulau Carey	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 -	Sime Darby has established a mechanism to ensure compliancy to legal and other requirement and documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU 2. 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 Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008. All legal requirement was documented in Legal and Requirement Register, List of Competency Certs and List of Permits and License.	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
	<p>The latest evaluation was conducted on 25/5/2018 by QA supervisor and approved by Mill Manager. As to date, the Chersonese POM comply with all the applicable local, state, national and ratified international laws and regulations.</p> <p>Compliance to each applicable law and regulation is monitored by the operating units. Sighted the sampled evidence of compliancy to the regulation as follows:</p> <ul style="list-style-type: none"> i. MPOB License. License no. 53366710400. For processing 192000 ton FFB. Validity period from 1/11/2018 -1 31/10/2019 ii. DOE's 'Jadual Pematuhan'. License no. 004229. Validity period from 1/7/2018 – 30/6/2019 iii. Private Electrical Installations. License no. 19790. Validity period from 16/1/18 – 15/1/19 iv. Purchasing of diesel. Ref. no. KPDNKK.PBR.003.SK(P/D)020/2008 for 8100 litre. Validity period from 26/3/2018 – 25/3/2019 v. Fire Certificate. In progress for recertification. Fire Department has conducted inspection on 30/8/2018. Fire department has issued 'Notis Pemberitahuan Tentang Keperluan Yang Perlu Dipatuhi', form FC6 as per letter dated 21/9/2018. Ref doc no. JBPM/PK/BKK:700-3/1/7/122. The mill were given 120 days period to comply with the noticed issued. As time of the assessment, the mill are waiting for reassessment visit from Fire Department. <p>Competence person license</p> <ul style="list-style-type: none"> i. Authorised Entrant and Standby Person for Confined Space, Serial no. NW-HQ-AE-1653-P, NW-HQ-AE-1661-P. Validity period till 21/3/2019. 	

Criterion / Indicator		Assessment Findings	Compliance
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>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 December 2008.</p> <p>All legal requirement was documented in Legal and Requirement Register, List of Competency Certs and List of Permits and License.</p> <p>All the legal and other requirements were register accordingly and documented in the legal requirement register including new update for Factory and Machinery (Steam Boiler and Unfired Vessel) Regulation 1970 (Amendment) Regulation 2017 and Factory and Machinery (Exemption of Certificate of Fitness for Unfired Pressure Vessel) Order 2017.</p> <p>The latest evaluation was conducted on 25/5/2018 by QA supervisor and approved by Mill Manager.</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>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 December 2008.</p> <p>All legal requirement was documented in Legal and Requirement Register, List of Competency Certs and List of Permits and License.</p> <p>All the legal and other requirements were register accordingly and documented in the legal requirement register including new update for Factory and Machinery (Steam Boiler and Unfired Vessel) Regulation 1970 (Amendment) Regulation 2017 and</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>Factory and Machinery (Exemption of Certificate of Fitness for Unfired Pressure Vessel) Order 2017 .</p> <p>The latest evaluation was conducted on 25/5/2018 by QA supervisor and approved by Mill Manager.</p>	
4.3.1.4	<p>The management should assign a person responsible to monitor compliance and to track 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 SOU2. 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 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. 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			
4.3.2.1	<p>The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.</p> <p>- Major compliance -</p>	<p>Land use right under Chersonese Estate title GRN 6587. Lot# 4468, lot area: 2.8075 Ha under agriculture.</p> <p>Lease for 999 years, ended 31/12/2880.</p>	Complied
4.3.2.2	The management shall provide documents showing legal ownership	Refer to 4.3.2.1	Complied

Criterion / Indicator		Assessment Findings	Compliance
	or lease, history of land tenure and the actual legal use of the land. - Major compliance -	The perimeter survey map of the land portion is provided together with the land title. The map is has provided the coordinated demarcation	
4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	The map of the land portion is provided together with the land title. The map has provided the coordinated demarcation.	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; shall made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	There is not land dispute recorded. This was verified with stakeholders' consultation. 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	Complied
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 / Indicator		Assessment Findings	Compliance
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 -	SIA management plan is documented as per SOU basis and as per site specific plan. The new SIA management plan dated November 2018 was sighted. The plan has included all inputs collected from various source such as meetings, complaints and grievances for the development of master plan.	Complied
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented. - Major compliance -	Under the sustainable plantation management system Appendix 5, procedure on handling social issue (version 1; year 2008) has been implemented. Under Group policies and authorities GPA No 85 Whistleblowing provide an internal mechanism for reporting, investigating and remedying any wrongdoing.	Complied
4.4.2.2	The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties. - Major compliance -	The complaint and grievances is open to effected parties including internal and external stakeholders. The time to process the complaints or grievances is 2 weeks.	Complied
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints. - Minor compliance -	The complaint form is made available in the mill office. In case the complainant would want to make an anonymity complaint it can be made through electronic Complaint form or email to Senior Director or Whistleblowing committee or toll free number or fax or by mail. This information is available in notice boards in the mill.	Complied
4.4.2.4	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time. - Minor compliance -	Interview conducted with workers to confirm their understanding of the complaint and grievance process. There is no grievance recorded since the last audit. Only request for maintenance housing are made by workers. Refer to the latest house maintenance request dated 11/9/18; house# 14B, problem:	Complied

Criterion / Indicator		Assessment Findings	Compliance
		leakage (door repair, plug and switch malfunction). Repair work done and verified by mill manager.	
4.4.2.5	Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request. - Major compliance -	The complaint record for request for maintenance are available and kept for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents..	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	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. - Minor compliance -	The mill and estates management have made contribution to the local communities and stakeholders such as donation to MPOA sport day, school, safety townhall (safety programme, motivational and religious talk) for the benefit of local communities and also workers	Complied
Criterion 4.4.4: Employees safety and health			
4.4.4.1	An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented. - Major compliance -	Sime Darby has established the Group Policy on Health and Safety signed by the Managing Director on Jan 2015. The policy has been communicated to the workers through induction training for new workers, morning briefing and displayed at various notice board within the mill. The PSQM team is also committed in establishing various working standards through procedures or pictorial method to improve safe working condition The mill has established Safety and Health Management Plan and documented in QHSE Objectives FY 2018/19.	Complied
4.4.4.2	The occupational safety and health plan should cover the following:	Sime Darby has established the Group Policy on Health and Safety signed by the Managing Director on Jan 2015. The policy has been communicated to the workers through induction training for	Major Non-Compliance

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
<ul style="list-style-type: none"> a) A safety and health policy, which is communicated and implemented. b) The risk of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill: <ul style="list-style-type: none"> i. All employees involved are adequately trained on safe working practices; ii. All precautions attached to products should be properly observed and applied; 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). e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements. g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept 	<p>new workers, morning briefing and displayed at various notice board within the mill.</p> <p>The mill has conducted assessment for risk on all the operations and documented in Hazard Identification, Risk Assessment, and Risk Control (HIRARC). The assessment cover all main operations and support operations such as security, office, store, weighbridge, fruit handling, threshing and etc. The assessment also covers working type, job step, hazard, effect, existing control, type, probability, etc.</p> <p>HIRARC Review was conducted by HIRADC Committee on annually basis and when necessary. Latest review was conducted on 26/11/2018 with added activity for visitors to the mill.</p> <p>The mill has established training program for employees exposed to chemicals used at the palm oil mill to ensure the continuous awareness to the employee. The training was conducted by the Manager, Asst. Manager and representative form the chemical suppliers to the supervisors and operators. Latest chemical Handling Training was conducted on 10/3/2018 by PSQM executive for north region.</p> <p>Sighted during site visit, safety data sheet for all chemicals were available at the chemical store and lubricant store.</p> <p>The mil provided appropriate PPE to all workers according to the job type. The PPE given as per HIRARC and Pictorial Safety Standard (PSS) Palm Oil Mill dated 17/3/2008. Sighted during site visit at the workshop, workers using welding set were provided with leather gloves, welding mask and safety shoes. Sighted at the PPE issuance records at the general store for workshop workers for the month of October, November and December 2018. The PPE issued base on the job type. All recipients must</p>	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
<p>ant the concerns of employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>signed the PPE issue form and return used PPE to be disposed as scheduled waste.</p> <p>Procedures of chemical handling is presented in several documents, such Document No. SD/SDP/SQM (ESH)/001-1Sime Darby Plantation Environment, Safety, and Health Management System (ESHMS) Manual dated July 1st, 2012.</p> <p>Mill Manager was appointed by the Sime Darby management to be the Chairman of OSH Committee at the mill as per letter signed by the Regional General Manager. Mill management has appointed Safety Committee Member consist of OSH Coordinator, Secretary, seven representatives from Employer and ten representatives from Employee as per appointment letter by the Mill Manager. The OSH committee discussed regarding the safety and health of the workers on quarterly basis during the OSH committee meeting. The OHS Chairman and Secretary are in coordination with PSQM Head Quarter Officer for any update national regulations and collective agreements.</p> <p>The management conducted OSH committee meeting on quarterly basis. In the meeting discussed issue on employees' safety, health and welfare such as mill safety and health achievement report, mill security, safety compliance by contractors, workplace audit report, legal compliance, safety and health training and etc. Sighted the minutes meeting for OSH committee dated 8/11/2018, 8/8/2018 and 10/5/2018.</p> <p>Accident of emergency procedure is presented in Mill Quality Management System Standard Operation manual (MQMS SOM) dated November 1st, 2008. Flowchart of emergency handling was presented in Appendix 5.5.3.3. Sighted during site visit, the emergency handling flowchart was available at the workshop, store and press station. The workstation also equipped with fire extinguisher and first aid kit. Noted during interview with</p>	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
	<p>employee shows the understanding regarding accident and emergency procedures.</p> <p>Sighted during interview, the storekeeper were not aware regarding the emergency response procedure for chemicals spillage as per MQMS: section VII: Section 11 ver. 1 dated 1/11/2008. This shows the accident and emergency procedures not effectively communicated and understood by all employees Thus, Major NC was raised.</p> <p>Mill has established 2 ERT team. Latest training was conducted on 7/2/2018 for team A with 15 minutes of evacuation time and 23/2/2018 for team B with 10 minutes of evacuation time.</p> <p>First aider present at various work station at the mill. The first aider responsible for first aid box at each workstation. During the interview with the foreman and ETP operator, shows the awareness regarding the emergency procedure if accident occur, person responsible of every first aid box and the location of the nearest first aid box. Sighted the latest training records for first aider dated 7/12/2018 conducted by Health Care assistant.</p> <p>The mill recorded all accidents reports and reported to HQ using the PSQM-ESH Monthly update form. Sighted the reports for the month of October and November 2018. The accident occurred was reviewed on quarterly basis during OSH committee meeting. The latest meeting was conducted on 8/11/2018. Several issues being discussed and evaluated are work place inspection, accident report, firefighting and drill evacuation, training and other issues related to OSH.</p>	
<p>Criterion 4.4.5: Employment conditions</p>		

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.1	<p>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.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantation Berhad is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the Social and Humanity Management Policy signed by Managing Director in January 2015.</p>	Complied
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>The top management of Sime Darby Plantation Berhad is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the Social and Humanity Management Policy signed by Managing Director in January 2015. There were no evidences of any form of discrimination based on race, national origin, religion, gender, union and political affiliation and is covered in the policy as well. Interview with workers and trade union leader indicates that there is no such discrimination occurs in the workplace</p>	Complied
4.4.5.3	<p>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.</p> <p>- Major compliance -</p>	<p>The payroll and pay slip records of employees showed that all employees are paid with the monthly salary are compliance with the local minimum wages requirements.</p> <p>Sample of pay slips for local workers for February (low) and November 2018 (peak):</p> <ul style="list-style-type: none"> i) Employee# 0000136711 ii) Employee# 00000122299 iii)Employee# 00000026744 iv)Employee# 00000136707 <p>Sample of pay slips for foreign workers for February (low) and November 2018 (peak):</p> <ul style="list-style-type: none"> i) Employee# 0000146839 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		ii)Employee# 0000146838 Review the pay slip and mill attendance report (including OT hours) confirmed that their basic salary wages complied with minimum wages (RM 38.46/day) for daily rated and RM 1000/month for monthly rated workers	
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. - Minor compliance -	No contract workers at Chersonese POM.	Complied
4.4.5.5	The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment. - Major compliance -	Chersonese POM maintain an accurate record of all employees (local and foreign) under Employee Master Listing report, ZCKRLM04. Total of 102 employees (as at 10/12/18) listed under mill's check roll. Records updated and verified during the audit were found contains the following details of information for every employees. Employee Name Activity Nationality Gang details Date of Birth Occupation Religion Employment Date Sex Passport No. and Expiry Date (for foreigner) Work Permit Expiry Date Identification Card no. Socso. No.	Complied

Criterion / Indicator		Assessment Findings	Compliance
		EPF no.	
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 shall be made available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>Employment Contract for local and foreign workers are available. Information indicated in the form showed that all employees are provided with fair contracts in term of salary, accommodation and other benefits.</p> <p>Copies of Employment Contract for each local and foreign workers indicated in the employment records are available. Foreign worker contract is valid for 3 year plus yearly contract extension for those who intent to continue working with the company.</p> <p>Sample of employment contract available for the local workers: i) Employee# 0000146839 ii)Employee# 0000146838</p> <p>Sample of employment contract available for the foreign workers: i) Employee# 0000136711 ii) Employee# 00000122299 iii)Employee# 00000026744 iv)Employee# 00000136707</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>	<p>Chersonese POM has established a time recording system using punch card for all employees. Time recording system has been implemented by punch card system for all mill employees.</p> <p>The working hours for all employees has been clearly documented in the Employment Contract and displayed in the office to ensure transparent for both employees and employer</p>	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</p>	<p>The working hours and breaks of the individual worker indicated in the time records were in compliance with legal regulations and collective agreements. Based on the Mill Daily Attendance Report</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable.</p> <p>- Major compliance -</p>	<p>(CKRRD005) and punch card records, overtime and breaks were recorded and consistent with the payslip for sample months in, February 2018 and November 2018. No evidence of overtime exceeded 104 hours as per Employment (Limitation of Overtime Work) Regulations 1980.</p>	
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>Pay slips of all employees (check roll) are available as evidence of salary payment.</p> <p>The pay slip contain the following information :</p> <ul style="list-style-type: none"> c) Earnings <ul style="list-style-type: none"> - Basic Salary (Daily Rated Work, Work on Rest Day and Work on Holiday) - Overtime (Week days, Rest days and Holiday) d) Deduction <ul style="list-style-type: none"> - Union fee (NUPW & AMESU),SOCSO, EPF , electricity deduction and others <p>Observed that the wages and overtime payment documented on the pay slips are in line with legal requirement and as stated in the employment contract</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 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>Based on Kontrak Pekerjaan Tenaga Kerja Asing – Semenanjung Malaysia April 2013, clause 16: subsidi makanan (5kg rice and 5 kg oil subsidy for every 2 month) has to be distributed to employees. According to IOM dated 13/10/17 from Upstream Operation, 10kg of rice to be given to substitute 5 kg of cooking oil. Refer to rice distribution records for February and April 2018, only 5 kg of rice received by 65 workers instead of 10kg to substitute 5 kg of cooking oil. Thus, a minor NC was issued.</p>	Minor Non-Compliance
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 electricity, water and domestic waste disposal. Electricity and water is connected with the</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>national infrastructure facilities. The usage of electricity and water is bared by the workers themselves.</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 2-3 each people per house.</p> <p>Linesite inspection is conducted on weekly basis as per the Workers' Minimum Standards Housing and Amenities Act 1990. The results of the inspection is being discussed with the estate manager for actions.</p> <p>For foreign workers, all foreign workers will be given a starter kit which includes basis amenities (e.g. mattress, cooking utilises).</p>	
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>	Complied
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>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> <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. The appointed union leader is Mr Mohd Redwan Suab. Latest union meeting with mill management dated 10/3/18 is referred to. No concern highlighted by the union representative based on the meeting minute.</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. - Major compliance -	The Social Policy and Social & Humanity Management Policy was established since January 2015. The Policy covers the commitment to not condone forced labour or child labour. The signatory of the Policy is by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantation. Field observation, interviewing with workers and verification of workers master list confirmed that there is no child labor.	Complied
Criterion 4.4.6: Training and competency			
4.4.6.1	All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training. - Major compliance -	Mill has established training plan for base from training need analysis conducted for all employee, management and contractors. The plan is documented in Training Plan KKS Chersonese FY 2018/19. 30 training program were identified and programmed throughout the FY 2018/19. For contractors, there are 8 trainings such as OHS, discipline and waste management incorporated, and it being briefed before starts any works and recorded in "Permit to Work".	Complied
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 mill has conducted training need analysis for all employee, management and contractors. The need analysis was conducted base on the job designation and training required by the job type. 32 training were analysis and only 30 training identified as required.	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 -	The mill has training program which updated annually. The annual internal audit by PSQM and management review does review the effectiveness of the training plan and its execution.	Complied

Criterion / Indicator	Assessment Findings	Compliance	
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 shall be established, effectively communicated and implemented. - Major compliance -	Sime Darby has established Environmental Policy signed by the Managing Director on January 2015. The environmental management plan has been established to monitor the identified significant activities that give impacts on environment. A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented.	Complied
4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations - Major compliance -	The mill has conducted Environmental Aspect Impact Identification and Environmental Impact Evaluation covers all operations in the mill. The EAI and EIE were reviewed by the EAI/IEI Review Team by annually basis. The latest review effective from 1/7/2018 – 30/6/2019. The environmental management plan was established base on Environmental Aspect Impact Identification and Environmental Impact Evaluation. The plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and is reviewed every year to reflect the results of monitoring operational changes that may have positive and negative environmental impacts. Last reviewed was done on 3/1/2018.	Complied
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 -	The environmental management plan was established base on Environmental Aspect Impact Identification and Environmental Impact Evaluation. The plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and is reviewed every year to reflect the results of monitoring	Complied

Criterion / Indicator		Assessment Findings	Compliance
		operational changes that may have positive and negative environmental impacts. Sighted the implementation of the management plan as follows: i. Mill has substitute sodium hydroxide (poisonous chemicals) for boilers water treatment with NALCO 214 (alkalized powder base substance). ii. Decanter cake waste were disposed to compost processing as compost fertilizer and utilized at FFB supplying estate.	
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	The management plan also include a program to promote positive impact as follows: i. Decanter cake waste were disposed to compost processing as compost fertilizer and utilized at FFB supplying estate. ii. Solids from effluents ponds were disposed as fertilizer after being desludged (ponds no 5 and 6).	Complied
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 -	The mill continue provided training to ensure the awareness regarding the environmental policy among the employee. The mill management has established annual training program which covers the environmental awareness and compliance related trainings to the executives, staffs and workers. Sighted the training record for MSPO training and COBC training dated 4/6/2018.	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 -	The mill has established Environmental Performance Monitoring Committee to monitor the environmental quality for the mill. The committee consist of Manager as chairman, secretary and representative form the management and employee. The meeting was conducted on quarterly basis. Latest meeting was conducted on 17/10/2018.	Complied

Criterion / Indicator	Assessment Findings	Compliance									
Criterion 4.5.2: Efficiency of energy use and use of renewable energy											
4.5.2.1	<p>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</p> <p>- Major compliance -</p>	<p>The Mill maintains records of energy usage, which is reported monthly to head office through SAP system. The use of the steam turbine for electricity generation has been optimized in order to reduce the dependence on diesel fossil fuel. The monitoring of non-renewable energy usage was conducted on monthly basis. Sighted the sampled monitoring records for diesel and electricity usage for FY 2018 as follows:</p> <table border="1" data-bbox="1088 746 1543 975"> <thead> <tr> <th>Month</th> <th>Diesel usage</th> </tr> </thead> <tbody> <tr> <td>Sep 18</td> <td>0.13</td> </tr> <tr> <td>Oct 18</td> <td>0.17</td> </tr> <tr> <td>Nov 18</td> <td>0.18</td> </tr> </tbody> </table> <p>Diesel usage/FFB processed – 0.14/ffb processed</p>	Month	Diesel usage	Sep 18	0.13	Oct 18	0.17	Nov 18	0.18	<p>Complied</p>
Month	Diesel usage										
Sep 18	0.13										
Oct 18	0.17										
Nov 18	0.18										
4.5.2.2	<p>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.</p> <p>- Major compliance -</p>	<p>The estimation is calculated through GHG calculation [PalmGHG Calculator] where all the usage of non-renewable energy for all their operation was considered. This include own consumption of diesel (generator set, vehicles, machinery), transportation distance of EFB & shell to estate, private power plant and refinery.</p>	<p>Complied</p>								
4.5.2.3	<p>The use of renewable energy should be applied where possible.</p> <p>- Minor compliance -</p>	<p>Renewable energy used is from biofuel (shell and fibre) for boiler start-up. Sighted the records for usage of renewable energy as follows:</p>	<p>Complied</p>								

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings		Compliance								
		<table border="1"> <tr> <td>Month</td> <td>Fibre/kernel usage</td> </tr> <tr> <td>Sep 18</td> <td>4.86</td> </tr> <tr> <td>Oct 18</td> <td>5.00</td> </tr> <tr> <td>Nov 18</td> <td>5.00</td> </tr> </table>	Month	Fibre/kernel usage	Sep 18	4.86	Oct 18	5.00	Nov 18	5.00		
Month	Fibre/kernel usage											
Sep 18	4.86											
Oct 18	5.00											
Nov 18	5.00											
2017/18 Fiber/kernel usage/ffb processed – 3.42/mt ffb processed												
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 -	The mill has identified the waste products and source pollution and documented in waste management plan FY 2018/19. The waste has been identified as follows: i. Scheduled waste – Spent lubricants, spent hydraulic oil, empty lubricants, grease, hydraulic oil containers, hexane, spent IPA, Empty chemical containers ii. Domestic waste – Rubbish, sewage iii. Industrial waste – POME, EFB, decanter cake, compost Records on the usage and disposal were well recorded and documented. Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained.		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: a) Identifying and monitoring sources of waste and pollution.	The mill has established the waste management plan and the plan was reviewed on annually basis. The mill has identified all waste products and source of pollution and documented in the Waste Management Plan. The waste i.		Complied								

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	<p>b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.</p> <p>- Major compliance -</p>	<p>Scheduled waste – Spent lubricants, spent hydraulic oil, empty lubricants, grease, hydraulic oil containers, hexane, spent IPA, Empty chemical containers</p> <p>ii. Domestic waste – Rubbish, sewage</p> <p>iii. Industrial waste – POME, EFB, decanter cake, compost</p> <p>In the management plan stated the type of waste, source of waste, mitigation plan and person responsible.</p>	
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>Procedure for Scheduled Waste Management was established (SD/SDP/PSQM (ESH)/203-EN1 dated 26/2/2016. Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers.</p> <p>Both estate visited also have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. Stores for scheduled waste were inspected at both estate visited and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>Observed during workers interview with storekeeper shows the understanding the proper disposal for waste as all used lubricant and contaminated spill kit will be collected as Scheduled Waste and stored in designated storage area.</p> <p>All the records were found adequate as per required by EQ (Scheduled Waste) Regulations 2005.</p> <p>Inventory for all scheduled waste generated were recorded and reported to DOE through E-SWISS. Sighted the E-SWISS report for the month of July, August, September, October and November 2018.</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>Sighted the sampled scheduled waste disposal records:</p> <ul style="list-style-type: none"> i. 16/7/2018 for SW 110; C/N no: 20180719127P8FYS ii. 3/7/2018 for SW 306; C/N no: 2018070510FLTDQH iii. 3/7/2018 for SW 322; C/N no: 201807051045WVM7 <p>The mill has notify DOE regarding the late submission of E-SWISS report for the month of November 2018 as per letter dated 5/12/2018. Refer letter no. COM/DOW/SW-D:5-12/2018.</p>	
4.5.3.4	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.</p> <p>- Minor compliance -</p>	<p>The management used to segregate the waste, i.e. general wastes and scheduled wastes was verified to be satisfactory in the POM. Proper storage areas were identified for the storage of the recyclable wastes at the mill.</p>	Complied
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.</p> <p>- Major compliance -</p>	<p>The mill has conducted assessment of all polluting activities in the Environmental Aspect Impact and Environmental Impact Evaluation. A management plan has been established based on the significant aspect and DOE license compliance schedule which include scheduled waste storage and disposal record, POME final discharge BOD and boiler stack sampling.</p> <p>Observed the stack emission monitoring report conducted by Environmental Science Sdn. Bhd. to Dept. of Environmental as follows:</p> <ul style="list-style-type: none"> i. Report date: 29/12/2017 (2nd half 2017) Report no.: L-PG-AC1712CSD-0528 Result: 0.1974 g/m3 dry@ 12% CO2 ii. Report date: 9/6/2018 (1st half 2018) 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>Report no.: L-PG-AC1806CSD-0169 Result: 0.1081 g/m3 dry@ 12% CO2</p> <p>Result shown the stack emissions are within approval limit</p> <p>Stack sampling monitoring for 2nd half 2018 has been conducted on 6/12/2018 and the report are yet to receive by the mill.</p> <p>The latest river water analysis test report was conducted as follows:</p> <p>i. Report date: 23/3/2018 Report no.: IE 430/2018 Result: non-detected</p>	
4.5.4.2	<p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p> <p>- Major compliance -</p>	<p>The mill has conducted assessment of all polluting activities in the Environmental Aspect Impact and Environmental Impact Evaluation. A management plan has been established based on the significant aspect and DOE license compliance schedule which include scheduled waste storage and disposal record, POME final discharge BOD and boiler stack sampling. The plan was reviewed on annual basis.</p>	Complied
4.5.4.3	<p>Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.</p> <p>- Major compliance -</p>	<p>Treated POME discharge was regularly monitored as prescribed under "Jadual Pematuhan" 004229. Limit of Biochemical Oxygen Demand (BOD) discharge is 50 mg/l. Regular monitoring was done on monthly basis and every quarterly via "Borang Penyata Suku Tahun" to DOE for compliance.</p> <p>Noted the following 2nd and 3rd quarter report in:-</p> <p>2nd Quarter</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance																								
		<p>No POME discharge to waterways due to repair was conducted to the digester tank and the POME pond level was low. The POME was consumption by the bio composting plant.</p> <p>3rd quarter</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Parameter</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Jul</td> <td>BOD</td> <td>32</td> </tr> <tr> <td>pH</td> <td>8.90</td> </tr> <tr> <td>S. Solid</td> <td>239</td> </tr> <tr> <td rowspan="3">Aug</td> <td>BOD</td> <td>34</td> </tr> <tr> <td>pH</td> <td>8.70</td> </tr> <tr> <td>S. Solid</td> <td>328</td> </tr> <tr> <td rowspan="3">Sep</td> <td>BOD</td> <td>0</td> </tr> <tr> <td>pH</td> <td>0</td> </tr> <tr> <td>S. Solid</td> <td>0</td> </tr> </tbody> </table> <p>No POME discharge to waterways in September due POME pond level was low. The POME was consumption by the bio composting plant.</p>	Month	Parameter	Results	Jul	BOD	32	pH	8.90	S. Solid	239	Aug	BOD	34	pH	8.70	S. Solid	328	Sep	BOD	0	pH	0	S. Solid	0	
Month	Parameter	Results																									
Jul	BOD	32																									
	pH	8.90																									
	S. Solid	239																									
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	pH	8.70																									
	S. Solid	328																									
Sep	BOD	0																									
	pH	0																									
	S. Solid	0																									
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> <ul style="list-style-type: none"> a) Assessment of water usage and sources. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities. 	<p>The mill has established Water Management Plan FY 2018/19. The plan focusing on shortage of water supply due to dry spell, severe water pollution and contamination of surface and ground water. In the plan stated the water source, areas of concern, monitoring, contingency plan, mitigation plan, person responsible and time frame.</p>	Complied																								

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	<p>c) Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>- Major compliance -</p>	<p>The mill has conducted river water sampling on annually basis. The latest river water analysis test report was conducted as follows:</p> <p>i. Report date: 23/3/2018 Report no.: IE 430/2018 Result: non-detected</p>	
4.5.5.2	<p>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.</p> <p>- Major compliance -</p>	<p>Treated POME discharge was regularly monitored as prescribed under "Jadual Pematuhan" 004229. Limit of Biochemical Oxygen Demand (BOD) discharge is 50 mg/l. Regular monitoring was done on monthly basis and every quarterly via "Borang Penyata Suku Tahun" to DOE for compliance.</p>	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Mill Management			
4.6.1.1	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<p>SOP available for the Palm Oil Mill and the Estates. Palm Mill holds two SOPs: sustainability Plantation Management System (MQMS/SOM/08 v.1 dated 1/11/2008) includes mill SOP and Mill Quality Management Manual v.1 2008/MQMS/QMM/08 as a guidance document to operate the mill.</p> <p>Sime Darby has established a system to monitor the mill operation. The Mill advisor, Structured Oil Recovery Assessment (SORA) and Planning and Monitoring Unit visited the operating units on timely basis. Their reports covers on all aspect of operation.</p>	Complied
4.6.1.2	<p>All palm oil mills shall implement best practices.</p> <p>- Major compliance -</p>	<p>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.</p>	Complied



MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		The Mill advisor, Structured Oil Recovery Assessment (SORA) and Planning and Monitoring Unit visited the operating units on timely basis. Their reports covers on all aspect of operation.	
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 -	Annual business plan in the form of annual budget and the projection for 5 years prepared as guidance for future planning. The business plan for FY18/19 contains FFB yield, CPO, OER, and KER, costs of production, milling utilization, FFB pricing etc. It also includes environment, social (workers and staff's welfare), and health and safety component and associated capital expenditure for improvement.	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 -	Contract dated 1/1/18 Sime Darby and MSG Enterprise and MVKS Enterprise was veried. For example paymend made to contractor, MSG: PO# 4300442895 dated for October 2018, payment date Payment: once a month normally after respect of work done in the preceding month.	Complied
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	According to the agreement made, the payment to contractors shall be made 30 days after the invoice date that submitted to the company by 1st week of the month. Interview with the contractors confirmed that the payment was made promptly according to the agreement.	Complied
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	Chersonese POM had informed its contractors regarding the need to follow the MSPO requirements. A formal letter and brief terms	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	documentation and information. - Major compliance -	has been sent to the contractors. The letters were sent on 4/12/18 to all contractors and the reply from the contractors to agree to and understand the legal obligations requirements by MSPO are being met are kept. Dissemination of MSPO requirement was written in the contract under prior to contract signing. Other method of communication such as stakeholder meeting and training was also being implemented.	
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	The formal letter issued by the Mill Manager served as the "revision" to the available contract agreement with the contractors to agree on the obligations of MSPO requirements. Agreed contract dated 1/1/18, valid for 1 year until 31/12/18 between MSG Enterprise and MVKS Enterprise (mill's ramp cleaning and grass cutting at line site) Agreement entitled as per above.	Complied
4.6.4.3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required. - Minor compliance -	The requirement of accepting MSPO accredited auditors to audit against the contractors are being stated in the formal letter attachment to the contractors.	Complied

4.0 Assessment Conclusion and Recommendation:

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment Chersonese Palm Oil Mill and SOU2 Estates Certification Unit complies with the MS 2530-3:2013 or MS 2530-4:2013. It is recommended that the certification of Chersonese Palm Oil Mill and SOU2 Estates Certification Unit is approved.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: SHUHAIMI BIN DOLLAH	Name: Mohamed Hidhir Zainal Abidin
Company name: SIME DARBY PLANTATION	Company name: BSI Services Malaysia Sdn Bhd
Title: SENIOR MANAGER	Title: Lead Auditor
Signature:  SIME DARBY PLANTATION BERHAD (637786-V) TALI AYER ESTATE (HJ. SHUHAIMI BIN DOLLAH) SENIOR MANAGER Date: 3 MAY 2019	Signature:  Date: 24/4/2019

Appendix A: Assessment Plan

PRELIMINARY AGENDA				
Date	Time	Subjects	Hidhir	Fadzli
Sunday 9/12/18	PM	Audit team travelling to Kamunting. Check in at Traders Hotel, Kamunting	√	√
Monday 10/12/18 Chersonese POM	08.30 – 09.00	Opening Meeting: <ul style="list-style-type: none"> • Opening Presentation by Audit teamleader. • Confirmation of assessment scope and finalize Audit plan 	√	√
	09.00 – 12.30	Chersoneses POM Inspection: 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.	√	√
	10.30 – 12.30	Stakeholder interviews (combined with estate’s stakeholders)	√	-
	12.30 – 13.30	Lunch	√	√
	13.30 – 16.30	Continue with document review (MSPO 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 P4: Social responsibility, health safety and employment condition, P6 : Best practices	√	√
	16.30 - 17.00	Interim Closing briefing.	√	√
Tuesday 11/12/2018 Chersonese Estate	09.00 – 12.30	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.	√	√
	10.30 – 12.30	Stakeholder interviews (combined with estate’s Stakeholders)	√	-
	12.30 – 13.30	Lunch	√	√

MSPO Public Summary Report
Revision 0 (Aug 2017)

Date	Time	Subjects	Hidhir	Fadzli
	13.30 – 16.30	Document review P1 – P6 (MSPO 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 (if any)	√	√
	16.30 - 17.00	Interim Closing briefing.	√	√
Wednesday 12/12/2018 Tali Ayer Estate	09.00 – 12.30	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.	√	√
	10.30 – 12.30	Stakeholder interviews (combined with estate’s Stakeholders)	√	-
	12.30 – 14.30	Lunch Break	√	√
	14.30 – 15.30	Document review P1 – P6 (MSPO 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 (if any)	√	√
	15.30 – 16.30	Preparation of audit report and presentation of findings	√	√
	1700	End of audit	√	√

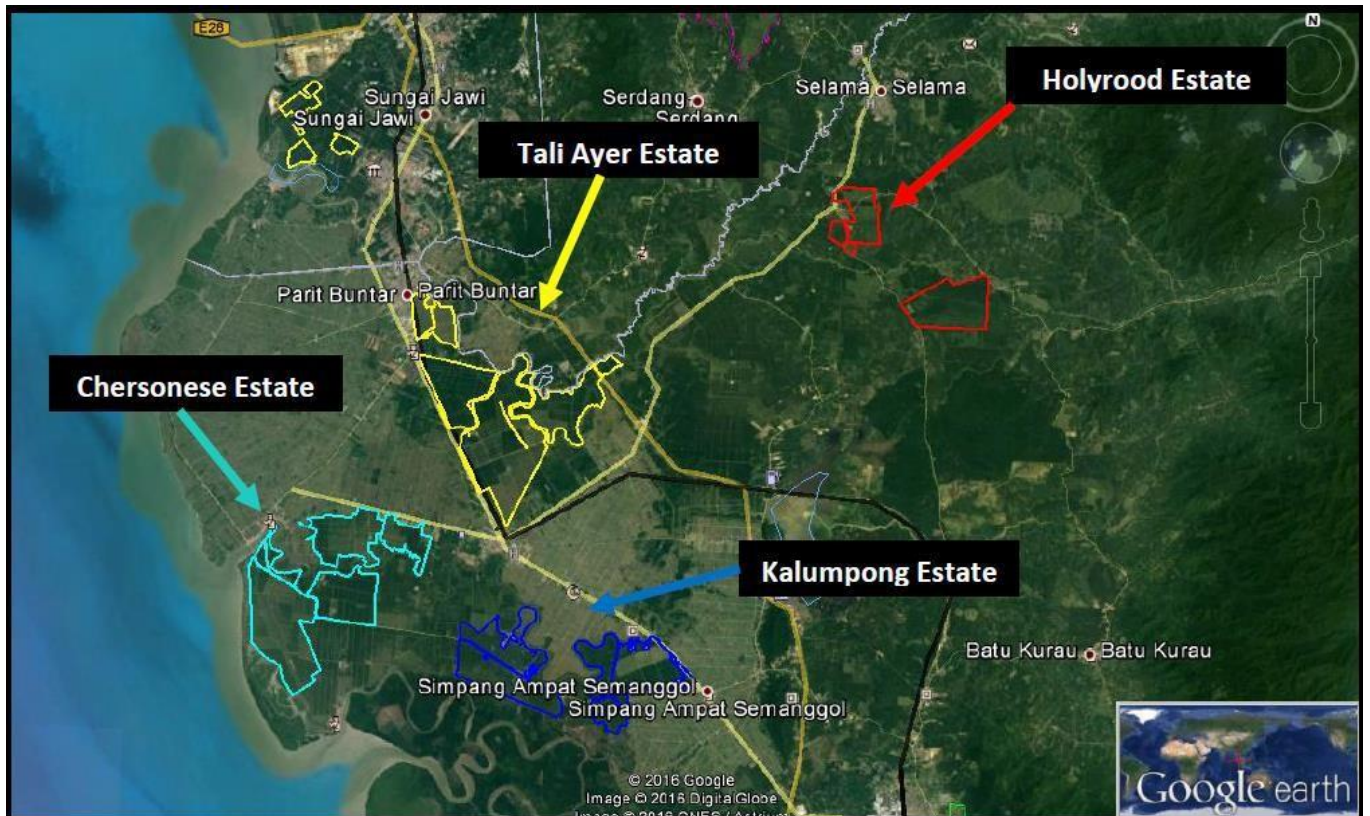
Appendix B: List of Stakeholders Contacted

<p>Internal Stakeholders Managers and Assistants Mill & Estate Male Mill Staff/Workers Female Mill Staff/Workers Foreign Worker Male and Female Estate workers Joint Consultative Committee Gender Committee representatives Workers Union Representatives Onsite NUPW representative AMESU Representative Hospital Assistant Creche Attendant Store Clerk</p>	<p>Local Communities</p>
<p>Government Departments</p>	<p>Contractors and Suppliers General Supplier FFB Transport contractor Engineering & Civil work contractor</p>

Appendix C: Smallholder Member Details

No	Name of smallholder	Year Planted	Land Area (ha)	Forecast FFB (Mt/ha/year)
1	Not applicable			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
TOTAL				

Appendix D: Location and Field Map



Appendix E: List of Abbreviations Used

AN	Ammoniacal Nitrogen
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DGEPN	Environmental Protection Agency Gabon
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
MSPO	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