

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

Sime Darby Plantation Berhad
Client company Address: Level 3A, Main Block Plantation Tower, No. 2, Jalan P.J.U 1A/7 47301 Ara Damansara Selangor, Malaysia
Certification Unit: East Palm Oil Mill (SOU 8) & Plantations of SOU 8 including East Estate, Dusun Durian Estate & Sepang Estate
Location of Certification Unit: 42960 Carey Island Selangor, Malaysia

Report prepared by:
Valence Shem (Lead Auditor)

Report Number: 9672102

Assessment Conducted by:
BSI Services Malaysia Sdn Bhd,
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Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Mill: 533088004000 East Estate: 531308002000 Sepang Estate: 533798002000 Dusun Durian Estate: 528976002000 & 563441011000		
Company Name	Sime Darby Plantation Berhad [East Palm Oil Mill (SOU 8)]		
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	kks.east@simedary.com
Telephone	03-78484379 (Head Office)	Facsimile	03-78484356 (Head Office)

1.2 Certification Information			
Certificate Number	Mill: MSPO 682045 Plantations: MSPO 687976		
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)	8/11/2017 – 10/11/2017		
Continuous Assessment Visit Date (CAV) 1	30/1 – 1/2/2019		
Continuous Assessment Visit Date (CAV) 2	N/A		
Continuous Assessment Visit Date (CAV) 3	N/A		
Continuous Assessment Visit Date (CAV) 4	N/A		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
RSPO 543543	Roundtable Sustainable Palm Oil	BSI Services Malaysia Sdn. Bhd.	18/05/2020

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	
		Latitude	Longitude
East Palm Oil Mill	SOU 8 Management Unit (East Palm Oil Mill) 42960 Carey Island, Selangor, Malaysia	2° 54' 21.81" N	101° 21' 36.36" E
East Estate	East Estate, 42960 Carey Island, Selangor, Malaysia	2° 53' 37.75" N	101° 23' 27.60" E
Dusun Durian Estate	Ladang Dusun Durian 42700 Banting, Selangor, Malaysia	2° 45' 41.90" N	101° 27' 54.00" E
Sepang Estate	Ladang Sepang 43900 Sepang, Selangor, Malaysia	2° 41' 11.32" N	101° 43' 26.40" E

1.4 Plantings & Cycle					
Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
East	1,123.1	734.41	2,766.01	371.63	0
Dusun Durian	124.31	874.58	902.21	60.04	0
Sepang	507.26	543.29	1413.63	242.36	0
Total	1754.67	2152.28	5081.85	674.03	0

1.5 FFB Production (Actual) and Projected (tonnage)			
Producer Group	Estimated (May 2018-April 2019)	Actual (Feb 2018-Dec 2018)	Forecast (May 2019-April 2020)
East	58,124.740	48,130.460	58,124.740
Dusun Durian	54,250.500	47,405.700	59,250.500
Sepang	56,797.73	50,606.830	60,541.530
Total	169,172.97	146,142.99	177,916.77

1.6 Certified CPO / PK Tonnage			
Mill Capacity: 30 MT/hr	Estimated (May 2018-April 2019)	Actual (Feb 2018-Dec 2018)	Forecast (May 2019-April 2020)
	FFB	FFB	FFB
SCC Model: IP	169,172.97	146,218.74	177,916.77
	CPO (OER: 25.62%)	CPO (OER: 21.71%)	CPO (OER: 21.50%)

	43,343.62	31,744.08	38,252.11
	PK (KER: 5.85%)	PK (KER: 4.53%)	PK (KER: 5.1%)
	9,890.91	6,626.97	9,073.76

1.7 Certified Area

Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Dusun Durian Estate	1,961.14	1.43	22.03	1,984.60	98.82
Sepang	2,706.54	2.40	467.27	3,176.21	85.00
East	4,995.15	12.15	627.15	5,634.45	88.65
TOTAL	9,662.83	15.98	1116.45	10,795.26	89.50

1.8 Details of Certification Assessment Scope and Certification Recommendation:

BSI Services Malaysia Sdn Bhd has conducted the Annual Surveillance Assessment of Sime Darby East SOU 8 located at 42960 Carey Island, Selangor, Malaysia comprising 1 mill, 3 estates and infrastructures.

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 East Palm Oil Mill SOU 8 and East SOU 8 Estates which acts as the group manager for East Estate, Dusun Durian Estate and Sepang Estate. This report is the combined report for East Palm Oil Mill SOU 8 and East SOU 8 Estates.

The onsite assessment was conducted on 30/1 – 1/2/2019.

Based on the assessment result, Sime Darby East SOU 8 complies with the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill and recommended for certification to be continued.

Section 2: Assessment Process

Certification Body:

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

Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted from 30/1 – 1/2/2019. The audit programme is included as Appendix A. The approach to the audit was to treat the East Palm Oil Mill as an MSPO Certification Unit and East SOU 8 Estates as another MSPO Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, declared conservation areas and local communities.

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

The estates or smallholders sample were determined based on formula $S = r\sqrt{n}$ where n 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 $(r\sqrt{n})$; where r is the risk factor (may defers 1, 1.5 and 2 depending on risk), where n is total number of group members. The sampled smallholder listed in Appendix C.

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

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

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

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

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

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

1. Assessment Program					
Name (Mill / Plantation / Group smallholders)	Year 1 (Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 3)	Year 5 (ASA 4)
East Palm Oil Mill	✓	✓	✓	✓	✓
East Estate	✓		✓	✓	
Sepang Estate	✓	✓		✓	✓
Dusun Durian Estate		✓	✓		✓

Tentative Date of Next Visit: January 27, 2020 - January 29, 2020

Total No. of Mandays: 6

BSI Assessment Team:

Valence Shem - Lead Assessor

He holds Bachelor Degree in Industrial Technology, graduated from University of Science Malaysia in 1998 and has 9 years working experience in oil palm plantation industry. He has been in the management system auditing line since 2009 for various standards such as ISO 140001, RSPO P&C, RSPO SCCS and SMETA. He completed the ISO 14001 Lead Auditor Course in 2008, ISO 9001 Lead Auditor Course in 2013, Endorsed RSPO P&C Lead Auditor Course in 2011, Endorsed RSPO SCCS Lead Assessor Course in 2012 and MSPO Awareness Training in 2014. He had been involved in RSPO auditing since 2009 in various companies in Malaysia. During this assessment, he assessed on the aspects of legal, environmental and biodiversity and best practices. Able to communicate in Bahasa Malaysia and English.

Daniel Francis – Team Member

Daniel Francis is a fulltime employee with BSI Services Malaysia. He holds a Bachelor of Applied Science Degree in Food Science, graduated from Charles Sturt University, Australia. He has over 8 years of working experience in the oil and gas industry and 3 years in the food & beverage industry. He is an experienced auditor for several management system standards including ISO 9001, ISO 14001, OHSAS 18001 and Integrated Management System. He had completed the ISO 9001:2015 Lead Auditor Course and RSPO SCC Lead Auditor Course. He had been involved in the RSPO audits with various companies in Malaysia. During assessment, he covers the legal issues and occupational safety and health.

Accompanying Persons: N/A

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

During the Certification Assessment there were 4 major and 2 minor nonconformities raised. The corrective action plans for all the NCRs have been accepted by the audit team members and the effectiveness and evidence of implementation shall be verified in the next surveillance assessment.

Finding Reference	1732691-201901-M1	Certificate Reference	MSPO 682045
Certificate Standard	MS 2530:2013 Part-3	Clause	4.1.2.1 (MSPO Part 3)
Category	Major		
Area/Process:	As per public summary		
Statement of non conformance:	The Internal audit was found not effectively implemented.		
Clause requirements	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.		
Objective evidence	Referring to the Internal Audit Procedure (SD/SDP/PSQM/IAP) Rev.2 dated 01/11/2017, Section 6.1.4 states that the internal audit for each certification shall be carried out at least once a year. However, the previous MSPO Internal Audit report for SOU West: East Mill dated 26/10/2017. The latest RSPO & MSPO internal audit was conducted from 07-11/01/2019.		
Cause	Internal Audit was scheduled and conducted in more than 12 month period due to the decision made by SQM Malaysia to combine both MSPO and RSPO audit together which are scheduled for external audit in end of January 2019. As such, the internal audit is plan to cater both certification audit to ensure the process is carried out effectively.		
Correction / containment	SQM Malaysia planner will plan the internal and external audit for the whole Malaysia operation and he is responsible to inform the regional SQM on the ground on the tentative date to plan and perform the audit.		

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	Regional SQM has confirmed to conduct MSPO/RSPO internal audit in 16 – 20 December 2019 which is not more than 12 months period from the current MSPO Internal Audit dated 7-11 Jan 2019.
Corrective action	<p>The internal audit planning manage by the Mr Vinod (GSQM). He will monitor the IA time frame and will be sent the notification to the RSQM and SOU.</p> <p>SQM Malaysia planner will plan and inform regional SQM the tentative date of internal audit as per Internal Audit Procedure (SD/SDP/PSQM/IAP) Rev.2 dated 01/11/2017.</p> <p>A reminder from Head, Upstream Sustainability Malaysia will be issued to remind members to conduct the internal audits timely as per the details of the Internal Audit Procedure dated Oct 2017.</p>
Audit team conclusion	<p>The following evidence was submitted and verified:</p> <ol style="list-style-type: none"> 1. Email dated 03/04/2019 to confirm the next internal audit for RSPO and MSPO for SOU 8 East scheduled for 16 – 20 Dec 2019. 2. Audit Arrangements for Central East Region 2019 - Internal and External Audit plan. <p>The evidence submitted was found to be sufficient. Nonetheless, the effectiveness of implementation of corrective action plan shall be verified in the next assessment. Thus, the major NCR is closed on 8/4/2019.</p>

Finding Reference	1732691-201901-M2	Certificate Reference	MSPO 682045
Certificate Standard	MS 2530:2013 Part-3	Clause	4.3.1.1 (MSPO Part 3)
Category	Major		
Area/Process:	As per public summary		
Statement of non conformance:	The compliance with the some of the legal requirements of deduction permit from JTK was not adequately implemented.		
Clause requirements	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.		
Objective evidence	At Dusun Durian Estate, there was no evidence that consent from workers has been obtained with regards to RM5.00/month pay deduction in accordance to permit from Jabatan Tenaga Kerja [ref.: BHG.PU/9/129 JLD 33(53), dated 6/7/2017		
Cause	Different in understanding by the management in ensuring all the deduction to worker is documented and agreed by worker themselves.		

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Correction / containment	Estate manage to communicate with WMU, Worker Management Unit CER to come out with form 'Salary Deduction Consent Form'. Each worker need to sign as agreed and the form will be documented.
Corrective action	The specific legal requirement training will be conducted by the RSQM. The objective of the training to enhance the understanding and knowledge regarding on the legal requirement.
Audit team conclusion	The following evidence was submitted and verified: 1) Electricity deduction form, dated 28/2/2019, which purpose to get consent from workers about their pay deduction for electricity bill. The form has the information about employee names, description of deduction and amount deducted (RM). 2) training records conducted by the RSQM The evidence submitted was found to be sufficient. Nonetheless, the effectiveness of implementation of corrective action plan shall be verified in the next assessment. Thus, the major NCR is closed on 8/4/2019.

Finding Reference	1732691-201901-M3	Certificate Reference	MSPO 682045
Certificate Standard	MS 2530:2013 Part-4	Clause	4.5.1.3 (MSPO Part 4)
Category	Major		
Area/Process:	As per public summary		
Statement of non conformance:	The environment improvement plan was found not effectively implemented.		
Clause requirements	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.		
Objective evidence	During the site visit at East POM's EFB collection point, it was found that there was no channel to drain the leachate to the effluent treatment plant.		
Cause	The management team has identified the root cause from the operational issue. 1) Due to the high crop recently, the volume of EFB is high and the management decided to dump the EFB for temporary at the said area. The actual practice is, evacuation the EFB on the daily basis. 2) Lack of the evacuation by the estate. Due to the rainy season. The EFB application at the field need to stop.		
Correction / containment	The immediate action has been taken by Mill to enforce evacuation of the EFB on daily basis. The construction of the leachate collection pit has completed on March 2019. (evidence1. EFB dispatch record. 2 Pictorial		
Corrective action	To include EFB disposal in the waste management action plan and monitor regularly the volume of the EFB.		

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	<p>To inform immediately to the estate if the EFB stock getting high and the estate will responsible to evacuate the EFB. All the estate shall to establish the EFB application plan for ensure the stock at EFB yard in the minimum level.</p>
Audit team conclusion	<p>The following evidence was submitted and verified:</p> <ol style="list-style-type: none"> 1. EFB disposal record for Feb 2019 2. EFB disposal record for March 2019 3. Photo evidence of concrete bund constructed along the concrete yard of the EFB. 4. Waste management action plan (EFB disposal) <p>The evidence submitted was found to be sufficient. Nonetheless, the effectiveness of implementation of corrective action plan shall be verified in the next assessment. Thus, the major NCR is closed on 8/4/2019.</p>

Finding Reference	1732691-201901-M4	Certificate Reference	MSPO 682045
Certificate Standard	MS 2530:2013 Part-4	Clause	4.1.2.1 (MSPO Part 4)
Category	Major		
Area/Process:	As per public summary		
Statement of non conformance:	The Internal audit was found not effectively implemented.		
Clause requirements	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.		
Objective evidence	<p>Referring to the Internal Audit Procedure (SD/SDP/PSQM/IAP) Rev.2 dated 01/11/2017, Section 6.1.4 states that the internal audit for each certification shall be carried out at least once a year.</p> <p>However, the previous MSPO Internal Audit report for SOU West: East Mill dated 26/10/2017. The latest RSPO & MSPO internal audit was conducted from 07-11/01/2019.</p>		
Cause	Internal Audit was scheduled and conducted in more than 12 month period due to the decision made by SQM Malaysia to combine both MSPO and RSPO audit together which are scheduled for external audit in end of January 2019. As such, the internal audit is plan to cater both certification audit to ensure the process is carried out effectively.		
Correction / containment	SQM Malaysia planner will plan the internal and external audit for the whole Malaysia operation and he is responsible to inform the regional SQM on the ground on the tentative date to plan and perform the audit accordingly.		

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	Regional SQM has confirmed to conduct MSPO/RSPO internal audit in 16 – 20 December 2019 which is not more than 12 months period from the current MSPO Internal Audit dated 7-11 Jan 2019.
Corrective action	The internal audit planning manage by the Mr Vinod (GSQM). He will monitor the IA time frame and will be sent the notification to the RSQM and SOU a reminder from Head, Upstream Sustainability Malaysia will be issued to remind members to conduct the internal audits timely as per the details of the Internal Audit Procedure dated Oct 2017
Audit team conclusion	The following evidence was submitted and verified: 1. Email dated 03/04/2019 to confirm the next internal audit for RSPO and MSPO for SOU 8 East scheduled on 16 – 20 Dec 2019. 2. Audit Arrangements for Central East Region 2019 - Internal and External Audit plan. The evidence submitted was found to be sufficient. Nonetheless, the effectiveness of implementation of corrective action plan shall be verified in the next assessment. Thus, the major NCR is closed on 8/4/2019.

Finding Reference	1732691-201901-N1	Certificate Reference	MSPO 682045
Certificate Standard	MS 2530:2013 Part-3	Clause	4.4.5.3 (MSPO Part 3)
Category	Minor		
Area/Process:	As per public summary		
Statement of non conformance:	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.		
Clause requirements	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.		
Objective evidence	At Dusun Durian Estate, based on the contract agreement dated 1/1/2019 between GSP Letchumi and its employees the daily pay is RM38.00/month which is lower than the legal minimum standard. The practice was continuously maintain since 2018 but there has been no evidence that the management has checked this.		
Cause	Rate payment for Lend Labour work paid by estate to the contractor is higher than minimum wages order, however no agreement during tendering that required contractor to follow minimum wages order & employment act.		

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Correction / containment	Carry out meeting with contractor to revise contract worker salary & benefit of employment as per required by Employment act.
Corrective action	To retender lend Labour agreement by include the Minimum wages order & others benefits which required by Malaysian Laws. This is to ensure contractor able to give reasonable and good rate for them to pay their worker as per requirement.
Audit team conclusion	Correction and corrective action are acceptable and the effective implementation shall be verified in the next assessment.

Finding Reference	1732691-201901-N2	Certificate Reference	MSPO 682045
Certificate Standard	MS 2530:2013 Part-4	Clause	4.3.1.4 (MSPO Part 4)
Category	Minor		
Area/Process:	As per public summary		
Statement of non conformance:	The monitoring of compliance status for the legal requirements on limit of overtime from JTK was not adequately demonstrated.		
Clause requirements	The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements.		
Objective evidence	Based on pay slip analysis, it was found that there were cases that overtime given are more than JTK's permit [ref.: BHG.PU/9/134 JLD 9(11), dated 27/3/2017], i.e. 130 hours/month: Emp #77300 – 181.5 Hr in Dec 2018 Emp #123254 – 133 Hr in Dec 2018 Emp #135615 – 131 Hr in Jul 2018		
Cause	Due to certain cases where foreign workers took long break and local workers having discipline issue, replacement from existing available is inevitable as to ensure continuity of processing. Thus will resulted to significant increase on overtime for those replacement workers.		
Correction / containment	Replacement for workers taking long break will only be offer for existing workers who having less overtime.		
Corrective action	To limit and monitor individual overtime for workers via mid-month checkroll updating. The each workers required to fill up the overtime form then checkroll clerk will key in in the SAP system. The default limit is 120 hours and if required to expand the OT, mill will request to IT department to open 'lock' and the limit capped on 130 Hours. A request will be issue to JTK for extension of overtime limit from current approval limit		
Audit team conclusion	Correction and corrective action are acceptable and the effective implementation shall be verified in the next assessment.		

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Noteworthy Positive Comments	
1	Good relationship being maintained with surrounding communities.
2	Mill has continued maximized the use of renewable energy by consuming fibre and shell which produced through internal process.
3	Alternative for class I chemical was used, Acephate under Class III chemical for leaf-eating pest treatment.

3.3 Status of Nonconformities Previously Identified and OFI

Finding Reference	1553467-201711-N1	Certificate Reference	MSPO 682045
Certificate Standard	MS 2530:2013 Part-4	Clause	4.5.1.3
Category	Minor		
Area/Process:	East Palm Oil Mill and supply base		
Statement of non conformance:	The environment improvement plan was found not effectively implemented.		
Clause requirements	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.		
Objective evidence	During the site visit at East POM's EFB collection point, it was found that there was no channel to drain the leachate to the effluent treatment plant.		
Cause	<p>The management team has identified the root cause from the operational issue.</p> <ol style="list-style-type: none"> 1) Due to the high crop recently, the volume of EFB is high and the management decided to dump the EFB for temporary at the said area. The actual practice is, evacuation the EFB on the daily basis. 2) Lack of the evacuation by the estate. Due to the rainy season. The EFB application at the field need to stop. 		
Correction / containment	To construct a leachate collection pit with drain and containment complete with pump and piping system to pump all leachate to ETP.		
Corrective action	<p>To include EFB disposal in the waste management action plan and monitor regularly the volume of the EFB.</p> <p>To inform immediately to the estate if the EFB stock getting high and the estate will responsible to evacuate the EFB.</p> <p>All the estate shall to establish the EFB application plan for ensure the stock at EFB yard in the minimum level.</p>		
Verification in this assessment	During this assessment, it was found that the leachate collection pit to channel the EFB leachate to the ETP has yet to be constructed. Thus, the minor NC was reissued as major.		

Finding Reference	1553467-201711-N2	Certificate Reference	MSPO 682045
Certificate Standard	MS 2530:2013 Part-3	Clause	4.4.1.1
Category	Minor		
Area/Process:	East Palm Oil Mill and supply base		

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Statement of non conformance:	Timetable for mitigate to negative impact was not available and no record to show that actions taken in response to the feedback from local community.
Clause requirements	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.
Objective evidence	<p><u>East Estate & Sepang Estate:</u> SIA action plan for SIA FY17/18 to monitor the issues raised during assessment and stakeholder meetings was developed. The plan only incorporated the action plan, person in charge and the status.</p> <p><u>East Estate & Sepang Estate:</u> The school representative has requested the management to carry out cleaning of pond in the school compound, the villagers has requested to carry out grass cutting activity in their compound and etc. The management has taken action to rectify the problems but no record to show that actions have been taken.</p>
Cause	The template of the Social Action Plan is not incorporated the acknowledgment by the concerned parties. All the action taken is not update in the SIA and lack to keep the evidence.
Correction / containment	Management agreed to develop new template and to include acknowledgment from the stakeholders. All the responded or action taken will documented as an evidence.
Corrective action	Verification the document will be carry out by the PSQM or SQM team during the internal audit or during the routine visiting. The team will inform the management if the document insufficient or not available in the records and also consider to raise as a finding in the internal audit. All the evidence like payment, picture and letter shall be kept as an evidence.
Verification in this assessment	<p>The following evidence have been verified:</p> <ul style="list-style-type: none"> - new template and to include acknowledgment from the stakeholders, has been developed and adequately implemented - Internal audit report showed that the newly revised template has been verified. <p>Based on the evidence verified, the correction and corrective action were found to be effectively implemented. Thus, the minor NC is closed.</p>

Finding Reference	1553467-201711-N3	Certificate Reference	MSPO 682045
Certificate Standard	MS 2530:2013 Part-4	Clause	4.4.1.1
Category	Minor		
Area/Process:	East Palm Oil Mill and supply base		

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Statement of non conformance:	No record to show that actions taken in response to the feedback from local community.
Clause requirements	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.
Objective evidence	The worker informed that the children of employees were driving motorcycles at fast speed in Sg Kluang's linesite area. The management has discussed with their parents to advice their children to drive slowly on 19/9/2017 as recorded in the action plan. However, no evidence to show that the discussion was carried out.
Cause	The template of the Social Action Plan is not incorporated the acknowledgment by the concerned parties. All the action taken was not update in the SIA and lack to keep the evidence.
Correction / containment	Management agreed to develop new template and to include acknowledgment from the stakeholders. All the responded or action taken will documented as an evidence.
Corrective action	Verification the document will be carry out by the PSQM or SQM team during the internal audit or during the routine visiting. The team will inform the management if the document insufficient or not available in the records and also consider to raise as a finding in the internal audit. All the evidence like payment, picture and letter shall be kept as an evidence.
Verification in this assessment	<p>The following evidence have been verified:</p> <ul style="list-style-type: none"> - new template of the Social Action Plan where acknowledgment from the stakeholders was included, has been developed and adequately implemented - Internal audit report showed that the newly revised template has been verified. <p>Based on the evidence verified, the correction and corrective action were found to be effectively implemented. Thus, the minor NC is closed.</p>

3.4 Issues Raised by Stakeholders

IS #	Description
	Issues None
	Management Responses None
	Audit Team Findings None

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1553467-201711-N1	Minor	10/11/2017	Open (reissued as major under 1732691-201901-M1)
1553467-201711-N2	Minor	10/11/2017	Closed
1553467-201711-N3	Minor	10/11/2017	Closed
1732691-201901-M1	Major	1/2/2019	Closed
1732691-201901-M2	Major	1/2/2019	Closed
1732691-201901-M3	Major	1/2/2019	Closed
1732691-201901-M4	Major	1/2/2019	Closed
1732691-201901-N1	Minor	1/2/2019	Open
1732691-201901-N2	Minor	1/2/2019	Open

3.6 Summary of the findings by Principles and Criteria

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

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	A policy for the implementation of MSPO shall be established. - Major compliance -	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.	Yes
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: <ul style="list-style-type: none"> • 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. 	Yes
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.	The Internal Audit Procedure (SD/SDP/PSQM/IAP) dated 01/11/2017 documented the process to conduct internal audit.	Non-conformance

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>The internal audit schedule for 2019 has been planned and communicated by Regional SQM to all central west region Estates and Mills.</p> <p>The last RSPO & MSPO internal audit for sustainable palm oil was conducted from 07-11/01/2019. The internal audit had covered all the MSPO MS2530-3:2013 elements.</p> <p>It was conducted by 4 auditors from HQ [(Lead Auditor) Nadiah Mohamed Nazri, (Auditors) Hazrul Zulkifli, Noratikah Mohd Hassan, Mohd Shuib Ishak & (Observer) Mohd Asri Hassan].</p> <p>There were 16 major NC, 10 minor NC and 4 OFI raised from that exercise. The estates are in the process of closing them.</p> <p>Referring to the Internal Audit Procedure (SD/SDP/PSQM/IAP) Rev.2 dated 01/11/2017, Section 6.1.4 states that the internal audit for each certification shall be carried out at least once a year.</p> <p>However, the previous MSPO Internal Audit report for SOU West: East Mill dated 26/10/2017. The latest RSPO & MSPO internal audit was conducted from 07-11/01/2019.</p>	
4.1.2.2	<p>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.</p> <p>- Major compliance -</p>	<p>The internal audit report dated 7-11/01/2019 had included root cause analysis and corrective action plan. However, the root cause was not accurate, hence the effectiveness of the corrective action is lacking.</p> <p>Since the audit has just been conducted, the NCRs have yet to be closed. Nonetheless, interview with the estate's staff showed that they understand the establishment of root cause and corrective action.</p>	Yes

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Criterion / Indicator		Assessment Findings	Compliance
4.1.2.3	Report shall be made available to the management for their review. - Major compliance -	The internal audit report has distributed to the Estate management and Sime Darby Plantation HQ management. There is a monthly SQM meeting at HQ level to review the trending of findings raised in both internal and external audit.	Yes
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 -	<p>There is a procedure for Management Review (SOM, Sub-Section 5.6, dated: 25/5/2015) to provide guidance on how to conduct management review. The frequency to carry out management review is at least once a year.</p> <p><u>Sepang & Dusun Durian Estate</u></p> <p>The last management review meeting was conducted on 11/01/2019. The meeting was chaired by the East Estate Senior Manager, Tuan Azmi bin Ismail and attended by 20 members from DDE, EE, SPE, EOM, GSQM, RSQM, HR & cadets.</p> <p>The minutes of the meeting and review presentation was sighted. It was noted that the agenda discussed was mainly on estate operations, safety issues, implementation of MSPO and decide on any changes, improvement and modification.</p>	Yes
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.	The latest Continual Improvement Plan for FY 2018/2019 was adopting the RSPO CIP. The improvement plan includes occupational health and safety, operation improvement and training.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	The operating units also adopted the Lean Six Sigma continual improvement. The improvement projects for 2019 was sighted.	
4.1.4.2	The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption. - Major compliance -	Among the new technology adopted by the estates are: <ul style="list-style-type: none"> • Mechanical spray (ST101) – chemical spray for palm circle using sprayer attached to tractor • Multi Bin Silo (MBS) – fertilizer spreader • Air blower (petrol powered) for circle raking • Disilting subsidiary drain using Dondi Ditcher • Replacement of methamidophos with acephate for leaf-eating caterpillar control 	Yes
4.1.4.3	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established. - Major compliance -	The action plan is included in the CIP for FY 2018/2019 and the Lean Six Sigma. Trainings on best practices and new technology were among the important elements included in the action plan.	Yes
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSP0 requirements			
4.2.1.1	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or	Both visited estates have maintained records of requests and responses, Land titles/user rights, Safety and health plans, plans and impact assessments relating to environmental and social impact, plans	Yes

Criterion / Indicator		Assessment Findings	Compliance
	disclosure that could result in negative environmental or social outcomes. - Major compliance -	for pollution prevention, records of complaints and grievances, plans for continuous improvement and make available upon request. Most of the stakeholders were requested for assistance from the management such as to get permission for vehicles to enter the estate compound for festival celebration, request to use the land in estate for festival celebration and etc.	
4.2.1.2	Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. - Major compliance -	Both of the visited estates hold copies of each of the management documents that are required to be publicly available. Copies of the document that are not confidential were available upon request. The company has developed a procedure on Documentation and Communication under Section 3, version: 1, year 2008 where the information on sustainable activities will be made publicly available to the general public through Annual Reports, circulars, agreements, Sime Darby website and other publications.	Yes
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 -	SDPSB has developed a documented procedure in Sustainable Plantation Management System on handling social issues, Appendix 5, Version 1, and Issue No.1, dated 01/4/2008. The procedure has detailing the process of handling social issues raised by the stakeholders and resolve in an effective, timely and appropriate manner.	Yes
4.2.2.2	A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit. - Minor compliance -	Assistant Managers of the Dusun Durian Estate and Sepang Estate has been appointed as person-in-charge for handling social issue in the estate. Verified appointment letter dated 9/4/2018 issued by the Estate	Yes

Criterion / Indicator		Assessment Findings	Compliance
		Manager for Dusun Durian Estate and 1/7/2017 issued by Estate Manager for Sepang Estate.	
4.2.2.3	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained. - Major compliance -	Stakeholder list was available at both visited estates where relevant stakeholders such as local communities, government authorities, contractors, neighbouring smallholders and etc. were included. At Sepang Estate, stakeholder meeting was last conducted on 20/2/2018 while at Dusun Durian Estate was on 29/10/2018, with the participation of stakeholder such as school's representative, contractors, local communities' representatives, etc. Meeting minutes was available for verification.	Yes
Criterion 4.2.3 – Traceability			
4.2.3.1	The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s). - Major compliance -	East Estate and Sepang Estate send their FFB to East POM. The weighbridge ticket provided the following details: <ul style="list-style-type: none"> • 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 The Sustainable Plantation Management System Appendix 15 dated March 2016 documented the procedure for traceability. The procedure requires validation of certificate of supplying estate. The procedure had identified critical control points to prevent contamination of non-	Yes

Criterion / Indicator		Assessment Findings	Compliance
		certified FFB. The current traceability system is Sime Weigh System. The responsible personal for the traceability is the Estate Manager.	
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	Regular inspections on compliance with the traceability system were covered in the internal audit.	Yes
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system. - Minor compliance -	The overall personal in charge for the traceability is the Estate Manager and this is addressed in the established procedure [ref.: Clause 4 of SOP for Sustainable Supply Chain and Traceability].	Yes
4.2.3.4	Records of sales, delivery or transportation of FFB shall be maintained. - Major compliance -	The delivery records 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. Verification of FFB Consignment Note, Weighbridge Tickets, Crop Book and FFB dispatch in SAP and CRS system showed that the recording of FFB delivered to the mill is accurate.	Yes
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. - Major compliance -	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 SOU8. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal	Non-conformance

Criterion / Indicator		Assessment Findings	Compliance
		<p>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>Sample of licenses or permit viewed were:</p> <p><u>Sepang Estate</u></p> <ul style="list-style-type: none"> - MPOB license: 533267002000 (validity 01/10/2018 - 30/09/2019) Sepang Estate Main Division & Sungai Linau Division. - Diesel Permit serial no: B008381; Ref: SL(SPG) 89/08 P(D) for 12,000L; validity 06/12/2019 – 05/12/2019. - Poison Permit by Agriculture Dept no: SEL/2018/ACP/0048(GL) for Acephate (265kg); validity 27/09/2018 – 17/10/2018. - Certificate of Fitness JKJ15-Pin. 1/87 PMT-SL/18 59405 for Air Compressor SL PMT4705 expiry 24/04/2019. <p><u>Dusun Durian Estate</u></p> <ul style="list-style-type: none"> - MPOB license: 528976002000 (validity 01/05/2018 - 30/04/2019) Dusun Durian Estate. - MPOB license: 563441011000 (validity 01/08/2018 - 31/07/2019) Dusun Durian Estate – Klanang Bharu Division. <p>However, it was found that at Dusun Durian Estate, there was no evidence that consent from workers has been obtained with regards to RM5.00/month pay deduction in accordance to permit from Jabatan Tenaga Kerja [ref.: BHG.PU/9/129 JLD 33(53), dated 6/7/2017. Thus a non-conformity report was assigned due to this lapse.</p>	
4.3.1.2	The management shall list all laws applicable to their	List of applicable legal and other requirements was made available during the assessment and complied in the QSHE/04/5.2.4 folder.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>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>The Legal & Other Requirements Register (LORR) covers all the necessary regulatory requirements.</p> <p><u>Sepang Estate</u></p> <p>The LORR were last reviewed in 02/01/2019.</p> <p><u>Dusun Durian Estate</u></p> <p>The LORR were last reviewed in 08/01/2019.</p>	
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 [ref.: 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>List of applicable legal and other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder.</p> <p>All the legal and other requirements were registered accordingly in the legal requirement register including the Factories and Machinery Act 1967, Employment Insurance System (EIS) 2017, Minimum Wages Order (amendment) 2018 and Employee’s Social Security Act 1969 (Amendment 2018).</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.3.1.4	<p>The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.</p> <p>- Minor compliance -</p>	<p>A mechanism to ensure compliance to legal and other requirement has been documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU 8.</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 [ref.: 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.</p> <p>On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations.</p> <p>Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites as well as from MAPA circulars.</p>	Yes
Criterion 4.3.2 – Lands use rights			
4.3.2.1	<p>The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.</p> <p>- Major compliance -</p>	<p>The land titles for the estates have clearly stated the “<i>Syarat-syarat Nyata</i>” for “<i>Tanaman Kekal (Industri)</i>”. The estates have planted the lands with oil palm.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
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 -	Both of the visited estates have a copy of all the land titles which showed their legal ownership, history of the land tenure and the actual use of the land. The original land titles are held by the HQ.	Yes
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	Field visit to P10A1 at Sepang Estate – Sg Rawang Division and Replanting Field No. 18A at Dusun Durian Estate – Teluk Datoh Division found that the estates has made a huge bund and trenches to demarcate the boundary between them and the smallholders. No encroachment of land was reported through interview with the smallholders.	Yes
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 was no land disputes noted during the audit at Dusun Durian Estate and Sepang Estate as the company has the legal ownership documents which is under the Sime Darby Plantation Sdn. Bhd.	Yes
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 or negotiated agreements at Dusun Durian Estate and Sepang Estate.	Yes
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available.	There is no customary land or negotiated agreements at Dusun Durian Estate and Sepang Estate.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -		
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 or negotiated agreements at Dusun Durian Estate and Sepang Estate.	Yes
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 -	SIA was carried out by PSQM Department on 24-26/3/2014 where it covered for the whole SOU 8 Complex. The method of assessment was through interview, field observation and documentation review. The assessment has involved the participation of relevant stakeholders such as local authorities, workers' representatives, local communities and etc. The assessment has covered the areas of housing condition/ living improvement, working condition and etc. Dusun Durian Estate and Sepang Estate has developed action plan for SIA FY2019 to monitor the issues raised during assessment and stakeholder meetings. The plan has incorporated the action plan, person in charge and the status.	Yes
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 -	A documented dispute resolution procedure is available in Mill and Estate Quality Management System Manual which is effective, timely, appropriate and open to any affected parties. The complaint and grievances is open to effected parties including internal and external stakeholders. The time frame to deal with external communications	Yes

Criterion / Indicator		Assessment Findings	Compliance
		should be within two weeks of the date of receipt for communication requiring direct feedback and within one week of the completion of the investigation, for communication required investigation.	
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 -	Although there has been no dispute in any of the visited estates, it was noted that the estates managed to handle other complaints and requests from its stakeholders in timely manner especially from workers regarding repair of their houses. Crosschecking with some of the affected workers through line-site visit confirmed that their issues were addressed accordingly.	Yes
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 -	Dusun Durian Estate and Sepang Estate have implemented Workers Line-site Repair Record for their workers. For the external stakeholders, they are required to forward their request in writing and the management will respond thereafter. Most of the complaints were related to housing repair such as piping, wiring and drainage.	Yes
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time. - Minor compliance -	Interviewed with the stakeholders such as contractors, local communities and workers found that they are aware of the complaint procedure and no other outstanding issue to be follow-up. The internal and external stakeholders were invited to attend stakeholder meeting, OSH meeting, Union meeting and etc. to report their grievances if any.	Yes
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 -	Record review found that previous complaints and requests from 2011 were still available.	Yes
Criterion 4.4.3: Commitment to contribute to local sustainable development			

Criterion / Indicator		Assessment Findings	Compliance
4.4.3.1	<p>Growers should contribute to local development in consultation with the local communities.</p> <p>- Minor compliance -</p>	Both visited estates have made contribution to the local communities and among them were supply of sulphur powder to SK Seri Lanang as protection from venomous animals and supply of crusher run stone, machinery to level the road and compound at SK Seri Lanang and grass cutting at football field of nearby villages.	Yes
Criterion 4.4.4: Employees safety and health			
4.4.4.1	<p>An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantations Sdn Bhd has established Safety & Health Policy which was signed by Managing Director dated January 2015.</p> <p><u>Sepang Estate</u></p> <p>The OSH plan FY2019 for the estate covered the incident reporting, risk management, emergency preparedness & response and inspections was available and prepared on 13/12/2018. The plan was prepared by the Assistant Manager and verified by the Estate Manager.</p> <p><u>Dusun Durian Estate</u></p> <p>The OSH plan FY2018/19 for the estate covered the incident reporting, risk management, emergency preparedness & response and inspections was available and prepared on 20/07/2018. The plan was prepared by the Assistant Manager and verified by the Estate Manager.</p>	Yes
4.4.4.2	<p>The occupational safety and health plan shall cover the following:</p> <p>a) A safety and health policy, which is communicated and implemented.</p>	Sime Darby Plantations Sdn Bhd has developed Safety & Health Policy which has been communicated to the staff and workers during morning muster. Besides, the policy was displayed at the muster ground area which is easily access by all the workers.	Yes

Criterion / Indicator	Assessment Findings	Compliance
<p>b) The risks of all operations shall be assessed and documented.</p> <p>c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:</p> <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 <p>d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <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</p>	<p>PSQM Department has established a procedure for Chemical Safety Management with Doc. No. SD/SDP/PSQM(ESH)/202-OH4, dated 26/2/2015. The objective of the procedure is to enhance chemical safety and prevent chemical-related injuries, illness or diseases at the place of work in accordance to Occupational Safety Health (Classification Packaging and Labelling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p><u>Sepang Estate</u></p> <p>OSH meeting was carried out on quarterly basis and the last meeting was held on 10/01/2019 with total 11 representatives from management and 18 representatives from employees that attended the meeting. Accident incident was discussed in the meeting.</p> <p>Appointment letter for the Chairman and Secretary of the OSH Committee dated 01/01/2019 was available. The Chairman is the manager of the estate, Tn Hj Kamarul Bahrin Noor bin Hj Sha'Arani and the Secretary is En Raja Mohd Yusri.</p> <p>Training records sighted for the following:</p> <ol style="list-style-type: none"> 1. Chemical Handling Training dated 13/12/2018 at Sg Linau Division. 	

Criterion / Indicator	Assessment Findings	Compliance
<p>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>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>2. Trunk Injection Training dated 18/01/2019 at Field 02C1.</p> <p>The last review of the chemical register was done on 02/01/2019 by the Store Clerk and reviewed by the Manager. Total 10 types of chemicals, 7 types of fertilizers and 3 types of lubricants and diesel registered in the estate.</p> <p>Site visit to the chemical store, fertilizer store and workshop found that SDSs were displayed at the respective stores and are in bilingual.</p> <p>The last Chemical Health Risk Assessment (03-04/02/CHRA/2015/3) conducted at Sepang Estate by registered officer JKPP HIE 127/171-2(353) from National Institute of Occupational Safety and Health on 22/09/2015.</p> <p>Total 62 employees who are involved in trunk injection, spraying, pre-mixing and chemical handling in the store and workshop have been sent for the routine annual medical surveillance on 10/01/2019 by register doctor HQ/08/DOC/00/584. The results for all the workers are still pending from Sri Singam Clinic.</p> <p>Emergency evacuation map and the allocation map for first aid kits & fire extinguisher were sighted. All the relevant emergency plan were available such as chemical spillage, fire, accident and etc.</p> <p>HIRARC was last reviewed on 11/01/2019 for the harvesting work involving frond stacker and loose fruit collector. Job step cutting and stacking fronds was reviewed due to accident occurred. It has been approved by the Estate Manager.</p> <p>Sighted the JKPP 8 submission to OSH dated 08/01/2019. Total 14 accidents occurred in 2018.</p>	

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	<p>PPE issuance record and PPE Daily record was sighted for individual worker. Eq. for harvester has been issued with Wellington boots, safety helmet and safety vest.</p> <p><u>Dusun Durian Estate</u></p> <p>The latest review of HIRARC for the census was carried out on 16/01/2019. Coverage of activities such as bunch census and palm census.</p> <p>Training on chemical spillage was conducted on 08/01/2019 with participation of Assistant Manager, Staff, Store Keeper, Mandore & Mixer from all the divisions in the estate. Seen the attendance list and photo evident of the training that have been conducted.</p> <p>Chemical register was reviewed on 20/01/2019 by the Assistant Manager and approved by the Senior Manager. The chemicals that have been used in the estate such as Supremo 41.0, Canyon 20WG, Ancom Sodium Chlorate, Cymerin 5.5EW, Embak & Acephate.</p> <p>During site visit to the Chemical Store found that SDS for the said chemicals are displayed at the store which are in bilingual.</p> <p>OSH meeting was conducted on quarterly basis and the last meeting was conducted on 25/01/2019 with total 21 participants from management's representatives, employees' representatives and representatives from contractor. Number of accidents have been discussed during the meeting. Total 4 cases that have been reported to DOSH from Jan – Dec 2018. JKPP 6 sent to DOSH on 11/01/2018 & 03/04/2018.</p>	

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Criterion / Indicator	Assessment Findings	Compliance
	<p>The last Chemical Health Risk Assessment (03-04/02/CHRA/2015/3) conducted at Dusun Durian Estate by registered officer JKPP HIE 127/171-2(353) from National Institute of Occupational Safety and Health on 06/07/2015.</p> <p>Medical surveillance was carried out on 30/10/2018 and received the reports on 14/12/2018 by Occupational Health Doctor DOSH Reg. No. HQ/17/DOC/00/00042. Total 46 workers were sent for medical surveillance where 44 workers were exposed to pesticide/organophosphate and 3 workers were exposed to welding fume (chromium, manganese). Results were 46 workers with normal result and fit to work.</p> <p>Fire Drill, Fire Fighting, 1st Aid, CPR & Choking program was carried out on 13-14/02/2018 which involved mandore, workers and staffs. Seen the photo evident and interviewed with the mandore found that he is aware of the usage medication in the first aid kit.</p> <p>First Aid kits are provided at various work sites at the estates and inspection confirmed these had been appropriately stocked. Verified at the fertilizer store found that the Store Keeper has good knowledge on the usage of first aid kits. Emergency Response Plan for fire, flood, accident in workplace and etc was developed. Emergency evacuation route map was available and displayed at notice board.</p> <p>Total 4 cases of accidents that have been reported to DOSH.</p> <p>JKPP 6 was submitted and investigation has been carried out for each of the accident.</p> <p>PPE issuance record and PPE Daily record was sighted for individual worker.</p>	

Criterion / Indicator		Assessment Findings	Compliance						
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 Plantations Sdn Bhd has developed Social and Humanity Management policy covers the necessary aspects of human rights. Employees are aware of their rights and workers and staff union monitor to ensure no violations. Awareness on this policy was given to the employees through briefing during RSPO and MSPO trainings.</p>	Yes						
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>SDPSB has implemented Social Policy, Social & Humanity Management Policy dated January 2015 where the management is committed to treat all employees fairly in terms of recruitment, progression, terms and conditions of work and representation regardless of race, caste, nationality, gender, sexual orientation, union membership, political view, religion and/or age. Interviewed with the workers with different nationalities found that no discrimination has occurred in the estate. They were treated equally and no bias on job offered. Consultation with the external stakeholders also reveal that there has been no such discrimination.</p>	Yes						
4.4.5.3	<p>Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p>	<p>Employment contracts for workers were available for verification. Pay and conditions are documented and in line with the Minimum Wage Order 2018. Sampled of employment contracts confirmed that terms and conditions are clearly outlined and have been signed by the worker. Below were the sampled workers ID number whom payslips for February, July and December 2018 were verified:</p> <table border="1" data-bbox="1086 1257 1771 1372"> <thead> <tr> <th>Sepang Estate</th> <th>Dusun Durian Estate</th> </tr> </thead> <tbody> <tr> <td>1) 142457</td> <td>1) 106553</td> </tr> <tr> <td>2) 137479</td> <td>2) 82652</td> </tr> </tbody> </table>	Sepang Estate	Dusun Durian Estate	1) 142457	1) 106553	2) 137479	2) 82652	Non-conformance
Sepang Estate	Dusun Durian Estate								
1) 142457	1) 106553								
2) 137479	2) 82652								

Criterion / Indicator		Assessment Findings		Compliance
		3) 105075 4) 69337 5) 69328 6) 89015 7) 108241 8) 133430 9) 3060 10) 13120	3) 106559 4) 115104 5) 135364 6) 82937 7) 90353 8) 7171 9) 77667 10) 46770	
		<p>At Dusun Durian Estate, based on the contract agreement dated 1/1/2019 between GSP Letchumi and its employees the daily pay is RM38.00/month which is lower than the legal minimum standard. The practice was continuously maintain since 2018 but there has been no evidence that the management has checked this. Thus, a non-conformity report was assigned due to this lapse.</p>		
4.4.5.4	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>The contractors have signed on the contract agreement prior commencement of work in the estate. In the agreement, it was clearly stated that the contractors shall ensure their workers are paid according to legal requirements.</p> <p>Interview with the contractors confirmed that they understood the terms and conditions stated in the contract. Their workers were paid according to Minimum Wage Order 2016 and they were entitled with EPF and SOCSO for local workers.</p>		Yes
4.4.5.5	<p>The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records</p>	<p>There is a list of employees consist of employee number, name, check roll type, joining date and status in the SAP system – Sime Estate Mill Upstream Application (SEMUA) System Employee Master Listing.</p>		Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>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>		
4.4.5.6	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>Employees have been provided with employment contract which were made reference to the collective agreement between employer and employees. The collective agreement for estates were available for verification. The employees that recruited by the estates are from local, Indonesia, Nepal, Bangladesh and India. They are all under direct employment to the estates. All of them have signed on the employment contract prior to work. Details about period of contract/ probation period, position offered, wages, annual leave, allowances and etc. was stated in the employment contract.</p> <p>Extension contract of employment for workers who have worked more than 3 years were available where the terms of the contract were clearly stated in the extension contract.</p>	Yes
4.4.5.7	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.</p> <p>- Major compliance -</p>	<p>Time recording at the estates was implemented through recording of check-roll book. The records were updated on daily basis and attendance of workers was monitored regularly through field supervision from morning muster until the working time is over.</p>	Yes
4.4.5.8	<p>The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.</p> <p>- Major compliance -</p>	<p>Interviewed with the workers confirmed that they have rest time in between of the working hours. Overtimes were paid according to the rate stated in the agreement and regulatory requirements.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
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 -	Hours of overtime were recorded in the payslip and rate was paid according to the regulatory requirements.	Yes
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 -	Among the benefits offered by the company: <ul style="list-style-type: none"> • Monthly rice distribution • Security outstation reimbursement • Security transport allowance • Telephone allowance • Free medical care 	Yes
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation. - Major compliance -	The estate's management has provided free housing facilities to all the workers. Basic amenities such as water, electricity, football field and etc. were provided to the workers. The housing condition was accordance to the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446). Interviewed with the workers confirmed that they did not have any complain or grievance related to housing to be reported.	Yes
4.4.5.12	The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace. - Major compliance -	SDPSB has implemented Social Policy and Social & Humanity Management Policy dated January 2015 where the management is committed to develop and apply a policy to prevent sexual harassment and other forms of violence against women and to protect their reproductive rights. Gender Committee was established to monitor and take care of the welfare of female workers to ensure no case of sexual harassment or violence happened. Verified the Gender Committee Meeting conducted on 24/1/2019, 19/10/2018, 24/7/2018 & 14/5/2018 for Dusun Durian Estate and found that no case reported so far.	Yes

Criterion / Indicator		Assessment Findings	Compliance
		Awareness campaign is conducted time to time through various methods such as briefing and meetings.	
4.4.5.13	<p>The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p>- Major compliance -</p>	SDPSB has implemented Social Policy dated January 2015 where the management is committed and respect the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Union Meetings at both visited estates were regularly held and minutes of meeting were maintained. Interview with the workers from different nationalities confirmed that they are allowed to join Union freely without any restriction.	Yes
4.4.5.14	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education programmes. Children shall not exposed to hazardous working conditions.</p> <p>- Major compliance -</p>	The company has developed Child Protection policy dated January 2015. Operating units are complied with the minimum age requirement. Through document reviewed on the Employee Master Listing confirmed that no employee under 18 years was recruited by the company. Interview with the workers and contractors also found that no child labour was practice in the estates.	Yes
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 matrix was available which was established based on training needs analysis. The training matrix has the information about type of trainings, type of participants and tentative dates of the training to be conducted. Generally, the type of trainings can be classified to OHS,	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>training needs and documentation, including records of training shall be kept.</p> <p>- Major compliance -</p>	<p>environment, field operation, legal requirements and social. Records of training were found to be appropriately maintained.</p>	
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>Sighted records for training conducted at:</p> <p><u>Sepang Estate</u></p> <ol style="list-style-type: none"> 1. Wisel Blowing Training dated 29/01/2019. 2. Corporate Policy Statement & COBC Training dated 29/01/2019. 3. IPM Briefing – Biological Control Training dated 26/01/2019. 4. Briefing ERP (Accident at Workplace) dated 12/12/2018. 5. Basic Occupational First Aid, CPR & AED Training dated 12-13/12/2018. <p><u>Dusun Durian Estate</u></p> <ol style="list-style-type: none"> 1. Chemical Spillage Training dated 08/01/2019. 2. Sime Darby COBC Training (Whistleblower briefing) dated 24/01/2019. 3. Farm Tractor Refresher Training (New Tractor) dated 11/01/2019. 4. Environment (PPP), Schedule Waste (SW) and High Conservative Value (HCV) Training dated 18/01/2019. 	Yes
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>Training details are planned and summarised in the OSH program. This is in compliance and detailed in 4.4.6.1 above. Training program are made on annual basis. In addition it is subject for a review during the financial year should need arises.</p>	Yes
<p>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</p>			

Criterion / Indicator	Assessment Findings	Compliance	
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented. - Major compliance -	Environmental Policy issued on Group level signed by the Managing Director in Jan 2015 was available on site. Communications to the employees were normally through training and briefing at muster grounds. Apart from that, the documented policy is also displayed on notice board.	Yes
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 -	An environmental improvement 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. <u>Sepang Estate</u> The last reviewed was done on 01/01/2019 by Assistant Manager (Mohd Nazri bin Ahad) and approved by the Estate Manager (Tn Hj Kamarul Bahrin Noor bin Hj Sha'Arani). There was no significant change in EAI/EIE for the estate's activities. <u>Dusun Durian Estate</u> The last reviewed was done on 04/07/2018 by Assistant Manager (Yazid bin Ismail) and approved by the Estate Manager (Tn Ahmad Sharifudin bin Zakaria). New EAI included was for Replanting.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.5.1.3	<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>- Major compliance -</p>	<p>The continuous implementation of the improvements activities was checked during the field and document audit. The environmental management plan has been established to monitor the identified significant activities that give impacts on environment.</p> <p>Last reviewed was done on 01/01/2019 (Sepang Estate) and 04/07/2018 (Dusun Durian Estate).</p> <p>A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented.</p> <p>Among the mitigation measures established by the estates were to provide secondary containment at the workshop to capture any oil spillage, to recollect the water residue used for pre-mixing, to dispose scheduled wastes as per EQA regulations.</p> <p>Continuous awareness training programme has been carried out on 29/01/2019 (Sepang Estate) and 18/01/2019 (Dusun Durian Estate) by the company to its workers and other stakeholders.</p>	Yes
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>Based on the identification and evaluation of environmental aspects and impacts by the estates, there was no positive impact identified.</p>	Yes
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>A training program is available in the SOU Training Program updated on a yearly basis or revised as per the management requirement. Included in this programme are subjects related to environment e.g. environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance																		
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>Concerns about environmental quality would be discussed in the OHS quarterly meeting where the participants consists of both employers and employees. The OHS meetings were conducted in accordance to the legal requirement. The last OSH meeting conducted on 10/01/2019 (Sepang Estate) and 25/01/2019 (Dusun Durian Estate).</p>	Yes																		
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>- Major compliance -</p>	<p>Monthly record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimize use of renewable energy. Data is being compiled for comparison and control for future improvement.</p> <p>Monitored diesel/mt FFB, commentary given target 1.5 ratio.</p> <p>Sepang Estate</p> <table border="1"> <thead> <tr> <th></th> <th>Baseline</th> <th>2015/16</th> <th>2016/17</th> <th>2017/18</th> <th>2018 (July – Dec)</th> </tr> </thead> <tbody> <tr> <td>Diesel</td> <td>1.49 lt/mt FFB</td> <td>1.80</td> <td>1.20</td> <td>0.95</td> <td>0.96</td> </tr> <tr> <td>Electricity</td> <td>15.17</td> <td>17.52</td> <td>14.30</td> <td>13.83</td> <td>13.80</td> </tr> </tbody> </table>		Baseline	2015/16	2016/17	2017/18	2018 (July – Dec)	Diesel	1.49 lt/mt FFB	1.80	1.20	0.95	0.96	Electricity	15.17	17.52	14.30	13.83	13.80	Yes
	Baseline	2015/16	2016/17	2017/18	2018 (July – Dec)																
Diesel	1.49 lt/mt FFB	1.80	1.20	0.95	0.96																
Electricity	15.17	17.52	14.30	13.83	13.80																

Criterion / Indicator		Assessment Findings					Compliance
			kWh/mt FFB				
		Dusun Durian Estate					
			Baseline	2015/16	2016/17	2017/18	2018/19 (July – Oct 18)
		Diesel	1.72 lt/mt FFB	1.79	1.68	1.69	1.62
		Electricity	8.15 kWh/mt FFB	9.39	7.64	7.04	6.42
4.5.2.2	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations.	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,					Yes

Criterion / Indicator		Assessment Findings	Compliance												
	This shall include fuel use by contractors, including all transport and machinery operations. - Major compliance -	including all transport and machinery operations was available in the respective estate yearly budgets.													
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	No renewable energy used in Sepang and Dusun Durian Estate.	Yes												
Criterion 4.5.3: Waste management and disposal															
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	All waste and pollution are identified and documented in the Waste Management Action Plan. The compilation for Financial Year 2018/2019 was made at SOU level. In general, among the wastes identified were domestic wastes (from line-site, office), scheduled wastes (from store, workshop, clinic) and recyclable wastes (from workshop, store).	Yes												
4.5.3.2	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: 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 - Major compliance -	Details of waste generated from the estates operations and the management plans among others are shown below: <table border="1" data-bbox="1086 1061 1906 1358"> <thead> <tr> <th>Type of waste</th> <th>Source of generation</th> <th>Action to be taken</th> </tr> </thead> <tbody> <tr> <td>Domestic waste rubbish</td> <td>Line-sites, office, Workshop & store</td> <td>Disposed through Majlis Daerah Kuala Langat or landfill</td> </tr> <tr> <td>Industrial waste - fertiliser bags</td> <td>Empty bags store</td> <td>Inventory of bags, reuse for LF collection and filling soil for bunding</td> </tr> <tr> <td>Scrap metal</td> <td>Workshop</td> <td>Inventory maintained, tender at zone level for</td> </tr> </tbody> </table>	Type of waste	Source of generation	Action to be taken	Domestic waste rubbish	Line-sites, office, Workshop & store	Disposed through Majlis Daerah Kuala Langat or landfill	Industrial waste - fertiliser bags	Empty bags store	Inventory of bags, reuse for LF collection and filling soil for bunding	Scrap metal	Workshop	Inventory maintained, tender at zone level for	Yes
Type of waste	Source of generation	Action to be taken													
Domestic waste rubbish	Line-sites, office, Workshop & store	Disposed through Majlis Daerah Kuala Langat or landfill													
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Scrap metal	Workshop	Inventory maintained, tender at zone level for													

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Criterion / Indicator		Assessment Findings			Compliance
				sale to licensed contractor.	
		SW 404 Clinical waste	Clinic	Inventory maintained. Storage in sharp bin in clinic. Disposal through licensed vendor (e.g. Kualiti Alam)	
		SW rags, plastics, filters	Workshop	Inventory maintained. Storage in scheduled waste store. Disposal through licensed contractor.	
		Spent lubricant & hydraulic oil	Workshop	Disposed through licensed vendors (e.g. Kualiti Alam)	
		Disposed containers, bags, equipment contaminated with chemicals, pesticides, SW.	Scheduled waste store	Inventory maintained. Storage in SW store. All containers are labelled. Empty containers collected by authorized vendor after triple	
4.5.3.3	The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste)	The procedures for handling used chemicals classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 are available prepared on Group level			Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.</p> <p>- Major compliance -</p>	<p>by PSQM and implemented in all estates and mills for all the applicable practices.</p> <p>The operational control procedures for the scheduled wastes management provides guidelines as follows;</p> <ul style="list-style-type: none"> • Management of class 1 chemical containers • Management of class 2 (and higher) chemical containers. • Management of fertiliser bags <p>This generic document was established on 28/02/2015 and remain effective for practice in all estates and mills.</p> <p>Among the example of scheduled wastes sighted during the visit were spent oil (SW305), chemical container (SW409), contaminated filter & rags (SW410) and used batteries (SW102).</p> <p>There was a designated store to keep all the scheduled wastes in a safe manner. Verification of relevant documents such as inventory records and consignment notes confirmed that the scheduled wastes were disposed in accordance to the EQA (SW) Regulations.</p>	
4.5.3.4	<p>Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.</p> <p>- Major compliance -</p>	<p>Under the operational control procedure established as given in 4.5.3.3 above the guideline and practice for handling empty pesticides are as follows;</p> <p>All class 2 and above containers are tripled rinsed and holes punctured at the bottom only if the waste generator is to dispose as non-scheduled waste.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>Containers to be disposed as scheduled waste need not go the triple rinsing and hole punctured process.</p> <p>These guidelines are based on Dept. of Agriculture ref 91/120/038/014 dated 7/11/2002. During the site visit this has been adhered mainly containers are tripled rinsed and holes punctured at the container base.</p> <p><u>Sepang Estate</u></p> <p>Receipt from SS Setia Teknologi Enterprise #1260 dated 04/01/2019, quantity chemical container (90pcs), Kenlon 20L (30pcs) and Drum 209L (20pcs) was seen.</p> <p><u>Dusun Durian Estate</u></p> <p>Receipt from SS Setia Teknologi Enterprise #1217 dated 21/11/2018, quantity chemical container (180pcs), paper (95kg), Metal-can (10pcs) and Ally/Basta/Galon bottle (120kg) was seen.</p>	
4.5.3.5	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p> <p>- Minor compliance -</p>	<p>Under the action plan of the waste management plan, the site of landfill is identified at min 3 km away from water course and housing complex.</p> <p>Collection is 2 to 3x/week. Monitoring is made by an Executive/staff.</p>	Yes
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, scheduled wastes, solid wastes and effluent.</p>	<p>Assessment of all polluting activities was done through the Environment Aspect and Impact assessment. This includes all the polluting activities such as greenhouse gas emissions, scheduled and</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	solid wastes generations. The management of wastes were as of mentioned in Indicator 4.5.3.2.	
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	Waste Management Plan FY18/19 has been integrated into environmental improvement plan which is being reviewed on yearly basis by Assistant Manager. The plan was monitored regularly. E.g. of action plan for the identified pollutants are shown in 4.5.3.2.	Yes
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: <ul style="list-style-type: none"> a. Assessment of water usage and sources of supply. b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate’s current activities. c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate. 	<p><u>Sepang Estate</u></p> <p>Sighted an implemented plan established as Identification and Management of Wastewaters for Financial Year 18/19 – SOU (8) Sepang Estate included the normal water usage mainly for process, cleaning & etc.</p> <p>Action plan to reduce fresh water usage identified rainwater collection using containers and recycle the rainwater for washing office compounds.</p> <p>Contingency plan during water shortage identified water storage/dry spell where water bought from SYABAS for domestic use.</p> <p><u>Dusun Durian Estate</u></p> <p>Sighted an implemented plan established as Dusun Durian Estate Water Management Plan FY 2018/19 included the normal water usage mainly for process, cleaning & etc.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<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>	<p>Action plan to reduce fresh water usage identified rainwater collection using containers and recycle the rainwater for washing office compounds.</p> <p>Contingency plan during water shortage identified water storage/dry spell where water bought from SYABAS for domestic use.</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 main river crossing both Sepang & Dusun Durian estates.	Yes
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>	Rain water harvesting is implemented in various ways such as collection of rainwater through rain gutter at the office and retention of water in the field such as in-field drainage system and water gate management.	Yes
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>b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat</p>	<p>Sighted the HCV Re-Assessment for Strategic Operating Unit (SOU) 8, 9 & 9A operations on 14-16/05/2014 and 21-23/05/2014 was reviewed Dr Wan Asma Ibrahim FRIM Kepong on 14/02/2015.</p> <p>The assessment incorporating SOU8 East, SOU9 West and SOU9A Sepang.</p> <p>In summary, the areas covered within these SOU landholdings in this report are 17,711.16 hectares and the HCV area presence are 277.57 ha (HCV4 & HCV6).</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.</p> <p>- Major compliance -</p>	<p>HCV identified at East Estate are wildlife sanctuary, Mah Meri graveyard and mangrove/fringe coastline.</p> <p>The assessment concluded with recommendations that incorporated basic conservation planning principles for consideration into management regimes of preserving the HCV and conservation areas.</p> <p>The proposed management and monitoring for HCVA possible threats also recorded.</p> <p>No RTE was identified within the planted or surrounding village area based on the HCV assessment report dated February 2015.</p> <p>Regular patrols within the operating unit estates were carried out and findings recorded by the respective Estate executives to monitor the Conservation / buffer zone areas.</p> <p>Monitoring and control of any illegal hunting, fishing or collecting activities was also implemented. Signage that prohibit hunting, fishing and water polluting activities were verified on-site at the estates visited (i.e. Sepang & Dusun Durian estates) found to have been satisfactorily maintained.</p>	
4.5.6.2	<p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>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</p>	<p>There is no RTE recorded.</p> <p>Evidence to continuously prevent and discourage illegal or hunting, fishing or collecting activities were maintained and implemented.</p> <p>Signage as well as routine patrolling activities were utilised as part of creating awareness among employees and maintain HCVs.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>resolve human-wildlife conflicts.</p> <p>- Major compliance -</p>		
4.5.6.3	<p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p>- Major compliance -</p>	<p>All operating units have developed Management Plan for the HCV and conservation area to protect from any encroachment.</p> <p>Habitat protection includes prevention of disturbance by workers through awareness campaigns and regular patrols of the area.</p> <p>The estates have installed signboards at prominent areas to prohibit hunting, disturbance of protected areas and the lighting of fires.</p> <p>Inspection of housing areas and interview of residents confirmed workers were aware of the company policy that prohibits hunting and collecting activities. Monitoring is carried out by the security and staff in charge for the respective area.</p>	Yes
Criterion 4.5.7: Zero burning practices			
4.5.7.1	<p>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.</p> <p>- Major compliance -</p>	<p>The Group policy of "Zero open burning" is enforced since July 2008.</p> <p>The operating units adhered to the policy of "Zero open burning" for any replanting.</p> <p>From field visits to Dusun Durian Estate – Teluk Datoh Division [Field 2018A – completed replanting] and interviews with the workers, there is no open burning being practiced in the estates.</p>	Yes
4.5.7.2	<p>A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where</p>	N/A. Details in 4.5.7.1 above	Yes

Criterion / Indicator		Assessment Findings	Compliance
	there is a significant risk of disease spread or continuation into the next crop. - Major compliance -		
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 -	N/A. Details in 4.5.7.1 above	Yes
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. - Minor compliance -	Based on site visit at replanting fields 2017 at both Dusun Durian and Sepang estates, previous oil palms were seen to be felled, chipped, windrowed and mulched.	Yes
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored. - Major compliance -	The SOP for the estates and mill operations are available which is prepared on Group basis. There are levels of the documentation identified as follows; Level 1 Estate quality management system standard operation manual Level 2 EQMS quality management manual Level 3 standard operating procedure Level 4 work instruction	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>Level 5 records.</p> <p>One of the important mechanism of ensuring the practice is implemented accordingly is through Planning & Monitoring Unit (PMU) quarterly visit.</p> <p>Last 4 visits at Sepang Estate were on 08/03/2018, 30/05/2018, 20/09/2018 & 27/11/2018 which covered among others the replanting activities, manuring, OP mature P&D. It was noted that the ratings were all above average.</p> <p>For Dusun Durian Estate, the last 4 PMU visit was on 05/03/2018, 07/06/2018, 14/09/2018 & 05/12/2018 and noted that the scoring was above average.</p>	
4.6.1.2	<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>There is no sloping terrain at Sepang & Dusun Durian Estate. This can be seen on their topography map. The terrain at both estates is generally flat.</p>	Yes
4.6.1.3	<p>A visual identification or reference system shall be established for each field.</p> <p>- Major compliance -</p>	<p>All fields are marked and identified. Information like year planting (field no) and the total hectare is shown in all markers. There are both stencilled at the palm trees and also displayed in signage at the boundary/corners of every fields. This is observed during the field visit in both Sepang & Dusun Durian Estates.</p>	Yes
<p>Criterion 4.6.2: Economic and financial viability plan</p>			

Criterion / Indicator		Assessment Findings	Compliance																								
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>The annual business plan is available. Both estates had a similar format i.e. in the form of annual budget with a 5-year projection. (Budget year, PY2, PY3, PY4, PY5).</p> <p>This business plan is prepared as guidance for future planning. The budget contains palm year of planting, age categories, and FFB production.</p> <p>Component of operating expenditure includes Administration, harvesting & collection, field upkeep, transportation, road and bridges, labour overhead, EVIT (running accounts for engines, vehicles, implements & tractors).</p> <p>Inclusive in the business plan is also Capital Expenditure (CAPEX) among others replacement / upgrading of building, vehicles replacement, workers' amenities etc.</p> <p>The budget for 2018/19 for both the estates was sighted and verified.</p>	Yes																								
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>Verification of the estate's Long Range Replanting Programme (LRRP), the 5-year replanting programme in Ha is as follows:</p> <table border="1"> <thead> <tr> <th>Estate</th> <th>2017/18</th> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> </tr> </thead> <tbody> <tr> <td>Sepang</td> <td>117.40</td> <td>84.03</td> <td>179.24</td> <td>158.52</td> <td>133.99</td> </tr> <tr> <td>Dusun</td> <td>0</td> <td>71.09</td> <td>0</td> <td>51.42</td> <td>0</td> </tr> <tr> <td>Durian</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Estate	2017/18	2018/19	2019/20	2020/21	2021/22	Sepang	117.40	84.03	179.24	158.52	133.99	Dusun	0	71.09	0	51.42	0	Durian						Yes
Estate	2017/18	2018/19	2019/20	2020/21	2021/22																						
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Dusun	0	71.09	0	51.42	0																						
Durian																											
4.6.2.3	<p>The business or management plan may contain:</p> <p>a) Attention to quality of planting materials and FFB</p>	<p>Verification of 3-year projection budget found the following information:</p> <table border="1"> <thead> <tr> <th>Sepang Estate</th> <th>2017/18</th> <th>2018/19</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Sepang Estate	2017/18	2018/19	2019/20					Yes																
Sepang Estate	2017/18	2018/19	2019/20																								

Criterion / Indicator		Assessment Findings				Compliance
	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 - Major compliance -	Crop (mt)	50,496.20	52,674.22	55,517.09	
		Crop (mt/Ha)	23.92	24.44	25.01	
RM/mt	182.57	143.98	153.55			
RM/Ha	5,182.37	4,659.83	4,902.05			
Dusun Durian Estate	Jul – Dec 2018	2019	2020			
Crop (mt)	28,054.71	55,682.50	55,706.48			
Crop (mt/Ha)	43.07	44.19	48.84			
RM/mt	1,848.68	1,872.31	1,864.34			
RM/Ha	1,671.72	3,600.44	3,536.10			
4.6.2.4	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented. - Major compliance -	The estates performance is recorded in the monthly progress report. Details on the actual vs budget i.e. crop production, fixed and direct cost are shown therein. The management also provides variance report on the performance and reviewed on a monthly basis through SAP system. Through this system, the expenses can be seen by top management. The SOU monthly meeting involves the Managers and the Head Zone for the performance review.				
Criterion 4.6.3: Transparent and fair price dealing						

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Criterion / Indicator		Assessment Findings	Compliance
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	The pricing method for products and other services such as FFB transporter has been clearly stated in the Letter of Offer (LOA) and contract agreement (e.g. scheduled of transportation rates). The contract shall be agreed upon both party prior to commencement of work.	Yes
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	The payment was made by Head Office after the estates have sent the invoice to Head Office. Interviewed with the contractors confirmed that the payment was made promptly.	Yes
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 -	This requirement has been specified in a letter dated 01/7/2017 on RSPO/ISCC/MSPO awareness on to all the contractors, vendors of the estates. This letter was sighted and has stated that all Contractors need to follow RSPO/ISCC/MSPO guideline in accordance with the Sime Darby Plantation of Estate Quality Management System	Yes
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	This is in compliance. All estates maintain contract with the vendors as specified in the financial procedure. A contract was sighted. Transaction between M/S CVM Transport Sdn Bhd and Welch Estate dated 18/7/2016. Inclusive in the contract is a clause for compliance with all the relevant governing law.	Yes
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required. - Minor compliance -	This is specified in the letter dated 01/7/2017 as shown in item 4.6.4.1 above.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.6.4.4	<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>All works performed at the estates are checked and verified by the estates personnel. Projects where tenders are issued by HQ are checked by representative from HQ usually from the Engineering Dept.</p>	Yes
4.7 Principle 7: Development of new planting			
Criterion 4.7.1: High biodiversity value			
4.7.1.1	<p>Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.</p> <p>- Major compliance -</p>	<p>There is no development of new planting at both visited estates.</p>	Yes
4.7.1.2	<p>No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.</p> <p>- Major compliance -</p>	<p>There is no development of new planting at both visited estates.</p>	Yes
Criterion 4.7.2: Peat Land			

Criterion / Indicator		Assessment Findings	Compliance
4.7.2.1	New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice. - Major compliance -	There is no development of new planting at both visited estates.	Yes
Criterion 4.7.3: Social and Environmental Impact Assessment (SEIA)			
4.7.3.1	A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations. - Major compliance -	There is no development of new planting at both visited estates.	NA
4.7.3.2	SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders. - Major compliance -	There is no development of new planting at both visited estates.	NA
4.7.3.3	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed. - Major compliance -	There is no development of new planting at both visited estates.	NA
4.7.3.4	Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be	There is no development of new planting at both visited estates.	NA

Criterion / Indicator		Assessment Findings	Compliance
	documented and a plan to manage the impacts developed, implemented, monitored and reviewed. - Minor compliance -		
Criterion 4.7.4: Soil and topographic information			
4.7.4.1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. - Major compliance -	There is no development of new planting at both visited estates.	NA
4.7.4.2	Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. - Major compliance -	There is no development of new planting at both visited estates.	NA
Criterion 4.7.5: Planting on steep terrain, marginal and fragile soils			
4.7.5.1	Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. - Major compliance -	There is no development of new planting at both visited estates.	NA
4.7.5.2	Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation.	There is no development of new planting at both visited estates.	NA

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.7.5.3	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. - Major compliance -	There is no development of new planting at both visited estates.	NA
Criterion 4.7.6: Customary land			
4.7.6.1	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. - Major compliance -	There is no development of new planting at both visited estates.	NA
4.7.6.2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. - Minor compliance -	There is no development of new planting at both visited estates.	NA
4.7.6.3	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available. - Major compliance -	There is no development of new planting at both visited estates.	NA

Criterion / Indicator		Assessment Findings	Compliance
4.7.6.4	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement. - Major compliance -	There is no development of new planting at both visited estates.	NA
4.7.6.5	Identification and assessment of legal and recognised customary rights shall be documented. - Major compliance -	There is no development of new planting at both visited estates.	NA
4.7.6.6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented. - Major compliance -	There is no development of new planting at both visited estates.	NA
4.7.6.7	The process and outcome of any compensation claims shall be documented and made publicly available. - Major compliance -	There is no development of new planting at both visited estates.	NA
4.7.6.8	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development. - Minor compliance -	There is no development of new planting at both visited estates.	NA

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.	Yes
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: <ul style="list-style-type: none"> • Quality Management Policy dated January 2015 • Lean Six Sigma Policy dated January 2015 • Quality Policy dated January 2015 • The commitments are made by Datu Franki Anthony Dass the Managing Director of Sime Darby Plantations Berhad. 	Yes
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 -	The Internal Audit Procedure (SD/SDP/PSQM/IAP) dated 01/11/2017 documented the process to conduct internal audit. This is the initial certification of MSPO. The internal audit schedule for 2017 has been planned and communicated by Regional SQM to all central west region Estates and Mills.	Non-conformance

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		<p>The last internal audit for sustainable palm oil was conducted on 26/10/2017. The internal audit had covered all the MSPO MS2530-4:2013 elements. It was conducted by 2 auditors from HQ [Ra'anon & Sharifah Sharina]. There were 1 minor NC [against 4.4.6.1 – training on employees and contractors] and 6 OFI raised from that exercise. The mill is in the process of closing them.</p> <p>Referring to the Internal Audit Procedure (SD/SDP/PSQM/IAP) Rev.2 dated 01/11/2017, Section 6.1.4 states that the internal audit for each certification shall be carried out at least once a year.</p> <p>However, the previous MSPO Internal Audit report for SOU West: East Mill dated 26/10/2017. The latest RSPO & MSPO internal audit was conducted from 07-11/01/2019.</p>	
4.1.2.2	<p>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.</p> <p>- Major compliance -</p>	<p>The internal audit report dated 26/10/2017 had included root cause analysis and corrective action plan. One sample on the finding closure from the last internal audit was verified. The finding raised was on multiple indicators [i.e. 4.4.4.1/2/3, 4.6.4.1/3, 4.5.1.5] regarding lack of evidence that training for all employees and contractors conducted especially for MSPO implementation and training needs & programme for MSPO requirements has yet to be identified. The identified root cause was MSPO still new and still in the initial phase of implementation. The MSPO training for contractors has been conducted on 2/11/2017 and for employees on 3/11/2017 – training records were available.</p>	Yes
4.1.2.3	<p>Reports shall be made available to the management for their review.</p> <p>- Major compliance -</p>	<p>The internal audit report has been distributed to the POM management and Sime Darby Plantation HQ management. There is a monthly SQM meeting at HQ level to review the trending of findings raised in both internal and external audit.</p>	Yes

Criterion 4.1.3 – Management Review			
4.1.3.1	<p>The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.</p> <p>- Major compliance -</p>	<p>There is a procedure for Management Review (SOM, Sub-Section 5.6, dated: 25/5/2015) to provide guidance on how to conduct management review. The frequency to carry out management review is at least once a year. The 1st MSPO Management Review was conducted on 23/10/2017 which was chaired by Mill Manager. The agenda discussed was mainly on the mill performance, OHS and environmental issues. The MRM report was made available at mill office. A finding raised as an OFI from the internal audit to include other agenda such as compliance status and continual improvement as part of the discussions. The mill is planning to conduct an ad hock management review in a very near future which includes the review on effectiveness implementation of MSPO requirements.</p>	Yes
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	<p>The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.</p> <p>- Major compliance -</p>	<p>The continual improvement plan for FY 2017/18 is incorporated in various mechanisms which among others the Quality, Environment & Safety Management programme and LSS benefit. The improvement plan includes workers' welfare, waste management, occupational health and safety and operation improvement.</p>	Yes
4.1.4.2	<p>The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.</p> <p>- Major compliance -</p>	<p>The staff/workers competency training plan for FY 2017/2018 has been established. The training identified including operations, understanding of MSPO/RSP0 requirements, human rights, company policies, health and safety etc.</p>	Yes

		<p>The FY2017/2018 OPEX budget has include training budget and operations improvement including environmental improvement, worker welfare, OHS etc.</p> <p>Interview with workers confirmed trainings were provided by company on regular basis.</p>	
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>East Palm Oil Mill has maintained records of requests and responses, Land titles/user rights, Safety and health plans, plans and impact assessments relating to environmental and social impact, plans for pollution prevention, records of complaints and grievances, plans for continuous improvement and make available upon request.</p>	Yes
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>The company has developed a procedure on Documentation and Communication under Section 3, version: 1, year 2008 where the information on sustainable activities will be made publicly available to the general public through Annual Reports, circulars, agreements, Sime Darby website and other publications. Copies of the document such as impact assessment reports and monitoring plans relating to environmental and social, pollution prevention plans, records of complaints and grievances were available on request.</p>	Yes
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	<p>Procedures shall be established for consultation and communication</p>	<p>SDPSB has developed a documented procedure in Sustainable Plantation Management System on handling social issues, Appendix</p>	Yes

	with the relevant stakeholders. - Major compliance -	5, Version 1, and Issue No.1, dated 01/4/2008. The procedure has detailing the process of handling social issues raised by the stakeholders and resolve in an effective, timely and appropriate manner.	
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 -	Assistant Manager of the East POM has been appointed as Social Responsible Person to handle any issue related to social. Seen the appointment letter dated 1/10/2016 issued by the Mill Manager.	Yes
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 -	Stakeholder meeting was conducted on 12/10/2017 with the participation of stakeholders such as contractors, school representatives, government authorities and local communities. Seen the meeting minutes and photo evident of the meeting. There were some issues raised during the meeting as below: <ul style="list-style-type: none"> i. Local people informed that there are numbers of lorry are transporting the FFB nearby the village at night and some of the lorry not having adequate head lamp. Action: The mill management has discussed with the estate’s assistant on this issue and seen the record on 14/10/2017. Stakeholder list was developed which included local communities, suppliers, contractors, government authorities and etc.	Yes
Criterion 4.2.3 – Traceability			
4.2.3.1	The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability.	East POM is receiving FFB mainly from it supply base - East Estate, Sepang Estate and Dusun Durian Estate. Nonetheless, East POM also occasionally received crop from other POM’s supply base such as West, Labu, etc.	Yes

	- Major compliance -	<p>The weighbridge ticket provided the following details:</p> <ul style="list-style-type: none"> - Supplied from which estate - Product (FFB or Loose fruit) - Delivery note from estates stating the weight and fruit grade (A or B). - D.O Number - Weight of the shipment - Date of the shipment <p>For despatch of CPO, the weighbridge ticket includes the following information to enable the customer to trace the CPO source</p> <ul style="list-style-type: none"> - Customer Name - Destination of the CPO - Product - DO number - PO number - Weight of the product. <p>There is no external FFB processed in this POM. All fruits are obtained within Sime Darby's estates.</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 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.</p> <p>The current traceability system is Sime Weigh System.</p> <p>The responsible personal for the traceability is the Mill Manager.</p>	Yes
4.2.3.3	<p>The management shall identified and assign suitable employees to implement and maintain traceability system.</p>	<p>Based on the company's traceability procedure, the overall personal in charge for the traceability is the Mill Manager. The responsibility</p>	Yes

	- Minor compliance -	is stated in the job description. Hence there is no required to have a formal letter of appointment. The responsible person for traceability is Ms. Nurul Atikah MD Daud appointed on 01/07/2017 [ref.: letter from Mill Manager dated 1/7/17]. The training on the traceability was provided by PSQM on 21/8/2017.	
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 delivery of CPO & PK to refinery and KCP were verified. The dispatch of the CPO & PK is determined by HQ Sales & Marketing and will be entered into the Sime Weigh System. The delivery records of the CPO & PK 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.	Yes
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations. - Major compliance -	A mechanism to ensure compliance to legal and other requirement has been documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU4. 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.	Yes

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		<p>Sample of licenses or permit viewed were:</p> <ul style="list-style-type: none"> • MPOB license: 533088004000 (validity 18/8/2017 - 30/9/2018) for 144,000MT. • DOE License: # 001456 (validity period 1/7/2017 - 30/6/2018) for 30 MT/hr and method of POME discharge is land application • Permit Barang Kawalan Berjadual, No. B024360, validity 27/12/2016 to 26/12/2017, qty-15,500 lt 	
4.3.1.2	<p>The management shall list all relevant laws related to their operations in a legal requirements register.</p> <p>- Major compliance -</p>	<p>The Legal & Other Requirements Register (LORR) covers all the necessary regulatory requirements. The LORR for was reviewed on 20/7/2017.</p> <p>List of applicable legal and other requirements was made available during the assessment and complied in the QSHE/04/5.2.4 folder. Documented procedure has been established and implemented refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p>	Yes
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>The Legal & Other Requirements Register (LORR) covers all the necessary regulatory requirements. The LORR for was reviewed on 20/7/2017 by Mr. N. Vellu.</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. The latest change in regulation applicable to the POM operation is the Labour Law.</p>	Yes
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>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.</p>	Non-conformance

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	- Minor compliance -	Based on pay slip analysis, it was found that there were cases that overtime given are more than JTK's permit [ref.: BHG.PU/9/134 JLD 9(11), dated 27/3/2017], i.e. 130 hours/month: Emp #77300 – 181.5 Hr in Dec 2018 Emp #123254 – 133 Hr in Dec 2018 Emp #135615 – 131 Hr in Jul 2018 Thus, a non-conformity report was assigned due to this lapse.	
Criterion 4.3.2 – Lands use rights			
4.3.2.1	The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users. - Major compliance -	East POM is located inside East Estate and sharing the estate boundary. All the boundaries are visibly maintained as per company SOP.	Yes
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land. - Major compliance -	East POM is located inside East Estate and sharing the estate boundary. All the boundaries are visibly maintained as per company SOP.	Yes
4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	East POM is located inside East Estate and sharing the estate boundary. All the boundaries are visibly maintained as per company SOP.	Yes
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 was no land disputes noted during the audit at East Oil Mill as East POM is located inside East Estate and sharing the estate boundary. All the boundaries are visibly maintained as per company SOP.	Yes

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 or negotiated agreements within the Sime Darby East Palm Oil Mill land area.	Yes
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -	The right to use the land is not disputed and there were no customary land within the Sime Darby East Palm Oil Mill land area.	Yes
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - Major compliance -	Not applicable for Sime Darby East Palm Oil Mill as there were no negotiation has occurred. No encroachment of land from the management to local communities was sighted.	Yes
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	SIA was carried out by Social & Environment Projects Unit, PSQM Department on 24-26/3/2014 to cover whole SOU 8 (East Palm Oil Mill, East Estate, Dusun Durian Estate and Sepang Estate). The method of assessment was through interview, field observation and documentation review. The assessment has involved the participation of relevant stakeholders such as local authorities, workers' representatives, local communities and etc. The assessment has covered the areas of housing condition/ living improvement, working condition and etc. A newly revised Social Action Plan template where acknowledgment from the stakeholders was included, has been developed and adequately implemented.	Yes

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 -	A documented dispute resolution procedure is available in Mill and Estate Quality Management System Manual which is effective, timely, appropriate and open to any affected parties. The complaint and grievances is open to effected parties including internal and external stakeholders. The time frame to deal with external communications should be within two weeks of the date of receipt for communication requiring direct feedback and within one week of the completion of the investigation, for communication required investigation.	Yes
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 mill has implemented Complaint Book to record whatever complaints reported by the stakeholders. Seen the records of complaint from year 2014 – 2017.	Yes
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 mill management has maintained Complaint Book and Houses Repair Record to receive any complaints or grievances from stakeholders. The complaints lodged related to housing repair were resolved accordingly and it was acknowledged by the complaints after the action has been taken.	Yes
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 -	Interviewed with the internal and external stakeholders during stakeholder consultation found that they were aware of the complaint procedure and they were briefed by the management during stakeholder meeting.	Yes
4.4.2.5	Complaints and solutions within the past 24 months shall be	Record review found that previous complaints and requests from 2011 were still available.	Yes

	documented and be made available to affected stakeholders upon request. - Major compliance -		
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 -	Sime Darby Plantations Sdn Bhd has taken initiative to supply the rice and cooking oil to the all the workers once every 2 months. Besides, the mill has helped the flood victims by providing foods, furniture and repair of drainage and houses. Seen the photo evident of the assistance provided during flood. In additional, the mill has made monetary donation to the school upon request from the school management for the contribution of photocopy machine, chairs and tables for students. Seen the payment voucher dated 22/3/2017.	Yes
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 Plantations Sdn Bhd has established Safety & Health Policy which was signed by Managing Director dated January 2015. The OSH plan 2017-2018 for the mill was developed to cover the safety meeting, workplace inspection, health surveillance, yearly inspection of LEV, review of chemical register, first aid kits checking and etc which prepared by the Mill Manager.	Yes
4.4.4.2	The occupational safety and health plan should cover the following: a) A safety and health policy, which is communicated and implemented. b) The risk of all operations shall be assessed and documented.	a) The East Palm Oil Mill has developed Occupational Safety and Health Policy on 1/7/2017 that has been communicated to the staff and workers. On site supervisors and Mill assistant managers ensure the implementation of it. Sample of OSH activities that have been carried out as below: i. Baseline & annual audiometric testing was conducted on 4-5/01/17 by Specialist Mobile Safety Supplies Sdn Bhd with	Yes

<p>c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:</p> <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; <p>d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 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 shall 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 that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept and the concerns of employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p>	<p>registration No. for the Doctor of HQ/13/DOC/00/39. There were total of 23 workers were sent for the baseline audiogram testing and 73 workers for annual testing. Results found that a total of 21 workers are with hearing impairment, 10 workers are with standard threshold shift and 12 workers are with no test required. A retest of audiometric testing was carried out for the total 10 workers with STS on 9/3 and 23/3/2017. Total 5 workers with hearing impairment and 6 workers with STS.</p> <ul style="list-style-type: none"> ii. Medical surveillance was carried out on 23/8/2017 for laboratory personnel and 16/8/2017 for workshop attendants by Klinik Hartati - HQ/08/DOC/00/709. Workers were found fit to work. <p>b) The Mill reviewed the HIRARC for sterilization station on 22/9/2017. All activities has been identified and documented.</p> <p>c) Training for chemical handling and scheduled waste was held on 27/9/2017 to all the employees who handled chemicals. Seen the training records the lab analyst and samplers for the training conducted. Besides, SDS for all the chemicals used are displayed at the store in bilingual (Bahasa Malaysia and English). Sample of SDS sighted such as IPA, Hexane and etc.</p> <p>d) Records were available of PPE issued to individual workers including signatures to confirm receipt. Standard of PPE used for lab analyst:</p> <ul style="list-style-type: none"> • Safety goggles • Respirator – 3M Organic Vapor Cartridge • Lab coat 	
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	<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>SDPSB has developed a SOP for Handling of Chemicals dated 1/7/2017 for the lab.</p> <p>e) SDPSB has developed a SOP for Handling of Chemicals dated 1/7/2017 to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labelling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>CHRA dated 19/11/2014 was sighted which conducted by Procoma Environmental (M) Sdn Bhd where the officer with JKKP HIE 127/171-2(129) was sighted.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> • Medical Surveillance (Lab analyst, workshop attendant) • PCEM (Personal Chemical Exposure Monitoring) • LEV monitoring • Training (Legislative requirement, information on chemical hazardous to health, personal safety and emergency procedures) <p>The LEV monitoring was conducted on 3/11/2017 by Procoma Environmental (M) Sdn Bhd and currently waiting for report. Seen the email correspondence between the contractor and mill management.</p> <p>Chemical Exposure Monitoring (PCEM) was conducted on 6/1/2017 by JKKP HIE 127/171-3/1(20) for n-Hexane and Isopropyl alcohol (IPA). Results found below permissible exposure limit.</p>	
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		<p>f) At the Mill, there is a designated OSH Coordinator who is responsible for organising safety training, meetings and investigation and reporting of accidents and Incidents. The Safety and Health Committee Chairman was the Mill Manager and OSH Secretary was the Quality Assurance Executive. Appointment letter dated 1/1/2015 was sighted.</p> <p>g) Meeting was held on quarterly basis which the committee consisted of representatives from management and employees. Seen the meeting minutes for the past OSH meeting conducted on #1 on 28/7/2017, #2 on 30/10/2017.</p> <p>h) The Mill has the emergency assembly point maps showing assembly areas and the location of fire extinguishers, fire hydrant and first aid boxes. Emergency Preparedness and Response Procedure dated 1/10/2013 was established. Emergency drill was conducted on 17/2/2017 and 14/10/2017 that involved all the employees in the mill. Seen the attendance list and photo evident of the trainings conducted. Interviewed with the Kernel Plant operator and Lab Analyst found that they were aware of the emergency response procedure.</p> <p>i) First Aid Kits are installed at various work stations at the Mill such as AP post, office, lab, store, workshop, effluent treatment plant and etc. First aid kits inspection carried out on monthly basis and restock whenever necessary.</p> <p>j) All accidents are investigated and reported to Head Office by using Incident Detailed Report. There were total 5 accidents been reported from January 2017 – October 2017.</p>	
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Criterion 4.4.5: Employment conditions

<p>4.4.5.1</p>	<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 Plantations Sdn Bhd has developed Social and Humanity Management policy covers the necessary aspects of human rights. Employees are aware of their rights and workers and staff union monitor to ensure no violations. Briefing of policies were given to the workers on 3/11/2017 during RSPO and MSP0 trainings.</p>	<p>Yes</p>
<p>4.4.5.2</p>	<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>SDPSB has implemented Social Policy, Social & Humanity Management Policy dated January 2015 where the management is committed to treat all employees fairly in terms of recruitment, progression, terms and conditions of work and representation regardless of race, caste, nationality, gender, sexual orientation, union membership, political view, religion and/or age. Interviewed with the workers found that no discrimination has occurred in the mill. They were allowed to change any work station if they found not fit or capable on the job offered by the management.</p>	<p>Yes</p>
<p>4.4.5.3</p>	<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>Employment contracts for workers were available for verification. Pay and conditions are documented and in line with the Minimum Wage Order 2018. Sampled of employment contracts confirmed that terms and conditions are clearly outlined and have been signed by the worker. Below were the sampled workers ID number whom payslips for February, July and December 2018 were verified:</p> <ol style="list-style-type: none"> 1) 6906 2) 9793 3) 52602 4) 6934 5) 121525 6) 135615 7) 50900 	<p>Yes</p>

		8) 6886 9) 77300 10) 123254	
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 -	The contractors have signed on the contract agreement prior commencement of work in the mill area. In the agreement, it was clearly stated that the contractors shall ensure their workers are paid according to legal requirements. Interviewed with the contractors confirmed that they understood the terms and conditions stated in the contract.	Yes
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 -	The mill management has registered all their workers into Employee Master Details Listing where personal details such as full name, gender, date of birth, date join the company, race, role of job, wages and etc. The employment contract, copy of permit and passport and induction training certificate were kept in the personal file.	Yes
4.4.5.6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records. - Major compliance -	The employees that recruited by the mill are from local, Indonesia, Nepal and India. They are all under direct employment to the mill. All of them have signed on the employment contract prior to work. Duration of contract/ probation period, position offered, wages, annual leave, allowances and etc was stated in the employment contract. Sampled of employment contracts as below: i. Employee ID: 101820 ii. Employee ID: 115506 iii. Employee ID: 129772 iv. Employee ID: 123254	Yes
4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.	All the daily attendance were recorded by punch card system on daily basis and overtime was recorded in the individual card.	Yes

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	- Major compliance -	Besides, the summary of Mill Daily Attendance Report for every month was developed and maintained as well.	
4.4.5.8	The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable. - Major compliance -	Interview with workers and document reviewed on the punch card as well as payslip shown that the overtime payments are in accordance to law and workers are not forced to work overtimes. The mill has obtained a permit from Jabatan Tenaga Kerja Selangor on 25/9/2013 with Ref. No. JTKSE 6/119. Jld 2 (42) to allow their workers to work not more than 130 hours of overtime per month. Verified the summary of Mill Daily Attendance Report found that the maximum overtime was 120 hours.	Yes
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 -	Wages and overtime were paid according to the "punch card system". Total hours of overtime and daily attendance has recorded in the individual card. Sampled the payslip based on the crop summary for March 2017 (highest crop), December 2016 (lowest crop) and October 2017 (latest month) as below: <ul style="list-style-type: none"> i. Employee ID: 52594 ii. Employee ID: 77300 iii. Employee ID: 85294 iv. Employee ID: 115506 <p>All of them above have achieved the Minimum Wage Order 2016 for RM 1000/ month or RM 38.46/ day.</p> <p>Hours of overtime has recorded in the payslip and the payment for overtime were paid according to the legal requirements.</p>	Yes
4.4.5.10	Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional	The management has contributed 5kg of cooking oil and 5kg of rice once every 2 months for all their workers. Besides, all the workers are provided with free medical facilities. In additional, all the	Yes

	development, medical care provisions and improvement of social surroundings. - Minor compliance -	workers are entitled with the phone allowance of RM 5 for every month. Free housing facilities were provided to all the workers and their families.	
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities. - Major compliance -	The mill management has provided free housing facilities to all the workers. Basic amenities such as water, electricity, football field and etc were provided to the workers. The housing condition was accordance to the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446). Interviewed with the workers confirmed that they did not have any complain or grievance related to housing to be reported.	Yes
4.4.5.12	The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace. - Major compliance -	SDPSB has implemented Social Policy and Social & Humanity Management Policy dated January 2015 where the management is committed to develop and apply a policy to prevent sexual harassment and other forms of violence against women and to protect their reproductive rights. Interviewed with the female workers found that no sexual harassment or violence case reported so far.	Yes
4.4.5.13	The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. - Major compliance -	SDPSB has implemented Social Policy dated January 2015 where the management is committed and respect the rights of all personnel to form and join trade unions of their choice and to bargain collectively. The mill management allowed their workers to form or join any association such as NUPW. Document reviewed on their payslip found that they are deducted for the UNION subscription fees of RM 8 monthly. UNION meeting was conducted on 13/10/2017 with the members and management representatives to discuss issues related to workers. Seen the meeting minutes and found properly documented. Interviewed	Yes

		with the workers confirmed that they are allowed to join UNION upon their wishes.	
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 company has developed Child Protection policy dated January 2015. Operating units are complied with the minimum age requirement. No employees below the age of 18 were sighted through verified the employees register records and interviewed with the workers.	Yes
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 -	<p>The annual training program has been established and significantly covers all aspects of the MSPO standard requirements. Additional subjects include mill operating procedures, parameters of mill produce, machinery maintenance etc. The training program also specified the target group of employees to be trained under the allocated subjects.</p> <p>The program mainly covers both requirement of the estates and mill in the SOU 8. The subject for the training are issued and assisted by the PSQM personnel.</p> <p>The following topics included in the annual training program 2017/18 among others are shown below;</p> <ul style="list-style-type: none"> OSH Act 7 regulations 1994. Environmental Quality Act 1974 USECHH 2000 OSH Committee and function. First Aid Training Scheduled waste training RSPO/MSPO training Water treatment HCV & Biodiversity training. 	Yes

		Records of training for East POM were found to be adequately maintained.	
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 training needs for the mill 2017/18 training program has been established. The details of the training needs include categories of stations, subjects, and employees group.</p> <p>Included in this program are subjects related to environment e.g. environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training, machine handling, mill stations operations, control of process parameters, workshop management, etc.</p>	Yes
4.4.6.3	<p>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.</p> <p>- Minor compliance -</p>	<p>This is in compliance and detailed in 4.4.6.1 above. Training program are made on annual basis. In addition it is subject for a review during the financial year should need arises.</p>	Yes
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 shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>There is an Environmental Management Policy for the mill issued and endorsed in Jan 2015 by the Managing Director. Inside the policy among others has stated that the Company is committed to protecting the environment and conserving biodiversity through sustainable development.</p>	Yes
4.5.1.2	<p>The environmental management plan shall cover the following:</p> <p>a) An environmental policy and objectives;</p> <p>b) The aspects and impacts analysis of all operations</p>	<p>Policy is available and objectives stated therein.</p> <p>The environmental impact evaluation for boiler operation, power generation, crude palm oil storage leakage and spillage, ruptured,</p>	Yes

	- Major compliance -	effluent pond ruptured, anaerobic process pong release of gas to atmosphere.	
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 -	Environmental Aspect Identification (EAI) and Environmental Evaluation (EIE) reviewed and updated on 31/12/2016. There was no change to the current operation or activities for the mill. The environmental management plan has been established to monitor the identified significant activities that give impacts on environment. The coverage of the assessment found to be adequate for all the mill operation. However, during the site visit at the EFB stock yard, it was found that there was no drainage system to channel any potential EFB leachate from the yard to the ETP. Since this has been raised in the previous assessment as a minor non-conformity, thus this issue was raised to major non-conformity.	Non-conformance
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	This is available as per item 4.5.1.3 above. All programme for improvement are shown in the 'action to be taken' column.	Yes
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives. - Major compliance -	A training program is available in the SOU Training Program updated on a yearly basis or revised as per the management requirement. Included in this programme are subjects related to environment e.g. environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training.	Yes
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 Environmental Performance Monitoring Committee is setup to comply with the DOE requirement of Guidance Self-Regulation (GSR). The meeting it to review environmental performance within the POM. The last meeting was conducted on 27/09/2017. It was chaired by the Mill Manager and attended by 8 employees. Among the agenda discussed were - review of progress against environmental objectives & targets	Yes

		<ul style="list-style-type: none"> - review of environmental performance indicators & status of corrective action and preventive action - environmental complaints - emergency situation - staff/training matters - legal and other requirements - review of environmental aspect and impacts 	
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 monitoring is recorded in environment performance indicator-electricity generated by steam turbine tabulated for the financial year 2017/18. It is calculated as electricity generated from turbine that produces power for the mill entire complex operation unit in kwh/mt FFB.</p> <p>A monthly record on energy consumption for both renewable and non-renewable sources were also maintained documented. It is monitored to optimise use of renewable energy. The data is compiled for comparison and control for future improvement with aim of gradual reduction particularly diesel. E.g. TNB's electricity consumption in 2016/17 – 1,232,713 kWh, diesel 26,856 lt.</p> <p>Under the energy management plan 2017/18 the mill aimed for reduction plan among others;</p> <ul style="list-style-type: none"> - educate workers on fuel saving practice - avoid leakages during vehicles maintenance. 	Yes
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>For FY 2017/18, the mill has estimated the usage of electricity at 90,000 kWh/month and 15,000 lt of diesel. Achievement to date – 100K-120K kWh/month.</p>	Yes

<p>4.5.2.3</p>	<p>The use of renewable energy should be applied where possible. - Minor compliance -</p>	<p>The fibre and shell are used in the boiler for fuel recycled in the process system. Surplus quantity of shell/fibre are delivered to estates for multi purposes or sold to outside buyers.</p>	<p>Yes</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. - Major compliance -</p>	<p>All waste and pollution are identified and documented in the Waste Management Plan for Financial Year 2017/2018. The waste generated from the mill operations as shown below; Domestic waste – rubbish from the mill complex and employees quarters (disposed by estate management) Recyclable/reusable waste – Fibre, palm kernel shell, boiler ash, scrap iron Scheduled waste – Spent IPA, hexane, filter, lubricants, hydraulic oil, grease, used batteries The source of mill pollution generated from the mill is the smoke from the boiler are monitored from the stack emission during the entire operations. These reports are reviewed by the mill and submitted to DOE. There was no major issue.</p>	<p>Yes</p>
<p>4.5.3.2</p>	<p>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. b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products. - Major compliance -</p>	<p>The Waste Management Plan for Financial Year 2017/2018 is available for verification. Generally, there were 3 types of wastes i.e. domestic wastes (from labour quarters, office and other facilities), recyclable/reusable wastes (POME, EFB, shell & fibre, plastic bottles, scrap iron, papers, etc.) and scheduled wastes (spent lubricants, spent lab chemicals, contaminated rags & filters). Among the methods of waste management observed at the mill were: Domestic waste – rubbish from the mill complex and employees quarters - disposed by estate management through jurisdiction of</p>	<p>Yes</p>

		<p>Majlis Daerah Kuala Langat. To provide adequate dustbins at mill & line-sites. Create awareness on hygiene among the employees and regular monitoring on action plan effectiveness.</p> <p>Recyclable/reusable wastes: Shell & fibre – reused for boiler combustion Scrap iron, plastics, etc. – sold to registered buyers/recycle centre</p> <p>Scheduled wastes – Spent IPA, hexane, filter, lubricants, hydraulic oil, grease, used batteries – disposed through authorised vendors in accordance to EQ (SW) Regulations.</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 (Hazardous Waste) Management was established (SD/SDP/PSQM (ESH)/203-EN1 dated 26/2/2016). The management of scheduled wastes by the mill starting from collection until disposal was found to be in accordance to the established procedure. The inventory of the waste generated is recorded using the "eSwis" inventory system. The last update on the eSwis was on September 2017.</p>	Yes
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>Disposal of domestic wastes is handled by East Estate management i.e. dispose through Majlis Daerah Kuala Langat.</p>	Yes
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>The polluting activities are identified and documented in the Environmental Aspect & Impact Identification. From the EAI, it will be evaluated for the impact and any impact will be included in the</p>	Yes

	- Major compliance -	management plan. The evaluation is documented in the Environmental Impact Evaluation.	
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	East POM Waste Management Plan FY17/18 has been integrated into environmental improvement plan which is being reviewed on yearly basis. Based on action plan, main source of significant pollutants and greenhouse gas (GHG) identified was methane (CH4) emission through POME treatment. The company are monitored POME application on daily basis. GHG emission calculated using RSPO approved calculator (version 3.0).	Yes
4.5.4.3	Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations. - Major compliance -	The POME is treated with open anaerobic, aerobic and stabilization lagoon. Monthly monitoring on the final discharge is conducted. The effluent at the final discharge is tested to ensure it compliance to the DOE Licence discharge limits. The permitted limit for BOD of the effluent final discharge is 5,000 ppm. Based on the mill's four latest quarterly report, the BOD results varied between 1,070 ppm to 4,570 ppm.	Yes
Criterion 4.5.5: Natural water resources			
4.5.5.1	The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a) Assessment of water usage and sources. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities. c) Ways to optimize water and nutrient usage and reduce wastage (<i>e.g.</i> having in place systems for re-use, night application,	Water supply to the mill is 100% sourced from Syabas. FY2016/17 consumption was 1.12 m ³ /mt FFB vs. its target (1.05 m ³ /mt FFB), hence the water management plan. The Water Management Plan for the mill has been established. It was last reviewed on 15/7/2017 for the 2017/2018 plan. Included therein are collection of rain water, collection of boiler blow down water, reduce water for mill cleaning by using jet nozzle, collection of steam condensate.	Yes

	<p>maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>- Major compliance -</p>	<p>The mill management has provided contingency plans in event of water crisis for financial year 2017/2018.</p> <p>Steps/options to be adopted taken are;</p> <ul style="list-style-type: none"> - to pump water from mill water storage tank (2,000 mt) - to train/educate staff/workers to conserve water - to arrange tankers to collect water from Syabas for domestic use 	
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>Mill effluent is 100% sent to land application. No discharge to water course.</p>	Yes
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>The mill processing system is documented in the Sustainability Plantation Management System MQMS/SQM/08 v 1 dated 01/11/2008 which includes the mill SOP, and Mill Quality Management Manual v.1 2008/MQMS/QMM/08. These documents provides guidelines and standards in the mill operations. The Standard Operating procedure (SOP) described details from the reception, sterilisation, threshing, pressing, clarification, depericarping (nut polishing) station, effluent, laboratory, workshop, despatches etc. In addition there are also manuals available within the industry and MPOB that are used as guidelines.</p>	Yes
4.6.1.2	<p>All palm oil mills shall implement best practices.</p>	<p>The monitoring of the mill process is made through the shift supervision headed by an Engineer. All process parameters are</p>	Yes

	- Major compliance -	documented and summarized in a daily report. The external monitoring is made through visits by the Mill Advisor scheduled on a 6 monthly basis. In addition, there are audits by PSQM and GCAD. This is to ensure compliance to Policies, procedures in relation mill operations, financial, OSH, welfare among others.	
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 -	The annual business plan is available. The document is in the form of annual budget and the projection for 5 years (Budget year PY2, PY3, PY4, PY5) prepared as guidance for future planning. The business plan contains FFB processed, production of CPO & CPK. Component of operating expenditure includes process labour, maintenance external, maintenance parts, consumable, EVIT, admin cost, labour overhead. Inclusive in the business plan is also Capital Expenditure (CAPEX) among others replacement / upgrading of building/machinery, workers amenities for the mill.	Yes
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 -	East POM process FFB from company owned estates only. No FFB purchased from out-growers or smallholders.	Yes
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	Seen the contract agreement between the management and the contractor with the Ref. No.: KKSEAST/1718/02 to assist the mill for loading palm kernel shell and rubbish collection in the mill. The agreement is valid from 1/10/2017 to 30/9/2018. The rate of payment was clearly stated in the agreement. The payment was made by the Head Quarter after received invoice from the	Yes

		contractor. Interviewed with the contractors found that the payment was made promptly.	
Criterion 4.6.4: Contractor			
4.6.4.1	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	East POM had informed its contractors regarding the need to follow the MSPO requirements, through a session called MSPO Training for Contractor conducted on 2/11/2017. There were 15 representatives from various contractors attended for the meeting – attendance list available. Among the topics presented were general idea of sustainability (people, planet, profit) and responsibilities of contractors in the premise i.e. legal compliance, having legal contract with Sime Darby, to allow external auditor to have access whenever necessary, possessing specific permits for works and to provide PPE to their employees.	Yes
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Contract agreements between the mill and its contractors were made available. Generally, the elements of sustainability such as obligations to legal compliance, workers’ welfare, safety and environmental issues. Contracts between Ast Maju Ent., P Ikhtiar Ent., were viewed.	Yes
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 was communicated through the session between contractors. This was verified through slide presentation material.	Yes

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Appendix A: Assessment Plan

Date	Time	Subjects	VSH	DNF
Wednesday 30/1/2019	0830-0900	Opening meeting: <ul style="list-style-type: none"> Opening presentation by audit team leader Confirmation of assessment scope and finalize audit plan (including stakeholder's consultation) 	✓	✓
	0900-1200	East POM Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection, clinic, meeting stakeholders, etc.	✓	✓
	1200-1300	Lunch break		
	1300-1630	East POM Document Review P1 – P6 (MSP0 Part 4): SOPs, Review on SEIA documents and records, wage records, employee data, training records, legal permits, mill inspection and internal monitoring records, CIP & implementation, etc.	✓	✓
	1630-1700	Interim closing briefing	✓	✓
Thursday 31/1/2019	0900-1200	Sepang Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH & ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc.), agrochemical mixing area, Scheduled wastes management, worker housing, clinic, Landfill, , etc.	✓	✓
	1000-1200	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	✓	
	1200-1300	Lunch break		
	1300-1630	Sepang Estate Document review P1 – P7 (MSP0 Part 3): General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc.	✓	✓
	1630-1700	Interim closing briefing	✓	✓
Friday 1/2/2019	0900-1200	Dusun Durian Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH & ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc.), agrochemical mixing area, Scheduled wastes management, worker housing, clinic, Landfill, , etc.	✓	✓
	1200-1430	Lunch break & Friday Prayer		
	1430-1600	Dusun Durian Estate Document review P1 – P7 (MSP0 Part 3): General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc.	✓	✓

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	1600-1630	Verify any outstanding issues & preparation for closing meeting	✓	✓
	1630-1730	Closing meeting	✓	✓

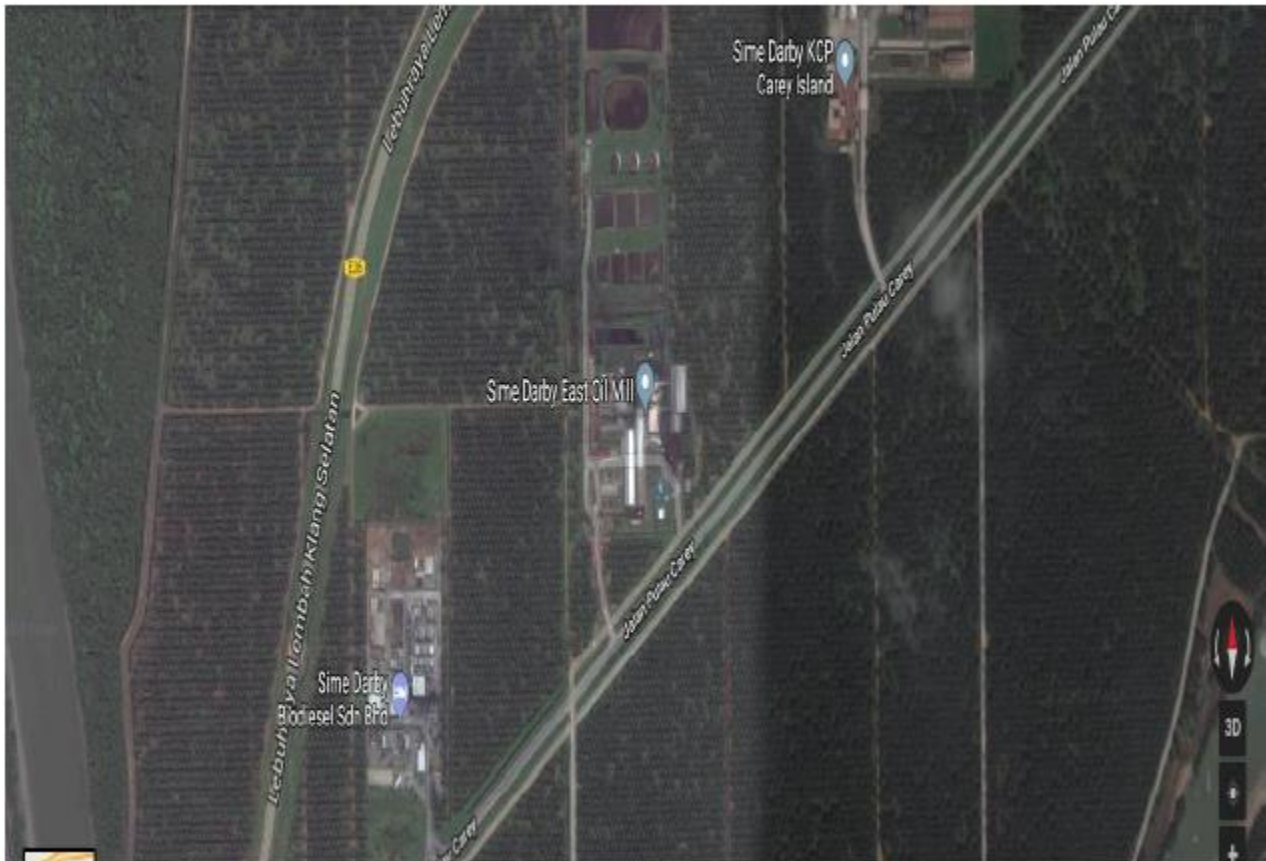
Appendix B: List of Stakeholders Contacted

List of Stakeholders Contacted	
<p>Internal Stakeholders</p> <p>Managers and Assistants Mill & Estate Male Mill Staff/ Workers Female Mill Staff/Workers Foreign Worker Male and Female Estate workers Workers Representatives NUPW representative Gender Committee</p>	<p>Union/Contractors/Local Communities</p> <p>Contractors</p>
<p>Government Departments</p> <p>Nil</p>	<p>NGO</p> <p>Nil</p>

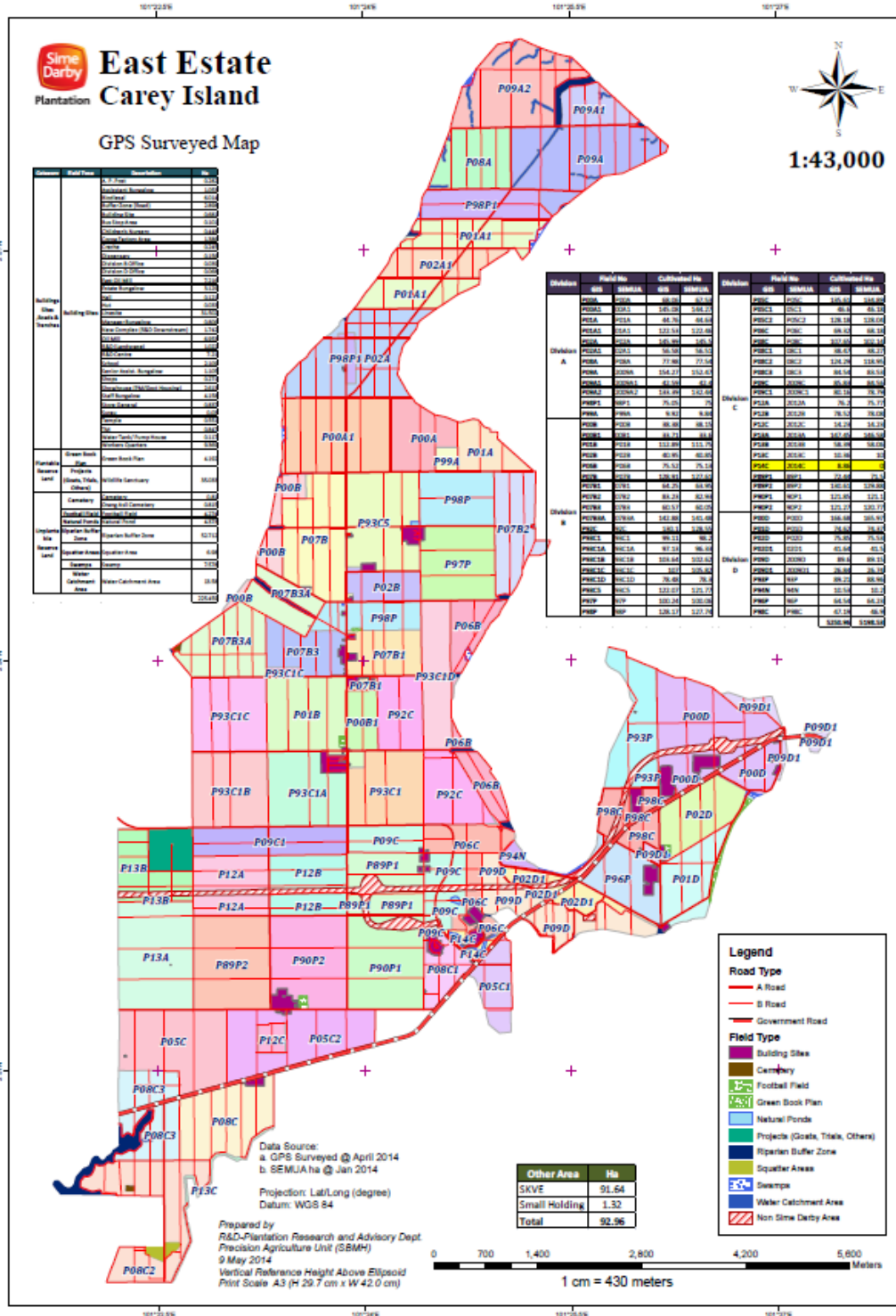
Appendix C: Smallholder Member Details

N/A

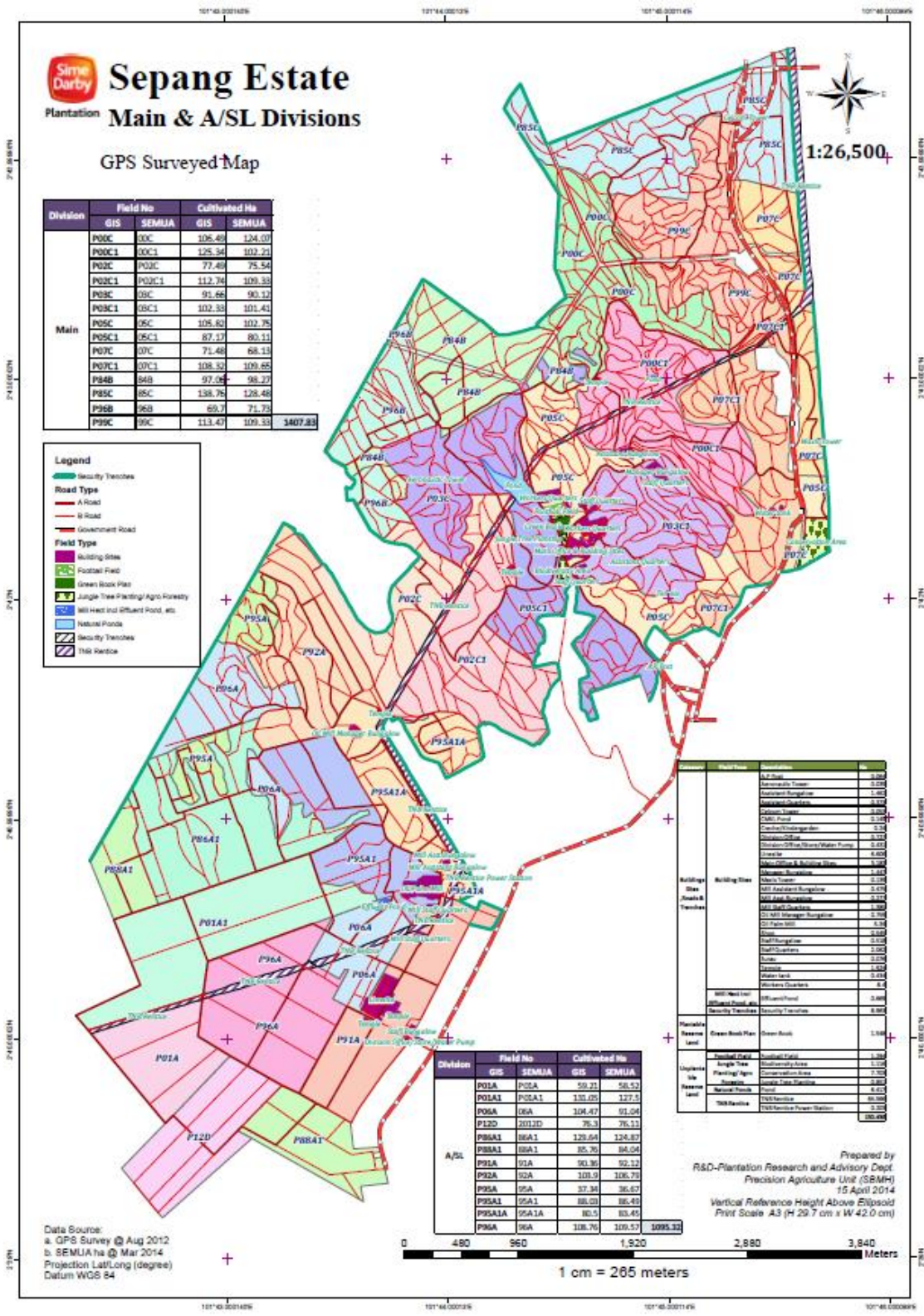
Appendix D: Location Map of East Palm Oil Mill Certification Unit and Supply bases



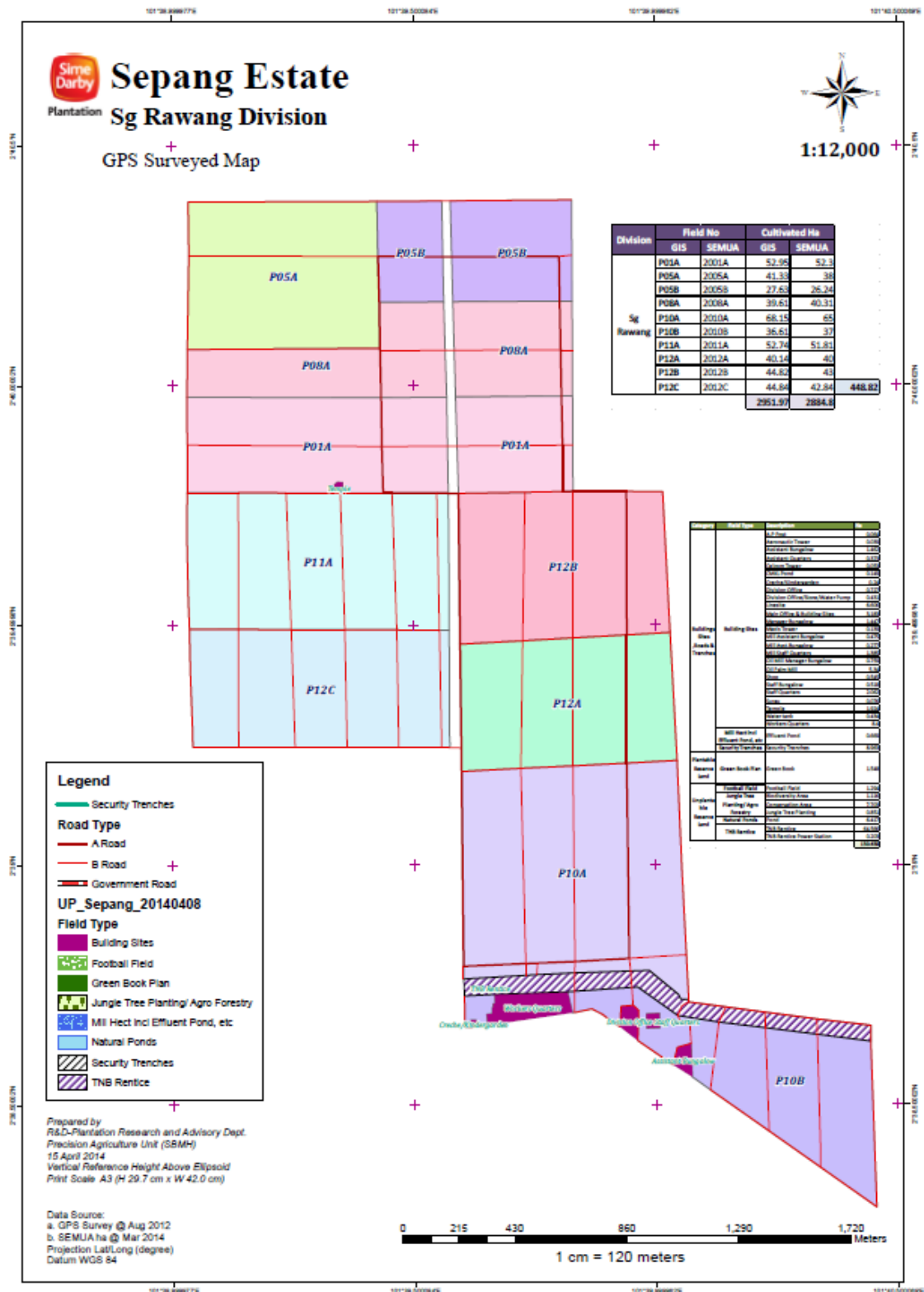
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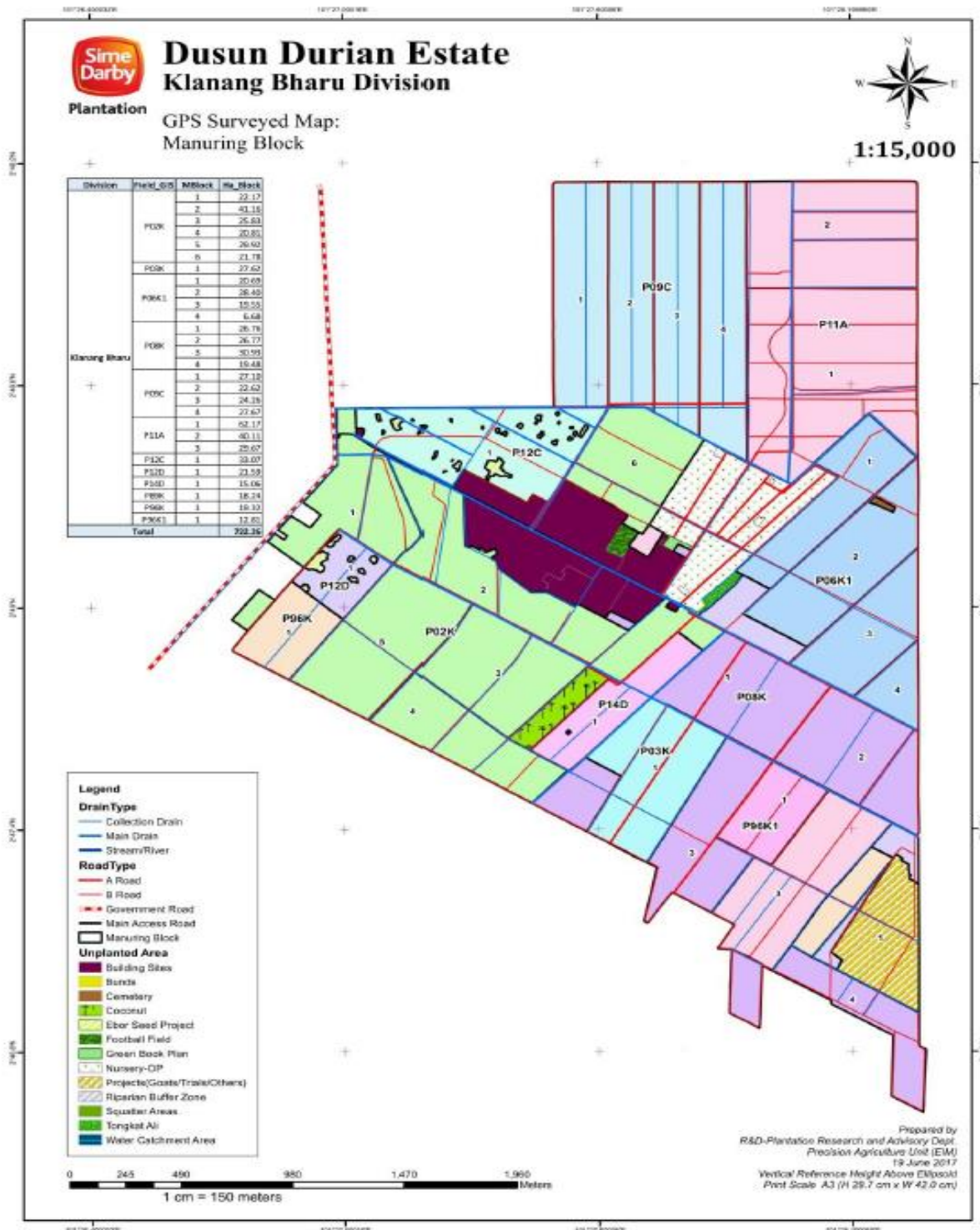


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Appendix E: List of Abbreviations

AN	Ammoniacal Nitrogen
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
GMP	Good Manufacturing Practice
HCV	High Conservation Value
IAV	Initial Assessment Visit
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
MSDS	Material Safety Data Sheet
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