

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

Sime Darby Plantation Berhad
Client company Address: Head Office: Level 3A, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7 47301 Ara Damansara, Selangor, Malaysia
Certification Unit: SOU 3 Elphil POM
Location of Certification Unit: Jalan Lintang, Sungai Siput Utara 31100 Sungai Siput, Perak, Malaysia

Report prepared by:
Muhammad Fadzli (Lead Auditor)

Report Number: SMO 9707270

Assessment Conducted by:
BSI Services Malaysia Sdn Bhd,
Unit 3, Level 10, Tower A
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Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Elphil Palm Oil Mill : 540132004000 Elphil Estate : 529849002000 Kamuning Estate : 524034002000 Kinta Kellas Estate : 528648002000		
Company Name	Sime Darby Plantation Berhad		
Address	Head Office: Level 3A, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7 47301 Ara Damansara, Selangor, Malaysia Certification unit: Elphil POM- Elphil Palm Oil Mill, Jalan Lintang, Sungai Siput Utara 31100 Sungai Siput, Perak, 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.simedarbyplantation.com	E-mail	Shylaja.vasudevan@simedarby.com
Telephone	03-78487379 (Head Office)	Facsimile	03-78487356(head Office)

1.2 Certification Information			
Certificate Number	Mill: MSPO 705883 Plantations: MSPO 705885		
Issue Date	25/03/2018	Expiry date	24/03/2023
Scope of Certification	Mill: Production of Sustainable Palm Oil and Palm Oil Products Estate: Production of Sustainable Oil Palm Fruits		
Stage 1 Date	N/A (The certification unit is RSPO certified)		
Stage 2 / Initial Assessment Visit Date (IAV)	20/11/2017-22/11/2017		
Continuous Assessment Visit Date (CAV) 1	18/2/2019 – 20/2/2019		
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

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RSPO 550180	RSPO Principles & Criteria for Sustainable Palm Oil Production : 2013; Malaysian National Interpretation : 2014	BSI Services (M) Sdn Bhd	17 June 2021
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1.3 Location of Certification Unit

Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Longitude	Latitude
Elphil POM	Elphil Palm Oil Mill, Jalan Lintang, Sungai Siput Utara, 31100 Sungai Siput, Perak, Malaysia	101° 5' 37" E	4° 53' 24" N
Elphil Estate	Ladang Elphil, Jalan Lintang, 31100 Sungai Siput, Perak, Malaysia	101° 5' 37" E	4° 53' 24" N
Kamuning Estate	Ladang Kamuning/Changkat Salak, 31100 Sungai Siput, Perak, Malaysia	101° 3' 35" E	4° 50' 41" N
Kinta Kellas Estate	Ladang Kinta Kellas, P.O. Box 31007, Batu Gajah, Perak, Malaysia	101° 4' 59" E	4° 28' 00" N

1.4 Plantings & Cycle

Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Elphil Estate	402.71	234.86	706.78	259.77	57.86
Kamuning Estate	0	558	1564	80	0
Kinta Kellas Estate	107.37	281.07	545.62	28.70	-
Total	510.08	1073.93	2816.4	368.47	57.86

1.5 FFB Production (Actual) and Projected (tonnage)

Producer Group	Estimated (Nov 17 – Oct 18)	Actual (Nov 17 – Jan 19)	Forecast (Nov 18 – Oct 19)
Elphil Estate	30945.98	36248.13	32119
Kamuning Estate	42736.34	50058.61	44357
Kinta Kellas Estate	20256.30	23726.93	21024
Total	93938.62	110,033.66	97500

1.6 Certified CPO / PK Tonnage

Mill	Estimated (Nov 17 – Oct 18)	Actual (Feb 18 – Jan 19)	Forecast (Feb 19 – Jan 20)

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Elphil POM 45 MT/hr	CPO (OER: 21.22%)	CPO (OER: 20.41%)	CPO (OER: 20.31%)
	19933.78	22457.87	19802.25
	PK (KER: 5.27%)	PK (KER: 5.47%)	PK (KER: 5.54%)
	4950.57	6018.84	5401.50

1.7 Certified Area					
Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Elphil Estate	1661.98	26.426	208.50	1896.91	88.00
Kamuning Estate	3453	84.59	350.84	3888.43	88.80
Kinta Kellas Estate	962.76	7.05	92.12	1061.93	90.66
TOTAL	6077.74	118.066	651.46	6847.27	-

1.8 Details of Certification Assessment Scope and Certification Recommendation:
<p>BSI Services Malaysia Sdn Bhd has conducted the Continuous Certification Assessment of Sime Darby Plantation Berhad SOU 3 Elphil Palm Oil Mill and Supply Base located in Jalan Lintang, Sungai Siput Utara 31100 Sungai Siput, Perak comprising 1 Mill and 3 Estate and infrastructure.</p> <p>The assessment was conducted onsite 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.</p> <p>The onsite assessment was conducted on 18/2/2019 – 20/2/2019</p> <p>Based on the assessment result, SOU 3 Elphil Palm Oil Mill and Supply Base complies with the MS 2530- 3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill and recommended for certification.</p>

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
Unit 3, Level 10, Tower A
The Vertical Business Suites, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel +603 2242 4211 Fax +603 2242 4218
Nicholas Cheong: Nicholas.Cheong@bsigroup.com
www.bsigroup.com

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 18/2/2019 – 20/2/2019. The audit programme is included as Appendix A. The approach to the audit was to treat the Elphil Palm Oil Mill as an MSP0 Certification Unit and its three (Elphil Estate, Kamuning Estate and Kinta Kellas Estate) FFB supply bases as a MSP0 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 MSP0 Certification Requirement.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the MSP0 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.

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.

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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)
Elphil Palm Oil Mill	✓	✓	✓	✓	✓
Elphil Estate	✓		✓		✓
Kamuning Estate		✓	✓	✓	✓
Kinta Kellas Estate	✓	✓		✓	

Tentative Date of Next Visit: March 16, 2020 - March 18, 2020

Total No. of Mandays: 6 Mandays

BSI Assessment Team:

Muhammad Fadzli Masran – Lead Assessor

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

Mohamed Hidhir Zainal Abidin – Team Member

He holds Bachelor Degree in Chemical Engineering, graduated from National University of Malaysia on 2006. He has 7 years working experience in palm oil industry specifically on palm oil milling for 5 years. He also has the experiences as auditor for several standards including ISO 9001, ISO 14001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2012, Endorsed RSPO P&C Lead Auditor Course in 2013, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2015. He had been involved in RSPO auditing since May 2012 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices, safety and health, environmental and workers and stakeholders consultation.

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

The nonconformity is listed below.

During the Certification Assessment there were One (1) Minor nonconformities raised. The SOU 3 Elphil Palm Oil Mill and Supply Base Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

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

Minor Nonconformities:		
Ref	Area/Process	Clause
1744125-201902-N1	Plantation (Kinta Kellas Estate)	4.5.3.3 – Part 3
Requirements:	The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.	
Statement of Nonconformity:	The Procedure for Scheduled Waste Management established (SD/SDP/PSQM (ESH)/203-EN1) was not effectively implemented	
Objective Evidence:	Sighted during site visit in Kinta Kelas Estate, it was noted that SW 305 used lubricant oil and SW 306 used hydraulic oil generated from 18/2/2018 still yet to be disposed until the day of visit. Verified the inventory of Schedule Waste from E-SWISS system sent to DOE, confirmed the waste generated is yet to be disposed. The estate supposed to write letter for Extension of Time for storage Scheduled Waste more than 180 days to DOE in August 2018. However, the estate only submit the letter and application form on 4/1/2019. The implementation was not as per procedure for Scheduled Waste Management was established (SD/SDP/PSQM (ESH)/203-EN1) dated 26/2/2016.	
Corrections:	Estate Management has applied for SW items' storage extension from DOE. Pending for approval.	
Root cause analysis:	Person-in-charge of SW appointed with inadequate training on the requirement of SW handling.	

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Corrective Actions:	Management will conduct training to person-in-charge of SW on the requirement of SW handling, disposal etc. as per EQA 1984 at least once a year.
Assessment Conclusion:	All the corrective action were found to be adequate. Effectiveness of the implementation will be confirm on next assessment visit

Opportunity For Improvement		
Ref	Area/Process	Clause
1744125-201902-I1	Plantations	4.6.4.2 - Part 3
Requirements:	The management shall provide evidence of agreed contracts with the contractor.	
Objective Evidence:	Evidence of agreed contracts/purchase order (PO) was evident for most of the contractors. Some unplanned work has yet to be consistently registered in the system to ensure contract/PO issued and agreed by contractor prior to work.	

Opportunity For Improvement		
Ref	Area/Process	Clause
1744125-201902-I2	Plantations	4.4.5.11 - Part 3
Requirements:	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.	
Objective Evidence:	Areas for improvement is recommended for; i) Line site inspection which yet to cover not only housing compound but also monitoring of prohibited items in the house such as used oil/chemical container and etc. ii) Monitoring of medicine/drug expiry to ensure medicine readily available at the point of use.	

Noteworthy Positive Comments	
1.	Good relationship being maintained with surrounding communities and other stakeholders
2.	Mill has continued maximized the use of renewable energy by consuming fibre and shell which produced through internal process.

3.3 Status of Nonconformities Previously Identified and OFI

Major Nonconformities:										
Ref	Area/Process	Clause								
M01	Plantations	4.3.1.1 – Part 3								
Requirements:	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.									
Statement of Nonconformity:	Several operations are not in compliance with the applicable local, state, national and ratified international laws and regulations.									
Objective Evidence:	<p>At Elphil Estate – Several land titles still carries specific condition for planting orchard tree and rubber tree which is against the current practice i.e. planting oil palm. Further verification evidenced that the process of changing the land title has been conducted since 2015 i.e. 19 May 2015 whereby land title 45690, 47879, 45691 and 60573 has been changed to Oil Palm; On the other hand land title no. 58566, 45680, 82498 and 82499 is in progress. 3 Aug 2015 indicates that action has been taken to change the above land titles where the LMD of the company has issued an email with the Form 14D to be used for submission to Department of Land and Mining for change of the land titles. Elphil Estate has responded during the same date by submitting the Form 14D to the LMD Department of the company. There is no progress available since then (from Aug 2015 to Nov 2017);</p> <p>As for Kamuning Estate – several land titles i.e. GM 61162, GM149427, GM63462, GM55651 and GM12951 still carries specific condition for planting orchard tree and rubber tree. Moreover, there is one land title (GM58970) carries specific condition for industrial purpose. There is no evidence communication that indicates the process of changing the specific condition of the land titles into oil palm.</p>									
Corrections:	<p>For Elphil Estate:</p> <table border="1"> <thead> <tr> <th>Land Title No.</th> <th>Responses from LMD</th> </tr> </thead> <tbody> <tr> <td>58566, 45680, 82498, 82499, 56576, 62451, 52005</td> <td> <p>a. Application of land use term changes for GRN 45680, GRN 56576, GRN 62451; GRN 52005 with the Estate Land Board is planned in May 2018.</p> <p>b. GRN 58566, GRN 82498, GRN 82499 was held under Golden Hope Properties Sdn Bhd (Perak) which has been liquidated, hence LMD is undertaking the necessary process for execution with Suruhanjaya Syarikat Malaysia (SSM) as the trustee. Application of change of land use with the Estate Land Board is planned in September 2018.</p> </td> </tr> </tbody> </table> <p>For Kemuning Estate:</p> <table border="1"> <thead> <tr> <th>Land Title No.</th> <th>Responses from LMD</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>		Land Title No.	Responses from LMD	58566, 45680, 82498, 82499, 56576, 62451, 52005	<p>a. Application of land use term changes for GRN 45680, GRN 56576, GRN 62451; GRN 52005 with the Estate Land Board is planned in May 2018.</p> <p>b. GRN 58566, GRN 82498, GRN 82499 was held under Golden Hope Properties Sdn Bhd (Perak) which has been liquidated, hence LMD is undertaking the necessary process for execution with Suruhanjaya Syarikat Malaysia (SSM) as the trustee. Application of change of land use with the Estate Land Board is planned in September 2018.</p>	Land Title No.	Responses from LMD		
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Land Title No.	Responses from LMD									

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	<p>GM61162, GM149427, GM63462, GM55651, GM12951, GM58970 (industrial purpose)</p>	<p>a. GM61162 already held under Tanaman Komersial Kelapa Sawit</p> <p>b. GM 149427 (should be PN 149427), already held under Tanaman Komersial Kelapa Sawit</p> <p>c. GM 63462 (should be GRN 63462) under Dusun: Application for change of land use with estate Land Board is planned in May 2018</p> <p>d. GM 55651 (should be GRN 55651) already held under Tanaman Komersial Kelapa Sawit</p> <p>e. GM 12951 (should be GRN 12951), under Orchard: application for change of land use with estate Land Board is planned in May 2018</p> <p>f. GM 58970 (GRN 58970): Land use term is actually for Pertanian, and LMD is in view that there should be no issue with planting of oil palm</p> <p>g. LMD is working on the process to apply with Estate Land Board for the change of land use in May 2018 for GRN 12951, GRN 63462.</p>										
<p>Root cause analysis:</p>	<p>Changes of all land titles are being done by Land Management Department (LMD). The transfer of land titles delay is due to changes in land ownership since the merger in 2007 between Sime Darby, Golden Hope and Guthrie.</p>											
<p>Corrective Actions:</p>	<p>To follow up with LMD and will be discussed monthly with Sr. management team.</p>											
<p>Assessment Conclusion:</p>	<p>Sime Darby leased all the land directly from the government. There were no issues of land disputes recorded. All land title were kept in the office and available for review.</p> <p>KE</p> <p>The estate owned 58 land title: Sighted the sampled of land title as follows:</p> <table border="1" data-bbox="448 1677 1275 2002"> <thead> <tr> <th>Grant No.</th> <th>Hectare</th> </tr> </thead> <tbody> <tr> <td>GRN 12934</td> <td>697.6797</td> </tr> <tr> <td>GRN 12943</td> <td>504.4273</td> </tr> <tr> <td>GRN 58970</td> <td>2339079</td> </tr> <tr> <td>GRN 12950</td> <td>661.3236</td> </tr> </tbody> </table>		Grant No.	Hectare	GRN 12934	697.6797	GRN 12943	504.4273	GRN 58970	2339079	GRN 12950	661.3236
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GRN 12934	697.6797											
GRN 12943	504.4273											
GRN 58970	2339079											
GRN 12950	661.3236											

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	<p>The estate is still in progress to change the land use category for land title no 2543, 12951 and 6342 to Oil Palm Plantation as per communication email with Sime Darby Land Management Department dated 9/2/2019.</p> <p>KKE</p> <p>The estate owned 57 land title: Sighted the sampled of land title as follows:</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>Grant No.</th> <th>Hectare</th> </tr> </thead> <tbody> <tr> <td>5451</td> <td>184.6375</td> </tr> <tr> <td>59630</td> <td>243.805</td> </tr> <tr> <td>Pajakan Negeri 150885</td> <td>194.61</td> </tr> <tr> <td>Pajakan Negeri 152922</td> <td>174.72</td> </tr> </tbody> </table> <p>The estate is still in progress to change the land use category for 14 land title to Oil Palm Plantation as per latest communication email with Sime Darby Land Management Department dated 15/2/2019.</p> <p>All the documentation regarding the land issue are available at the estates office for review.</p> <p>Thus, the implementation of the corrective action found to be effective and nonconformity remained closed.</p>	Grant No.	Hectare	5451	184.6375	59630	243.805	Pajakan Negeri 150885	194.61	Pajakan Negeri 152922	174.72
Grant No.	Hectare										
5451	184.6375										
59630	243.805										
Pajakan Negeri 150885	194.61										
Pajakan Negeri 152922	174.72										

Minor Nonconformities:		
Ref	Area/Process	Clause
m02	Plantations	4.4.1.1 – Part 3
Requirements:	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.	
Statement of Nonconformity:	Social impact plans is not established to promote positive impacts.	
Objective Evidence:	<p>During the audit, the audit team observed that the SIA Action Plan has been established only based on the input from stakeholders during stakeholder meeting conducted.</p> <p>Further verification conducted finds that the means of soliciting input from stakeholders are based on complaints from the stakeholders as well as problems and disputes encountered between the company and the stakeholders met during the meeting which is rather mitigating negative impacts than promoting positive aspects.</p> <p>There is no inputs observed as per in the SIA Action Plan which indicates the promotions of the positive aspects.</p> <p>Based on the latest stakeholder meeting conducted at Elphil (3 Feb 2017) and Kamuning Estate (14 Nov 2017); there is no evidence to indicate that positive impacts has been discussed or identified.</p>	

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Corrections:	To conduct meetings/discussions with the stakeholders discussing concerns and information sharing and to produce SOU SIA Action Plan on the initiatives done to promote positive impacts internally and externally.
Root cause analysis:	No guideline or monitoring for handling social issues.
Corrective Actions:	To record the informal meeting/ discussion methodology.
Assessment Conclusion:	<p>A Social Impact Assessment (SIA) was prepared for the whole SOU3 Elphil. The Social Impact Assessment (SIA) was conducted on 27th June to 1st July 2016 including consideration of feedbacks from the stakeholder engagement meeting. Besides providing socio-economic baseline data, the report highlighted various issues (complaints, requests and comments) raised by the stakeholders of the respective estates and mill (in SOU3), action plans for handling the identified issues were also presented in the report. Management plan dated 11/2/19 is available for review.</p> <p>Thus, the implementation of the corrective action found to be effective and nonconformity remained closed.</p>

Minor Nonconformities:		
Ref	Area/Process	Clause
m03	Plantations	4.5.1.2 – Part 3
Requirements:	The environmental management plan shall cover the following: a. An environmental policy and objectives; b. The aspects and impacts analysis of all operations	
Statement of Nonconformity:	The environmental management plan has not covered: a. An environmental policy and objectives; b. The aspects and impacts analysis of all operations	
Objective Evidence:	<p>SDP has established a Standard Operating Manual related to Environmental Aspect / Impacts Evaluation Procedure. The procedure has explained the process to conduct environmental impact assessment.</p> <p>Environmental impacts are reviewed using Environmental Aspect and Impact Identification Form. Impact identified in the form will be further assessed using Environmental Impact Evaluation Form (Score 0-249; 250-299; 300 and above).</p> <p>The certification unit has conducted environmental impact assessment for major operations in the estate. Based on the SOM, only operations with scoring >250 score required to established Environmental Action Plan. Result of the assessment found that several activities resulted into >250 score; for example:</p> <ul style="list-style-type: none"> a. Herbicides Spraying (Chemical Spillage) b. Selective Weeding (Chemical Spillage) c. Circle & Path Spraying (Chemical Spillage) <p>It was found that the scoring of environmental impact for similar activities is inconsistent in both visited estates.</p> <p>The certification unit has established a Pollution Prevention Programme / Environmental Action Plan, however; it was found that the plan has been developed without considering:</p> <ul style="list-style-type: none"> a. The results of aspect and impacts analysis for all operations within the estates which having positive or negative impacts; b. Mitigation and monitoring plans for both identified positive and negative impacts; 	

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	<p>c. No records of implementations of the established plans; and timelines for the monitoring</p> <p>There is no evidence of training been conducted for workers on environmental management and improvement plan to provide knowledge on environmental policy and efforts to protect the environment.</p>
Corrections:	<p>a. Refresher training to be conducted to related personnel.</p> <p>b. To re-evaluate the entire EIA & EIE documents.</p>
Root cause analysis:	<p>Training on EIA & EIE was last conducted several years back. No refresher training conducted to ensure fully understanding on subject matter.</p>
Corrective Actions:	<p>EIA & EIE to be reviewed annually or addition of new activities by SQM & PSQM.</p>
Assessment Conclusion:	<p>KE</p> <p>The estate has established the environmental plan based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The management plan was established for the activity which give significant impact for the environment and documented in Pollution Prevention Plan. The EAI and EIE were reviewed annually basis by the EAI/EIE review team. Latest Review was conducted on 2/1/2019.</p> <p>KKE</p> <p>The estate has established environmental management plan and documented in Pollution Prevention Plan base on the EIA/EIE conducted. The EIA/EIE were reviewed on annually basis. Latest review was conducted on 2/1/2019. Thus, the implementation of the corrective action found to be effective and nonconformity remained closed.</p>

Minor Nonconformities:		
Ref	Area/Process	Clause
m04	Plantations	4.5.3.2 – Part 3
Requirements:	<p>Waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <p>a. Identifying and monitoring sources of waste and pollution</p> <p>b. Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products</p>	
Statement of Nonconformity:	<p>Waste management plan to avoid or reduce pollution is not been developed including measures for:</p> <p>a. Identifying and monitoring sources of waste and pollution</p> <p>b. Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products</p>	
Objective Evidence:	<p>SDP has established several procedures related to waste management plan such as:</p> <p>a. Landfill Management in Estate;</p> <p>b. Waste Management Plan; and</p> <p>c. Pollution Prevention Plan</p>	

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	<p>It was found that the established documents has not:</p> <ul style="list-style-type: none"> a. Identify all sources of waste and pollutions from all estate operations including its monitoring measures b. Include recycling or waste reduction program to mitigate recyclable waste to reduce waste disposal into landfill c. Been fully implemented <p>Site inspection conducted at workers housing complex; Field 2014B of Kamuning estate; and landfill (Field 1997A) during the audit; founds that no segregation of waste (recyclable and non-recyclable) has been implemented.</p> <p>Site inspection conducted at workers rest area in Field 2014B founds that empty chemicals containers being disposed not in accordance to Waste Management Plan.</p> <p>Site verification at workers housing complex at Elphil estate (House No. A1); founds that oily materials being poured along the corridor and drainage system which increase the risk of pollution.</p>
<p>Corrections:</p>	<p>Campaign on recycling program to be conducted and awareness program to workers.</p>
<p>Root cause analysis:</p>	<p>Poor respond to recycle program and the provided bins.</p>
<p>Corrective Actions:</p>	<p>Periodic awareness program.</p>
<p>Assessment Conclusion:</p>	<p>Estates visited has established Waste management Plan base on the identification and source of pollutions and the plan were available for review.</p> <p>Domestic waste was disposed at designated landfill. Workers interview reveal that they are aware of the zero burning policy including domestic waste are not allowed to be burned. The estates visited continue to promote the 3R (reuse, reduce, recycle) program. The promotion was communicated through training, briefing and signage.</p> <p>KE</p> <p>The estate has established Waste management Plan base on the identification and source of pollutions and documented in Waste Management Action Plan.</p> <p>KKE</p> <p>The estate has established Waste management Plan base on the identification and source of pollutions. The plan state the type of waste, location (source), mitigation measures and person responsible.</p> <p>Kinta Kellas Estate has conduted the Workers housing complex and recycle program training dated 16/3/2018</p> <p>Thus, the implementation of the corrective action found to be effective and nonconformity remained closed.</p>

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Major Nonconformities:		
Ref	Area/Process	Clause
M05	Plantations	4.5.3.4 – Part 3
Requirements:	<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.</p> <p>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>	
Statement of Nonconformity:	<p>Empty pesticides containers are found disposed not in an environmentally responsible way and not in accordance to the instruction of manufacturer’s label.</p>	
Objective Evidence:	<p>Site inspection conducted at Kamuning estate (Field 2014B) finds that empty pesticide containers are being disposed in a way that exposed the risk of contamination to the environment. Furthermore, verification of empty chemical containers kept in SW Store of Kamuning estate finds that the containers are not being tripled rinses properly.</p> <p>As per stated in Landfill Management in Estate procedure, the landfill shall be allocated at location of 3km away from natural waterways. However, it was found that the landfill in field 1999P of Elphil Estate has been established within less than 3 km.</p> <p>Site verification at Kamuning estate (Field 2014B) finds that domestic waste are being disposed-off irresponsibly at the shelter area.</p>	
Corrections:	<p>a. To provide training to relevant personnel i.e. store keeper and chemical handlers on SW inventory and handling</p> <p>b. To find a new land fill site at Plang Division (Elphil Estate) 3km away from the waterway.</p>	
Root cause analysis:	<p>a. Awareness on safe waste disposal is still lacking among workers. b. Visited land fill in 1999P is far from worker quarters but near to waterway due to Plang Div. is small in hectarage making it quite difficult to comply with the requirements.</p>	
Corrective Actions:	<p>a. To work on domestic waste disposal with MPKK.</p> <p>b. To provide dustbin at selected places for domestic waste disposal.</p>	
Assessment Conclusion:	<p>Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers.</p> <p>KE</p> <p>Domestic waste were collected twice a week by Majlis Perbandaran Kuala Kangsar to be disposed at Municipal Landfill.</p> <p>KKE</p> <p>Domestic waste was disposed at designated landfill. Workers interview reveal that they are aware of the zero burning policy including domestic waste are not allowed to be burned. The estates visited continue to promote the 3R (reuse, reduce, recycle) program. The promotion was communicated through training, briefing and signage.</p> <p>Thus, the implementation of the corrective action found to be effective and nonconformity remained closed</p>	

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Minor Nonconformities:		
Ref	Area/Process	Clause
m06	Plantations	4.5.5.1 – Part 3
Requirements:	<p>The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <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. e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented. f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually. 	
Statement of Nonconformity:	Riparian buffer zones along all natural waterways within the estates are not being protected.	
Objective Evidence:	Site visit conducted in Field 1999P (Sg. Kerdah) founds that the riparian are not being maintained according to the Slope & River Protection Policy. There are evidence of circle spraying being conducted within riparian areas (<10m).	
Corrections:	To conduct training on riparian management to the sprayers/ workers.	
Root cause analysis:	The width of river extended beyond the riparian area due to erosion. The sprayers are unaware of the changes.	
Corrective Actions:	To do new marking at the riparian area along the river.	
Assessment Conclusion:	Sighted during site visit at the riparian zone at both estate visited, the vegetation were well maintained. No evidence of chemical application along the riparian zone. Thus, the implementation of the corrective action found to be effective and nonconformity remained closed	

Minor Nonconformities:		
Ref	Area/Process	Clause
m01	Elphil POM	4.4.1.1 – Part 4
Requirements:	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.	
Statement of Nonconformity:	Social impact plans is not established to promote positive impacts.	
Objective Evidence:	The audit team observed that the SIA is based on the input from stakeholder meeting which is based on complaints and problem encountered between the company and the stakeholders; which is rather mitigating the negative impacts.	

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	There is no input observed as per in the SIA which indicates the promotion of the positive aspects.
Corrections:	To conduct meetings/discussions with the stakeholders discussing concerns and information sharing and to produce SOU SIA Action Plan on the initiatives done to promote positive impacts internally and externally.
Root cause analysis:	No guideline or monitoring for handling social issues.
Corrective Actions:	To record the informal meeting/ discussion methodology.
Assessment Conclusion:	<p>A Social Impact Assessment (SIA) was prepared for the whole SOU3 Elphil. The Social Impact Assessment (SIA) was conducted on 27th June to 1st July 2016 including consideration of feedbacks from the stakeholder engagement meeting. Besides providing socio-economic baseline data, the report highlighted various issues (complaints, requests and comments) raised by the stakeholders of the respective estates and mill (in SOU3), action plans for handling the identified issues were also presented in the report. Management plan dated 11/2/19 is available for review.</p> <p>Thus, the implementation of the corrective action found to be effective and nonconformity remained closed</p>

Minor Nonconformities:		
Ref	Area/Process	Clause
m02	Elphil POM	4.4.4.1 – Part 4
Requirements:	<p>The occupational safety and health plan shall cover the following:</p> <ul style="list-style-type: none"> a. A safety and health policy, which is communicated and implemented. b. The risks of all operations shall be assessed and documented. c. An awareness and training programme which includes the following requirements for employees exposed to pesticides: <ul style="list-style-type: none"> i. all employees involved shall be adequately trained on safe working practices ii. all precautions attached to products shall be properly observed and applied d. The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). e. The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. f. The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements. g. The management shall conduct regular two-way communication with their employees where issues. h. Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees. i. Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite. j. Records shall be kept of all accidents and be reviewed periodically at quarterly intervals 	

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Statement of Nonconformity:	The occupational safety and health is not properly implemented whereby: a. The workers does not wear 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); b. Records of accidents are not reported to authority
Objective Evidence:	During the visit to POM, the audit team observed that the workers at the operation area such as Clarification Station does not wearing the ear protective equipment despite there is a safety signage that requires them to wear such equipment upon entering the area; and 2 accidents which have been reported in the OSH Meeting dated 28 September 2017 and involving LTI of 7 days are not reported to DOSH using JKKP 6.
Corrections:	To make train to the workers and staff regarding to safety and legal.
Root cause analysis:	Lack of awareness among workers despite of repeated reminder.
Corrective Actions:	To have more campaign on safety and evaluate from time to time
Assessment Conclusion:	i. Annually Accident report, JKKP 8 FY 2018 was submitted on 5/1/2018. Refer form no. JKKP 8/21229/2018. ii. The mil provided appropriate PPE to all workers according to the job type. The PPE given as per HIRARC and Pictorial Safety Standard (PSS) Palm Oil Mill dated 17/3/2008. Sighted during site visit at the steriliser station and boiler station, the workers were provided with leather gloves, mask, earplug, and safety shoes. Sighted at the PPE issuance records at the general store for workshop workers for safety shoes, earplug and safety helmet. All recipients must signed the PPE issue form and return used PPE to be disposed as scheduled waste. Thus, the implementation of the corrective action found to be effective and nonconformity remained closed

Minor Nonconformities:		
Ref	Area/Process	Clause
m03	Elphil POM	4.5.3.1 – Part 4
Requirements:	All waste products and sources of pollution shall be identified and documented	
Statement of Nonconformity:	Not all waste products and sources of pollution has been identified a documented.	
Objective Evidence:	The Pollution Prevention Plan has not identified all sources of waste and polluting activities from the mill operations (i.e.: POME; GHG; Noise) and its management/mitigation plan. The document has also not included any recycling program as waste mitigation plan.	
Corrections:	Source of pollution to be identified and documented. As such the List of waste and sources of pollution will be identified and documented thru our Waste Management Plan. Requirement is source of pollution to be identified and documented.	
Root cause analysis:	The awareness regarding environment management and pollution prevention plan is still lacking among the Operating unit.	

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	Management plan was not verified by competent person to conduct the environment and pollution prevention plan.
Corrective Actions:	To conduct training regarding Environment to relevant personnel.
Assessment Conclusion:	<p>The mill has identified all waste products and source of pollution and documented in the Waste Management Plan. In the management plan stated the type of waste, source of waste, mitigation plan and person responsible. Latest update was conducted on 14/2/2019.</p> <p>Sighted the training on environmental aspect as follows:</p> <ul style="list-style-type: none"> i. 3R (recycle, reduce, reuse) awareness briefing dated 15/2/2019 ii. EAI, EIE training dated 14/2/2019 iii. TAWNIN water treatment plant operator training dated 7/2/2019 <p>Thus, the implementation of the corrective action found to be effective and nonconformity remained closed</p>

Minor Nonconformities:		
Ref	Area/Process	Clause
m04	Elphil POM	4.5.4.1 – Part 4
Requirements:	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.	
Statement of Nonconformity:	Not all polluting activities have been assessed to establish a pollution management plan.	
Objective Evidence:	Pollution Prevention Plan sighted during the audit has not identified all polluting activities such as GHG emissions; noise and effluent as part of the pollution sources.	
Corrections:	<ul style="list-style-type: none"> - To redo the waste management plan incorporating all wastes produced by OUs and reviewed by SQM & PSQM. - To initiate and educate all employees on waste segregation at source. 	
Root cause analysis:	<ul style="list-style-type: none"> - Each Certification Unit has prepared their own action plan without consultation with SQM & PSQM. - In-adequate initiative on waste recycling among management. 	
Corrective Actions:	<ul style="list-style-type: none"> - To conduct a Recycle programme campaign. - Annual review on waste management plan and implementation. 	
Assessment Conclusion:	<p>The mill has conducted assessment of all polluting activities in the Environmental Aspect Impact and Environmental Impact Evaluation. A management plan has been established based on the significant aspect and DOE license compliance schedule and documented in Pollution Prevention Plan.</p> <p>The mill has identified all waste products and source of pollution and documented in the Waste Management Plan. In the management plan stated the type of waste, source of waste, mitigation plan and person responsible. Latest update was conducted on 14/2/2019.</p> <p>Sighted the training on environmental aspect as follows:</p>	

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	<p>i. 3R (recycle, reduce, reuse) awareness briefing dated 152/2019</p> <p>Thus, the implementation of the corrective action found to be effective and nonconformity remained closed</p>
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Minor Nonconformities:		
Ref	Area/Process	Clause
m05	Elphil POM	4.5.5.1 – Part 4
Requirements:	<p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> a. Assessment of water usage and sources. b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill’s current activities. c. Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). 	
Statement of Nonconformity:	The established water management plan did not include all requirements stated by MSPO.	
Objective Evidence:	<p>The water management plan did not include:</p> <ul style="list-style-type: none"> a. Assessment of water sources b. Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). 	
Corrections:	To establish water management plan that includes the identification, monitoring and optimization plan.	
Root cause analysis:	Understanding on water identification and optimization is still lacking.	
Corrective Actions:	To establish water management plan that includes the identification, monitoring and optimization plan.	
Assessment Conclusion:	<p>The mill has established Water Management Plan FY 2019. The plan focusing on contingency plan during shortage of water supply due to dry spell, severe water pollution and contamination of surface and ground water and to reduce water usage. In the plan stated the water source, areas of concern, monitoring, contingency plan, mitigation plan, person responsible and time frame.</p> <p>Thus, the implementation of the corrective action found to be effective and nonconformity remained closed</p>	

3.4 Issues Raised by Stakeholders

IS #	Description
1	<p>Issues: Gender Committee Representatives and Female Workers - No case of sexual harassment was reported so far. They were treated equally without discrimination of gender. The management is supportive in the activities organized by the committee.</p> <p>Management Responses: The management will continue to monitor if there is any case of sexual harassment report and take action accordingly.</p> <p>Audit Team Findings: No other issue.</p>
2	<p>Issues: Smallholder - He informed that they have good relationship with the management. There was no encroachment of land by the company. Trenches were constructed to demarcate the boundaries. He understood the complaint procedure.</p> <p>Management Responses: Noted by the management.</p> <p>Audit Team Findings: No further issue.</p>
3	<p>Issues: Contractors - The payment was made promptly according to the agreement. They had signed on the agreement prior to provide services and understood the terms and conditions stated in the agreement. They aware of the complaint procedure.</p> <p>Management Responses: The management will ensure the payment will make promptly.</p> <p>Audit Team Findings: No other issue.</p>
4	<p>Issues: Local Community Representatives - They informed that they have good relationship with the management. There was no encroachment of land by the company. Reserved lands were available to demarcate the boundaries. However, the representative has requested to provide more job opportunity to the local communities.</p> <p>Management Responses: The management informed that they have recruited new local workers during December 2018. They also posted the job advertisement on the notice board and social media.</p> <p>Audit Team Findings: This will be verified during next assessment.</p>
5	<p>Issues: NUPW Representatives - The workers have informed that their wages were according to Minimum Wage Order 2018. No discrimination was occurred and they were treated equally does not matter the gender and nationalities. Free housing was provided to them. They were understood on the complaint procedure.</p> <p>Management Responses: The management will continue to ensure the workers are treated equally.</p> <p>Audit Team Findings: No other issue.</p>

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CAR Ref.	CLASS	ISSUED	STATUS
M01 – Part 3	Major	23 Nov 2017	Closed
m02 – Part 3	Minor	23 Nov 2017	Closed
m03 – Part 3	Minor	23 Nov 2017	Closed
m04 – Part 3	Minor	23 Nov 2017	Closed
M05 – Part 3	Major	23 Nov 2017	Closed
m06 – Part 3	Minor	23 Nov 2017	Closed
m01 – Part 4	Minor	23 Nov 2017	Closed
m02 – Part 4	Minor	23 Nov 2017	Closed
m03 – Part 4	Minor	23 Nov 2017	Closed
m04 – Part 4	Minor	23 Nov 2017	Closed
m05 – Part 4	Minor	23 Nov 2017	Closed
1744125-201902-N1	Minor	20 Feb 2019	Open

3.6 Summary of the findings by Principles and Criteria

MSPO MS:2530-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 23 rd November 2018 was issued to all Estates and Mills. Sime Darby Plantation Berhad is 100% MSPO certified company. Corporate policy statement towards sustainability was signed by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantations Berhad dated January 2015.	Complied
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	The continual improvement commitment is documented in the following Management & Operation Policies: i) Quality Management Policy dated January 2015 ii) Lean Six Sigma Policy dated January 2015 iii)Quality Policy dated January 2015 The commitments are made by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantations Berhad.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	MSPO Internal audit was carried out SQM department for mill and estates under SOU 3 on 21-23/11/18. The Internal Consultative Assessment Report dated 26/11/18 was verified. Total of 4 major and 7 minor non-conformities raised during audit. All findings were still in the process of closure.	Complied
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. - Major compliance -	An internal audit procedure (SD/SDP/PSQM/IAP dated 1/11/2017) had been established and documented. The results of the audit conducted on 23/1/19 reported under Internal Consultative Assessment Report dated 25/1/19. The identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action had been carried at the Management meeting held on 25/1/2019.	Complied
4.1.2.3	Report shall be made available to the management for their review. - Major compliance -	The minutes of the Management meeting held on 25/1/19 on the documented results of the audit conducted on 23/1/19 was verified. The identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action had been discussed and the PIC was identified and time frame established.	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes,	Sime Darby is RSPO certified company. On annual basis management review is conducted on Regional level. The last management review	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	improvement and modification. - Major compliance -	was conducted on 25/1/2019. All pertinent agenda has been discussed for the effective implementation of MSPO.	
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company. - Major compliance -	The latest Continual Improvement Plan for 2018 was adopting the RSPO CIP. The improvement plan includes workers welfare, waste management occupational health and safety and operation improvement. For example, a few improvement projects have been initiated for the field operation and workers welfare.	Complied
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 -	Mechanization for field operation has been introduced at all Sime Darby’s estates using SD2 and SD3 system. Suitability of system applied is based on the field conditions i.e undulating and flat terrain.	Complied
4.1.4.3	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established. - Major compliance -	Training for those involved in mechanization was sighted. For example the latest training given by Sime Kubota on 13/4/18 on the safe operation and maintenance of tractor.	Complied

Criterion / Indicator	Assessment Findings	Compliance	
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes. - Major compliance -	The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The time frame to provide feedback to the stakeholder is documented to be 2 weeks of the date receiving the queries. The Mill Manager is responsible to address all communication and request for documentations that could be made available to public/stakeholders.	Complied
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 -	Sime Darby Plantations Berhad continued to use the group website for disseminating public information. The Sustainability Report and Group Annual report is available in website. Information relating to land titles, safety and health plans, pollution prevention plans, and annual report are available at the estate. In addition to the website, the policies were also displayed at various locations including the main notice boards of the estates and muster ground notice boards for employees and visitors to view. Procedure for complaints and grievances were available through Sime Darby Plantations Berhad website at http://www.simedarbyplantation.com/Sustainability.aspx	Complied
Criterion 4.2.2 – Transparent method of communication and consultation			

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Criterion / Indicator		Assessment Findings	Compliance
4.2.2.1	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p>The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2).</p> <p>The Sustainable Plantation Management System Appendix 5 (Flowchart and Procedures on handling Social Issues) dated 01/11/2008 documented the process for handling communication regarding social issues.</p>	Complied
4.2.2.2	<p>A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.</p> <p>- Minor compliance -</p>	<p>The Estate Manager is responsible to deal with the external communication.</p>	Complied
4.2.2.3	<p>List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.</p> <p>- Major compliance -</p>	<p>The latest stakeholders list for FY 2018/2019 was updated at all visited estates.</p> <p>The external stakeholder consultation is conduct once a year. The last stakeholder meeting was conducted on 16/1/2019 for Kamuning Estate. External stakeholder invited (Government body – PDRM, School representatives – SMK Muhibah, SJKT Ladang Elphil). There were no negative feedback with regards to the estate and mill activities in the stakeholder consultation.</p>	Complied
Criterion 4.2.3 – Traceability			
4.2.3.1	<p>The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).</p>	<p>Kamuning Estate and Kinta Kellas Estate sending the FFB to Elphil POM.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>The weighbridge ticket provided the following details:</p> <ol style="list-style-type: none"> 1. Product (FFB or Loose fruit) 2. Delivery note from estates stating the weight and fruit grade (A or B). 3. D.O Number 4. Date of the shipment <p>The Sustainable Plantation Management System Appendix 15 dated March 2016 documented the procedure for traceability. The procedure requires validation of certificate of supplying estate.</p> <p>The procedure had identified critical control points to prevent contamination of non-certified FFB. The current traceability system is Sime Weigh System.</p> <p>The responsible personal for the traceability is the Estate Manager.</p>	
4.2.3.2	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>- Major compliance -</p>	<p>The internal audit conducted on 23/1/19 for Kamuning and 24&25/1/19 Kinta Kellas Estate. The Internal audit conducted has included the traceability elements.</p>	Complied
4.2.3.3	<p>The management should identify and assign suitable employees to implement and maintain the traceability system.</p> <p>- Minor compliance -</p>	<p>The overall personal in charge for the traceability is the Estate Manager. The responsibility is stated in the job description. Hence there is no required to have a formal letter of appointment.</p>	
4.2.3.4	<p>Records of sales, delivery or transportation of FFB shall be maintained.</p>	<p>There is no sales of the FFB per say as Kamuning estate and Kinta Kellas estate is the identified supply base to Elphil Mill, Kamuning</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	estate and Kinta Kellas estate belongs to the Sime Darby Plantation Bhd. The delivery note of the FFB are kept at the operating units and will be retained for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents	
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 -	SOU 3 estates continued to comply with legal requirements. Permit and licenses checked: <u>Kamuning Estate</u> i) Air receiver PK PMT 5556 valid until 7/6/19 ii) Air receiver PK PMT 5555 valid until 7/6/19 iii) Diesel permit (main division), serial no. P(A 00005-KKS), reference no.: SK/20/B.PGK.KK for 10,000 liter valid until 18/2/20. iv) Diesel permit (salak division), serial no. P(A 00006-KKS), reference no.: SK/22/B.PGK.KK for 5,000 liter valid until 18/2/20. v) MPOB license, 524393002000 (Salak Division), 2435 Ha valid until 31/10/19 vi) MPOB license, 524034002000 (Main Division), 2018 Ha valid until 30/9/19 <u>Kinta Kellas Estate</u>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		i) Air receiver PK PMT 951 valid until 28/4/19 ii) Diesel permit (main division), serial no. A36286, reference no.: SK/18/14(D)/KPDNKK.PK for 8,500 liter valid until 18/7/19 iii) Permit to buy Acephate, reference no.: PRK/2018/ACP/071(GL) for 54 kg valid until 6/11/18 iv) MPOB license, 528648002000 (main division) 1061.93 Ha valid until 31/10/19	
4.3.1.2	The management shall list all laws applicable to their operations in a legal requirements register. - Major compliance -	SOU3 continued to implement and maintain the established documented system for identifying, accessing, tracking and monitoring of compliance with the legal requirements that are applicable to the CU operation [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]. Each office of the operating unit (mill and estates) has its own LORR and were being evaluated individually annually for compliance and it can be accessed by all levels of staff. List of legal and other requirement register @ LORR dated January 2019 was made available during assessment	Complied
4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. - Major compliance -	SOU3 continued to implement and maintain the established documented system for identifying, accessing, tracking and monitoring of compliance with the legal requirements that are applicable to the CU operation [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]. Each office of the operating unit (mill and estates) has its own LORR and were being evaluated individually annually for compliance and it can be accessed	Complied

Criterion / Indicator		Assessment Findings	Compliance				
		by all levels of staff. The latest update has include the new Minimum Wages Order 2018 in the register					
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>	Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group's Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Information and implementation date of the new Minimum Wages Order 2018 has been communicated by Group HR on 4 th January 2019 to all Sime Darby Plantation Berhad SOUs via email/secular. Effective date of implementation is on 1 st January 2019. Overall responsibility is under head of operating units.	Complied				
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>	Sime Darby did not acquire land from landowners, but leased it directly from the government. There were no issues of land disputes.	Complied				
4.3.2.2	<p>The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.</p> <p>- Major compliance -</p>	<p>Sime Darby leased all the land directly from the government. There were no issues of land disputes recorded. All land title were kept in the office and available for review.</p> <p>KE</p> <p>The estate owned 58 land title: Sighted the sampled of land title as follows:</p> <table border="1" data-bbox="1048 1294 1872 1358"> <thead> <tr> <th>Grant No.</th> <th>Hectare</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Grant No.	Hectare			Complied
Grant No.	Hectare						

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Criterion / Indicator		Assessment Findings		Compliance
		GRN 12934	697.6797	
		GRN 12943	504.4273	
		GRN 58970	2339079	
		GRN 12950	661.3236	
		<p>The estate is still in progress to change the land use category for land title no 2543, 12951 and 6342 to Oil Palm Plantation as per communication email with Sime Darby Land Management Department dated 9/2/2019.</p> <p>KKE</p> <p>The estate owned 57 land title: Sighted the sampled of land title as follows:</p>		
		Grant No.	Hectare	
		5451	184.6375	
		59630	243.805	
		Pajakan Negeri 150885	194.61	
		Pajakan Negeri 152922	174.72	

Criterion / Indicator		Assessment Findings	Compliance
		<p>The estate is still in progress to change the land use category for 14 land title to Oil Palm Plantation as per latest communication email with Sime Darby Land Management Department dated 15/2/2019.</p> <p>All the documentation regarding the land issue are available at the estates office for review.</p>	
4.3.2.3	<p>Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.</p> <p>- Major compliance -</p>	<p>KE</p> <p>Legal boundaries at estates visited were clearly demarcated with red and white colour concrete pole with fences and security trenches. Sighted during site visit at the estates boundaries at P97</p> <p>KKE</p> <p>Legal boundaries at estates visited were clearly demarcated with red and white colour concrete pole with fences and security trenches. Sighted during site visit at the estates boundaries at P17A.</p>	Complied
4.3.2.4	<p>Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).</p> <p>- Minor compliance -</p>	<p>The is no customary rights land and land disputes at all Sime Darby's Estates at the time of audit verified through interviewed with the smallholders and local communities. The land belongs to Sime Darby Plantations Berhad and land ownership documents verified.</p>	Complied
Criterion 4.3.3 – Customary rights			

Criterion / Indicator		Assessment Findings	Compliance
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 -	The is no customary rights land and land disputes at all Sime Darby's Estates at the time of audit verified through interviewed with the smallholders and local communities. The land belongs to Sime Darby Plantations Berhad and land ownership documents verified.	Complied
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available. - Minor compliance -	The is no customary rights land and land disputes at all Sime Darby's Estates at the time of audit verified through interviewed with the smallholders and local communities. The land belongs to Sime Darby Plantations Berhad and land ownership documents verified.	Complied
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance -	The is no customary rights land and land disputes at all Sime Darby's Estates at the time of audit verified through interviewed with the smallholders and local communities. The land belongs to Sime Darby Plantations Berhad and land ownership documents verified.	Complied
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	The Social assessment for SOU3 Elphil Oil Mill was conducted internally by the Plantation Sustainable and Quality Management (PSQM) Team. The last SIA was conducted in August 2015. SIA management plan is documented as per SOU basis and as per site specific plan. The new SIA management plan for 2018/2019 was sighted. The plan has included all inputs collected from various source such as meetings, complaints and grievances for the development of master plan	Complied
Criterion 4.4.2: Complaints and grievances			

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Criterion / Indicator		Assessment Findings	Compliance
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented. - Major compliance -	Under the sustainable plantation management system Appendix 5, procedure on handling social issue (version 1; year 2008) has been implemented. Under Group policies and authorities GPA No 85 Whistleblowing provide an internal mechanism for reporting, investigating and remedying any wrongdoing.	Complied
4.4.2.2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties. - Major compliance -	The complaint and grievances is open to effected parties including internal and external stakeholders. The time to process the complaints or grievances is 2 weeks.	Complied
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint. - Minor compliance -	The complaint form is made available in the mill office. In case the complainant would want to make an anonymity complaint it can be made through electronic Complaint form or email to Senior Director or Whistleblowing committee or toll free number or fax or by mail. This information is available in notice boards in the mill.	Complied
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time. - Minor compliance -	Interview conducted with workers to confirm their understanding of the complaint and grievance process. There is no grievance recorded since the last audit. Only request for maintenance housing are made by workers.	Complied
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. - Major compliance -	The complaint record for request for maintenance are available and kept for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents..	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			

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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>	<p>The estates management have contributed to the local communities and stakeholders such as donations, cleaning @ "gotong royong" etc. Job opportunities were also being offered to the local communities. Surrounding stakeholders were benefited by offering business opportunity to local contractor. This has been confirmed during stakeholder interview.</p>	Complied
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 has established the Group Policy on Health and Safety signed by the Managing Director on Jan 2015. The policy has been communicated to the workers through induction training for new workers, morning briefing and displayed at various notice board within the estate.</p> <p>The PSQM team is also committed in establishing various working standards through procedures or pictorial method to improve safe working condition</p> <p>KE</p> <p>The estate has established Environmental, Safety and Health plan and reviewed on annually basis. Sighted the implementation of ESH plan FY 2018 as follows:</p> <p>i. Medical surveillance was conducted on 11/2/2019</p> <p>KKE</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>The estate has established Occupational Safety and Health Management Plan and reviewed on annually basis. Sighted the implementation of OSH plan FY 2018 as follows:</p> <p>i. PPE inspection was conducted on monthly basis. Sighted the records for month of December 2018 and January 2019</p>	
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> <p>b) The risks of all operations shall be assessed and documented.</p>	<p>Sime Darby has established the Group Policy on Health and Safety signed by the Managing Director on Jan 2015. The policy has been communicated to the workers through induction training for new workers, morning briefing and displayed at various notice board within the estate.</p> <p>KE</p> <p>i. Latest Safety Townhall was conducted on 5/5/2018. Interview with the harvester shows the understanding of OSH practices in the estate.</p> <p>Sime Darby has established Standard Operating Procedure for risk assessment and documented in EQMS/SOM sub-section 5.4, Appendix 5.4.1a.</p> <p>Estate visited has conducted risk assessment for all the operations and documented in Hazard Identification, Risk Assessment, and Risk Control (HIRARC). The assessment cover all main operations and support operations. The assessment also covers working type, job step, hazard, effect, existing control, type, probability, etc. the HIRARC</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance
<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>was reviewed at minimum of once a year and as per other conditions stated in the SOP.</p> <p>KE</p> <p>The estate has established HIRARC was reviewed at minimum once a year and when necessary as per accident happen. The OSH committee discussed any issue regarding the HIRARC during OSH committee meeting. Latest review was conducted 28/11/2018 due to accident happen on 21/11/2018.</p> <p>KKE</p> <p>The estate has conducted assessment to identify all risk in the estate operation and documented in Hazard Identification, Risk Assessment, and Risk Control (HIRARC). The HIRARC was reviewed at minimum once a year and when necessary as per accident happen. The OSH committee discussed any issue regarding the HIRARC during OSH committee meeting. Latest review was conducted 2/1/2019.</p> <p>Estate visited has established training program for management team, workers and contractors including pesticides applicator and programmed throughout the year. The training was conducted by the Estate Manager, Asst. Manager, Executives, Field Supervisor and Chemical/Equipment supplier with knowledge in the chemical handling. Sighted the training records at estates visited as follows:</p>	

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Criterion / Indicator	Assessment Findings	Compliance
<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>KE</p> <p>i. PPE awareness and chemical handling training dated 7/1/2019</p> <p>ii. Spraying Technique, Safety and Pump Service training dated 20/12/2018</p> <p>iii. Manuring training dated 26/7/2018</p> <p>iv. Sprayer training dated 21/6/2018</p> <p>The estates visited has provided appropriate PPE to all workers according to the job type. The PPE given as per HIRARC and Pictorial Safety Standard (PSS) Estate dated 17/3/2008.</p> <p>KE</p> <p>Sighted during interview with harvester at P99I, the harvesters have been provided with appropriate PPE i.e safety helmet and sickle covers.</p> <p>Sighted the PPE issuance records for sprayers dated 4/12/2018 and 13/2/2019. Sprayers were provided with respirator, nitrile gloves, google, apron and rubber boot.</p> <p>KKE</p> <p>During interview with the spraying gang, noted the awareness on importance of PPE usage. The sprayers were provided with safety helmet, safety goggle, respirator, nitrile gloves, apron and wellington</p>	

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Criterion / Indicator	Assessment Findings	Compliance
<p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded.</p>	<p>boots. Sighted the PPE issuance records for mask 3M 8210, Nitrile Gloves 3M and apron FY 2018.</p> <p>Procedures of chemical handling is presented in several documents, such Document No. SD/SDP/SQM(ESH)/001-1 Sime Darby Plantation Environment, Safety, and Health Management System (ESHMS) Manual dated July 1st, 2012 and Pictorial Safety Standard (PSS) Estate dated 17/3/2008.</p> <p>Sighted during site visit at both estates store and premix area, all pure chemical and premix solution were stored under locked and key.</p> <p>The estate has applied permit for purchasing of Acephate for bagworm treatment. Refer permit no PRK/2018/ACP/071(GL) dated 17/10/2018 for purchasing 54 KG of Acephate.</p> <p>Estate Managers for both estate visited was appointed by the Sime Darby management to be the Chairman of OSH Committee at the mill as per letter signed by the Regional General Manager/CEO for Northern Region. Estate management has appointed Safety Committee Member consist Secretary, employer representatives and employee representative's appointment letter by the Mill Manager. The OHS Chairman and Secretary are in coordination with PSQM Head Quarter Officer for any update national regulations and collective agreements.</p>	

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Criterion / Indicator	Assessment Findings	Compliance
<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>The management conducted OSH committee meeting on quarterly basis. In the meeting discussed issue on employees' safety, health and welfare such as mill safety and health achievement report, workplace audit report, safety and health training and etc.</p> <p>KE</p> <p>Latest OSH committee was conducted on 12/6/2018, 21/9/2018 and 21/12/2018</p> <p>KKE</p> <p>Latest OSH committee was conducted on 22/6/2018, 21/9/2018 and 20/12/2018</p> <p>Accident of emergency procedure is presented in Estate Quality Management System Standard Operation manual (EQMS SOM) dated November 1st, 2008. Flowchart of emergency handling presented in Appendix 5.5.3.3.</p> <p>KE</p> <p>During the interview with the harvester noted the understanding of procedure to be taken during emergency/fire occur at the housing complex area. Latest training was conducted on 31/7/2018.</p> <p>KKE</p> <p>During the interview with the sprayers noted the understanding of procedure to be taken during emergency/fire occur at the housing complex area. Latest training was conducted on 6/11/2018.</p>	

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Criterion / Indicator		Assessment Findings	Compliance
	<p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>KE</p> <p>The estate has provided first aid kit for mandore and available at all workstation in the estate. Noted during interview with harvesting mandore the understanding of basic emergency treatment for injured workers in the fields. Latest First Aid training was conducted on 22/1/2019 and 14/2/2019.</p> <p>First aid box were available at workstation in the estate. For field work, the mandore were appointed as first aider and provided with first box. Noted during interview with harvesting mandore the understanding of basic emergency treatment for injured workers in the fields. Latest First Aid training was conducted on 18/2/2019. The first aid box were monitored on monthly basis by the Medical Assistant. Sighted the monitoring checklist for First Aid Box no 1, 5 and 6.</p> <p>The estates visited recorded all accidents reports and reported to HQ using the PSQM-ESH Monthly update Formby online through GSQM ESH Portal. The accident occurred was reviewed on quarterly basis during OSH committee meeting.</p>	
Criterion 4.4.5: Employment conditions			
4.4.5.1	<p>The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantation Berhad is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the Social and Humanity Management Policy signed by Managing Director in January 2015.</p>	Complied

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4.4.5.2	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>- Major compliance -</p>	<p>The top management of Sime Darby Plantation Berhad is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the Social and Humanity Management Policy signed by Managing Director in January 2015. There were no evidences of any form of discrimination based on race, national origin, religion, gender, union and political affiliation and is covered in the policy as well. Interview with workers and trade union leader indicates that there is no such discrimination occurs in the workplace</p>	Complied
4.4.5.3	<p>Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p>	<p>The payroll and pay slip records of employees showed that all employees are paid with the monthly salary are compliance with the local minimum wages requirements.</p> <p>Kamuning Estate Sample of pay slips for local workers for February (low) and December 2018 (peak): i) Employee# 26404 ii)Employee# 124028 iii) Employee# 141059</p> <p>Sample of pay slips for foreign workers for February (low) and December 2018 (peak): i) Employee# 93371 ii) Employee# 98872 iii)Employee# 81791 iv)Employee# 120262</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		v)Employee# 141110 vi)Employee# 134369 Kinta Kellas Estate Sample of pay slips for foreign workers for February (low) and November 2018 (peak): i) Employee# 136481 ii) Employee# 136480 iii)Employee# 86572 iv)Employee# 110272 v)Employee# 110271 vi)Employee# 132027 Review the pay slip and check roll/attendance report confirmed that their basic salary wages complied with minimum wages (RM 38.46/day) for daily rated/piece rated and RM 1000/month for monthly rated workers	
4.4.5.4	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee. - Minor compliance -	There is no permanent contract workers in the estate. There is only temporary contract workers at Kamuning for replanting purposed. Payslip/cash voucher of the workers were sighted that it is according to the employment contract. The records are documented in Kamuning Estate.	Complied

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<p>4.4.5.5 The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>Kamuning Estate maintain an accurate record of all employees (local and foreign) under Employee Master Listing report, ZCKRLM04. Total of 363 employees (as at 19/2/19) listed under estate’s check roll.</p> <p>Records updated and verified during the audit were found contains the following details of information for every employees.</p> <p>Employee Name Activity Nationality Gang details Date of Birth Occupation Religion Employment Date Sex Passport No. and Expiry Date (for foreigner) Work Permit Expiry Date Identification Card no. Socso. No. EPF no.</p>	<p>Complied</p>

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Criterion / Indicator		Assessment Findings	Compliance
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>Employment Contract for local and foreign workers are available. Information indicated in the form showed that all employees are provided with fair contracts in term of salary, accommodation and other benefits.</p> <p>Copies of Employment Contract for each local and foreign workers indicated in the employment records are available. Foreign worker contract is valid for 3 year plus yearly contract extension for those who intent to continue working with the company.</p> <p>Sample of employment contract checked for local workers: i) Employee# 26404 ii)Employee# 124028 iii) Employee# 141059</p> <p>Sample of employment contract checked for foreign workers: i) Employee# 93371 ii) Employee# 98872 iii)Employee# 81791 iv)Employee# 120262 v)Employee# 141110 vi)Employee# 134369</p> <p>Kinta Kellas Estate Sample of employment contract checked:</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		i) Employee# 136481 ii) Employee# 136480 iii)Employee# 86572 iv)Employee# 110272 v)Employee# 110271 vi)Employee# 132027	
4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer. - Major compliance -	Kamuning and Kinta Kellas Estate has established a time recording system using punch card for all employees. Time recording system has been implemented by punch card system for all mill employees. The working hours for all employees has been clearly documented in the Employment Contract and displayed in the office to ensure transparent for both employees and employer	Complied
4.4.5.8	The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement. - Major compliance -	The working hours and breaks of the individual worker indicated in the time records were in compliance with legal regulations and collective agreements. Based on check roll records, overtime and breaks were recorded and consistent with the payslip for sample months in, February 2018 and December 2018. No evidence of overtime exceeded 104 hours as per Employment (Limitation of Overtime Work) Regulations 1980.	Complied
4.4.5.9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	Pay slips of all employees (check roll) are available as evidence of salary payment. The pay slip contain the following information :	Complied

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	- Major compliance -	<ul style="list-style-type: none"> a) Earnings <ul style="list-style-type: none"> - Basic Salary (Daily Rated Work, Work on Rest Day and Work on Holiday) - Overtime (Week days, Rest days and Holiday) b) Deduction <ul style="list-style-type: none"> - Union fee (NUPW & AMESU),SOCSO, EPF , electricity deduction and others <p>Observed that the wages and overtime payment documented on the pay slips are in line with legal requirement and as stated in the employment contract</p>	
4.4.5.10	<p>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.</p> <p>- Minor compliance -</p>	<p>The company provides:</p> <ul style="list-style-type: none"> 5kg rice and 5kg cooking oil to all workers once every 2 months RM5 mobile subsidy to all workers. Free medical benefit to workers dependent at the estates clinics. Renewal for driving license for local workers Sending worker’s children to schools Once a year festival token to all workers Yearly schooling assistance Sime Darby scholarship <p>The field workers are paid with Productivity Incentive. The more they work the higher the incentive.</p>	Complied
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and	The basic amenities and facilities at the quarters provided by the company to it workers includes electricity, water and domestic waste	Complied

Criterion / Indicator	Assessment Findings	Compliance
<p>facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.</p> <p>- Major compliance -</p>	<p>disposal. Electricity and water is connected with the national infrastructure facilities. The usage of electricity and water is bared by the workers themselves.</p> <p>During the field assessment, it was observed that the housing are in good conditions. For local workers with family, each will be given a house while for foreign workers for single workers, it will be given shared house of 2-3 each people per house. Line site inspection is conducted on weekly basis as per the Workers' Minimum Standards Housing and Amenities Act 1990. The results of the inspection is being discussed with the estate manager for actions.</p> <p>For foreign workers, all foreign workers will be given a starter kit which includes basis amenities (e.g. mattress, cooking utilises).</p> <p>Areas for improvement is recommended for;</p> <p>i) Line site inspection which yet to cover not only housing compound but also monitoring of prohibited items in the house such as used oil/chemical container and etc.</p> <p>ii) Monitoring of medicine/drug expiry to ensure medicine readily available at the point of use. Refer to OFI.</p>	
<p>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.</p> <p>- Major compliance -</p>	<p>The Gender Policy was established since January 2015. The Policy covers the commitment to prevent sexual harassment and all forms of violence against women, workers and community. The signatory of the Policy is by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantation.</p>	<p>Complied</p>

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Criterion / Indicator		Assessment Findings	Compliance
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>	<p>During the interview with workers, there are no evidence received that there are restriction from the company to allow workers to join trade union. The workers have their freedom to join the NUPW/MAPA union.</p> <p>The Social Policy established since 2015 covers the commitment of the company towards respecting the rights of all personnel to form and join trade unions of their choice to bargain collectively.</p> <p>The appointed union leader at Kamuning Estate is Mr Parmysaven. Latest union meeting with mill management dated 13/2/19 is referred to. No concern highlighted by the union representative based on the meeting minute.</p>	Complied
4.4.5.14	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. 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>	<p>The Social Policy and Social & Humanity Management Policy was established since January 2015. The Policy covers the commitment to not condone forced labour or child labour. The signatory of the Policy is by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantation.</p> <p>Field observation, interviewing with workers and verification of workers master list confirmed that there is no child labor.</p>	Complied
Criterion 4.4.6: Training and competency			
4.4.6.1	<p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p>	<p>Estates visited has established training program for all workers based on training need analysis conducted on annually basis.</p> <p>KE</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance
<p>- Major compliance -</p>	<p>The estates has established training plan for base from training need analysis conducted for all employee, management and contractors. The plan is documented in Training Matrix Kamuning Estate FY 2019. 29 training program were identified and programmed throughout the FY 2019.</p> <p>Sighted the sample training records for FY 2018 as follows:</p> <ul style="list-style-type: none"> i. EAI and EIE training dated 12/2/2019 ii. Harvesting training dated 14/2/2019 iii. PMV checklist and safety briefing dated 17/1/2019 vi. Manuring training dated 26/7/2018 v. Electrical safety and OHP training dated 19/7/2018 <p>KKE</p> <p>The estate has established training plan based on training need analysis conducted and documented in Training Requirement Kinta Kellas Estate. Latest review was conducted on 5/1/2019. 32 training were identified FY 2019 and programmed throughout 2019.</p> <p>Sighted the sample training records for FY 2018 as follows:</p> <ul style="list-style-type: none"> i. HCV, policy and buffer zone do and don't briefing dated 19/1/2019 ii. Chemical handling training dated 13/12/2018 iii Fire drill training dated 6/11/2018 iv. Spraying Technique and safety aspect dated 24/5/2018 v. Harvesting training dated 16/3/2018 	

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Criterion / Indicator		Assessment Findings	Compliance
		vi. Workers housing complex and recycle program training dated 16/3/2018	
4.4.6.2	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p>- Major compliance -</p>	<p>KE</p> <p>The estate has conducted training need analysis to identify the training required for each workers and documented in Workers Competency Training Scheduled. The analysis was conducted base on job designation and type of training required.</p> <p>KKE</p> <p>The estate has conducted training need analysis based on job designation and training required for all management team, workers and contractors. 32 training were identified and programmed throughout FY 2019.</p>	Complied
4.4.6.3	<p>A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.</p> <p>- Minor compliance -</p>	<p>The estates visited has training program which updated annually. The annual internal audit by PSQM and management review does review the effectiveness of the training plan and its execution.</p>	Complied
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	<p>An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.</p>	<p>Sime Darby has established Environmental Policy signed by the Managing Director on January 2015. The environmental management plan has been established by the estates visited to monitor the</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	identified significant activities that give impacts on environment. A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented.	
4.5.1.2	<p>The environmental management plan shall cover the following:</p> <ul style="list-style-type: none"> a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. <p>- Major compliance -</p>	<p>KE</p> <p>The estate has established the environmental plan based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The management plan was established for the activity which give significant impact for the environment and documented in Pollution Prevention Plan. The EAI and EIE were reviewed annually basis by the EAI/EIE review team. Latest Review was conducted on 2/1/2019.</p> <p>KKE</p> <p>The estate has established environmental management plan and documented in Pollution Prevention Plan base on the EIA/EIE conducted. The EIA/EIE were reviewed on annually basis. Latest review was conducted on 2/1/2019.</p>	Complied
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 estates visited has established the environmental plan based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The management plan was established for the activity which give significant impact for the environment. The EAI and EIE were reviewed annually basis.</p> <p>The management plan stated the objectives of the environmental issue, mitigating measures, person responsible and monitoring period. The progress of the plan was monitored on quarterly basis. The plan was reviewed on annually basis. The management plan stated the</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		Environmental management Plan, Objectives, Category, Location, Mitigation Plan, and Monitoring frequency.	
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>The program to promote the positive impact was documented in several management plan such as pollution prevention plan, water management plan and waste management plan.</p> <p>KE</p> <p>i. Sighted the waste water from chemical premixing activity was collected in designated collection sump and been pumped and reuse in the premix chemical.</p> <p>ii. Sighted the reuse of empty chemical containers for premix chemical. The reuse chemical container was labeled with danger sign.</p> <p>KKE</p> <p>i. Empty pesticides containers were triple rinsed and disposed as recycle waste</p> <p>ii. Rain water harvesting tank were installed at chemical mixing area</p>	Complied
4.5.1.5	<p>An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.</p> <p>- Major compliance -</p>	<p>Estates visited has established training program for all workers based on training need analysis conducted on annually basis including the environmental policy and awareness. Noted during the interview with the workers shows the understanding of the environmental policy and plan established such as prohibition of spraying at the bufferzone area, prohibition of legal hunting and prohibition of open burning at housing area.</p>	Complied
4.5.1.6	Management shall organize regular meetings with employees	KE	Complied

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Criterion / Indicator		Assessment Findings	Compliance																					
	<p>where their concerns about environmental quality are discussed.</p> <p>- Major compliance -</p>	<p>The estate discussed the environmental issue with employees during Management Review Meeting. Latest meeting was conducted on 25/1/2018</p> <p>KKE</p> <p>The estate discussed the environmental issue during Environmental, Safety and Health Committee meeting conducted on quarterly basis.</p>																						
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>The monitoring of non-renewable energy usage was conducted on annually basis. Sighted the sampled monitoring records for diesel usage per FFB production for FY 2018 as follows:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>KE</th> <th>KKE</th> </tr> </thead> <tbody> <tr> <td>Jan 18</td> <td>3.46</td> <td>2.63</td> </tr> <tr> <td>Feb 18</td> <td>2.37</td> <td>3.57</td> </tr> <tr> <td>Mar 18</td> <td>1.55</td> <td>2.55</td> </tr> <tr> <td>Apr 18</td> <td>2.19</td> <td>3.72</td> </tr> <tr> <td>May 18</td> <td>2.43</td> <td>3.26</td> </tr> <tr> <td>Jun 18</td> <td>2.81</td> <td>2.70</td> </tr> </tbody> </table>	Month	KE	KKE	Jan 18	3.46	2.63	Feb 18	2.37	3.57	Mar 18	1.55	2.55	Apr 18	2.19	3.72	May 18	2.43	3.26	Jun 18	2.81	2.70	Complied
Month	KE	KKE																						
Jan 18	3.46	2.63																						
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Apr 18	2.19	3.72																						
May 18	2.43	3.26																						
Jun 18	2.81	2.70																						

Criterion / Indicator		Assessment Findings			Compliance
		Jul 18	3.07	2.28	
		Aug 18	2.70	2.60	
		Sep 18	2.07	1.84	
		Oct 18	1.81	2.03	
		Nov 18	1.73	2.16	
		Dec 18	1.80	1.88	
		<p>The estates visited has established Energy management Plan focusing on the efficiency usage of non-renewable and renewable energy and to reduce fossil fuel consumption from company owned vehicle.</p> <p>Sighted the implementation of the management plan as follows:</p> <p>KE</p> <p>i. PMV checklist and safety briefing dated 17/1/2019</p> <p>ii. Maintenance: daily and weekly for tractor driver training dated 27/2/2018</p>			
4.5.2.2	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.	The estimate for the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations inclusive of fuel use by contractors, including all transport and machinery operations was available in the respective estate yearly budgets.			Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	No renewable energy used in the estate	Complied
Criterion 4.5.3: Waste management and disposal			
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	<p>KE</p> <p>The estate has identified the waste products and source pollution and documented in Environmental Management Plan SOU – Chersonese under section Waste Management. The waste identified as follows:</p> <ul style="list-style-type: none"> i. Domestic waste – Rubbish ii. Scheduled waste – used lubricants/hydraulic oil, Empty pesticides containers iii. Clinical waste iv. Recyclable waste – Reuse empty pesticides containers v. Industrial waste – Scrap metal, used tires <p>KKE</p> <p>The estate has identified all waste products and source of pollution and documented in Waste Management Plan. The waste identified as follows:</p> <ul style="list-style-type: none"> i. Domestic waste – Rubbish 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		ii. Scheduled waste – used lubricants/hydraulic oil, Empty pesticides containers, used PPE iii. Clinical waste - Syringe iv. Recyclable waste – Reuse empty pesticides containers, compost, EFB	
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 -	Estates visited has established Waste management Plan base on the identification and source of pollutions and the plan were available for review. KE The estate has established Waste management Plan base on the identification and source of pollutions and documented in Waste Management Action Plan. KKE The estate has established Waste management Plan base on the identification and source of pollutions. The plan state the type of waste, location (source), mitigation measures and person responsible.	Complied
4.5.3.3	The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. - Major compliance -	Procedure for Scheduled Waste Management was established (SD/SDP/PSQM (ESH)/203-EN1 dated 26/2/2016. Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers. Both estate visited also have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. Stores for scheduled waste were inspected at both	Minor NC

Criterion / Indicator		Assessment Findings	Compliance
		<p>estate visited and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>KKE</p> <p>Sighted during site visit, SW 305 used lubricant oil and SW 306 used hydraulic oil generated from 18/2/2018 still yet to be disposed until the day of visit. Verified the inventory of Schedule Waste from E-SWISS system sent to DOE, confirmed the waste generated is yet to be disposed. The estate supposed to write letter for Extension of Time for storage Scheduled Waste more than 180 days to DOE in August 2018. However, the estate only submit the letter and application form on 4/1/2019.</p> <p>Minor NC was raised. Refer Minor NC no 1744125-201902-N1</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>KE</p> <p>Empty pesticides container were identified as recycle waste. All empty pesticides containers were triple rinse, puncture and stored at designated stored before disposed to licensed contractors, SS Setia Technology Enterprise. Refer approval letter from DOE no AS(B)J 91/110/619/069 Jld 3(37) dated 24/10/2018. Sighted the implementation of the triple rinse during site visit at the storage area. Latest disposal was conducted as follows:</p> <ul style="list-style-type: none"> i. 18/1/2019 – 509 containers ii. 19/12/2018 – 400 containers <p>KKE</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		Empty pesticides container were identified as recycle waste. All empty pesticides containers were triple rinse, puncture and stored at designated stored before disposed to licensed contractors, SS Setia Technology Enterprise. Refer approval letter from DOE no AS(B)J 91/110/619/069 Jld 3(37) dated 24/10/2018.	
4.5.3.5	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses. - Minor compliance -	Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers. KE Domestic waste were collected twice a week by Majlis Perbandaran Kuala Kangsar to be disposed at Municipal Landfill. KKE Domestic waste was disposed at designated landfill. Workers interview reveal that they are aware of the zero burning policy including domestic waste are not allowed to be burned. The estates visited continue to promote the 3R (reuse, reduce, recycle) program. The promotion was communicated through training, briefing and signage.	Complied
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	KE The estate has assessed all polluting activities in the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The EAI and EIE were reviewed annually basis by the EAI/EIE review team. Latest Review was conducted on 2/1/2019.	Complied

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Criterion / Indicator		Assessment Findings	Compliance				
		<p>KKE</p> <p>The estate has assessed all polluting activities in the Environmental Aspect Impact Identification and Environmental Impact Evaluation. Latest review was conducted on 2/1/2019.</p>					
4.5.4.2	<p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p> <p>- Major compliance -</p>	<p>KE</p> <p>Environmental management plan was established for the activity which give significant impact for the environment base on the Environmental Aspect Impact Identification and Environmental Impact Evaluation.</p> <p>KKE</p> <p>The estate has established management plan for the activity which give significant impact for the environment and documented in Energy Management Plan. The plan identified the environmental issue such as Energy Management, Diesel Reduction Plan and GHG reduction plan. In the plan stated the objectives, location (source), mitigation plan, and monitoring frequency.</p>	Complied				
Criterion 4.5.5: Natural water resources							
4.5.5.1	<p>The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <p>a. Assessment of water usage and sources of supply.</p>	<p>Documented in Sime Darby Slope and River Protection Policy dated 15/1/2015 signed by the Managing Director stated that buffer zone shall be maintained on both side of the river banks.</p> <table border="1" data-bbox="1048 1246 1832 1375"> <tr> <td>River width</td> <td>Buffer zone</td> </tr> <tr> <td>> 40 meters</td> <td>50 meters</td> </tr> </table>	River width	Buffer zone	> 40 meters	50 meters	Complied
River width	Buffer zone						
> 40 meters	50 meters						

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Criterion / Indicator	Assessment Findings		Compliance										
<p>b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.</p> <p>c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</p> <p>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p>- Major compliance -</p>	<table border="1"> <tr> <td>20 to 40 meters</td> <td>40 meters</td> </tr> <tr> <td>10 to 20 meters</td> <td>20 meters</td> </tr> <tr> <td>5 to 10 meters</td> <td>10 meters</td> </tr> <tr> <td>< 5 meters</td> <td>5 meters</td> </tr> <tr> <td>* > 3 meters</td> <td>20 meters</td> </tr> </table>	20 to 40 meters	40 meters	10 to 20 meters	20 meters	5 to 10 meters	10 meters	< 5 meters	5 meters	* > 3 meters	20 meters	<p>Monitoring based on Sustainable Plantation Management System Appendix 7 Standard Operation Procedure (SOP) for taking water samples from streams/rivers, version 1, year 2008, issue no. 1, dated 01/11/2008.</p> <p>KE</p> <p>The estate has established water management plan and reviewed annually basis. The management plan focusing on activity with impact to natural water sources such as water contamination and action plan during water shortage.</p> <p>The quality of out-going water into rivers was monitored quaterly by carrying out water analysis. River water sampling for analysis was done for upstream, midstream and downstream.</p> <p>Sighted during site visit at the riparian zone at both estate visited, the vegetation were well maintained. No evidence of chemical application along the riparian zone.</p>	
20 to 40 meters	40 meters												
10 to 20 meters	20 meters												
5 to 10 meters	10 meters												
< 5 meters	5 meters												
* > 3 meters	20 meters												

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Criterion / Indicator		Assessment Findings	Compliance
		<p>KKE</p> <p>The estate has established water management plan and reviewed annually basis. The management plan focusing on contingency plan during water shortage. Sighted the implementation of the management plan as follows:</p> <p>i. Rain water harvesting tank was installed at the chemical premixing area.</p> <p>ii. Water sampling were conducted on quarterly basis. Sighted the water sampling result as follows;</p> <p>a. River water analysis - Refer report no IE1472/2018 dated 26/12/2018. Result – Does not conform with NWQS. The investigation was conducted on 26/12/2018 using form WQ-01/CPAR(1).</p> <p>b. River water analysis - Refer report no IE1068/2018 dated 13/9/2018. Result – Does not conform with NWQS. The river water sampling for upstream (going in) results for DO were high at 3.29 (mg/L) while downstream (going out) results for DO were also high at 3.28 (mg/L). This shows the estate activity not affecting the river water quality.</p>	
4.5.5.2	<p>No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p>- Minor compliance -</p>	No bunds were sighted across main rivers and waterways in both estates.	Complied
4.5.5.3	<p>Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).</p>	The practice water harvesting of water from road-side drains being directed and stored in conservation road side pits was observed in both estates.	Complied

Criterion / Indicator		Assessment Findings	Compliance
- Minor compliance -			
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> <ul style="list-style-type: none"> a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities. b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities. <p>- Major compliance -</p>	<p>PSQM has conducted HCV assessment for SOU 3 on 4-6/11/2016. HCV for estate has been identified and documented in the HCV Re-Assessment for SOU 3 – Elphil, Version 2, February 2017.</p> <p>Common wildlife found during the assessment were documented in Table 10 in the HCV Re-Assessment for SOU 3 – Elphil, Version 2, February 2017. No RTE species were identified during the assessment.</p> <p>KE</p> <p>4 HCV were identified in Kemuning Estate in during the assessment. The HCV identified are Slope/Rocky Area (ex-GDSB), River Reserve for Sg. Nyamuk, Water Catchment area and Isolated Remnant Forest.</p> <p>No RTE species were identified during the assessment.</p> <p>KKE</p> <p>2 HCV were identified in Kinta Kellas Estate during the assessment which is Sg. Raya River Reserve and Water Catchment area.</p> <p>No RTE species were identified during the assessment.</p>	Complied
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> <ul style="list-style-type: none"> a) Ensuring that any legal requirements relating to the protection of the species are met. 	<p>According to the HCV report for both estates visited, there are no RTE species (according to IUCN classification) sighted at the operating units.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	<p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</p> <p>- Major compliance -</p>		
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>Estates visited has established management plan and documented in HCV Management Plan FY 2019 Objectives and Target. The management plan stated the scope, objective, mitigation plan, monitoring time frame and person responsible.</p> <p>Sighted the implementation of the management plan as follows:</p> <p>i. Estates visited conducted HCV monitoring on monthly basis. The monitoring is to observe any encroachment, wildlife sighting, and environmental pollution issue. Sighted the monitoring records for the month of October, November and December 2018.</p>	Complied
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>Zero open burning policy as per SOP Section B2 - Felling/Land Clearing & Land Preparation dated November 2008. Management complying with the Malaysian environmental law –EQA and Regulations 1974.</p> <p>No open burning noted based on the records on the land clearing and felling for the replanting at visited estates. Method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.</p>	Complied
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>	<p>No open burning noted based on the records on the land clearing and felling for the replanting at visited estates. Method of land clearing and</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	there is a significant risk of disease spread or continuation into the next crop. - Major compliance -	preparation was used such as felling & chipping, cambering/land forming and path construction.	
4.5.7.3	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws. - Major compliance -	No controlled burning noted based on the records on the land clearing and felling for the replanting at visited estates. Method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	Complied
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. - Minor compliance -	Noted based on the records on the land clearing and felling for the replanting at visited estates, method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored. - Major compliance -	SOP was established for the Estates. & Agricultural Manual, Sustainability Plantation Management System and EQMS (Estate Quality Management System) were distributed to all operating units under SOU 3 as a guidance document to conduct estate operation. The SOP covers land preparation, planting material, upkeep, harvesting, FFB transportation and etc. Sime Darby has established mechanism to monitor the implementation of their procedure by Plantation Advisor Visit, Performance Monitoring Visit and Agronomist Visit. The visit focusing on Yield Improvement,	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		Crop Recovery, Replanting and Immature Palms Maintenance and Mature Upkeep.	
4.6.1.2	Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals. - Major compliance -	Sime Darby has established policy on slope protection and documented in Slope and River Protection Policy signed by the Managing Director in Jan 2015. The policy stated for slope more than 25 degree must be exclude from any new plantation development and replanting program. All the existing crop and vegetation shall be maintain accordingly. Landscapes of both estates visited are mostly flat. Sime Darby has established policy on slope protection and documented in Slope and River Protection Policy signed by the Managing Director in Jan 2015. The policy stated for slope more than 25 degree must be exclude from any new plantation development and replanting program. All the existing crop and vegetation shall be maintain accordingly. The policy was communicated to the employee during master briefing, townhall training and displayed in several notice board in the estate.	Complied
4.6.1.3	A visual identification or reference system shall be established for each field. - Major compliance -	Both Estates visited had a visual identification/reference system for each established field/block and maps established. Field numbers and hectare were marked on palms and in some areas on concrete slaps.	Complied
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	The annual business plan is available. The estate had an annual budget with a 3 years projection as stated in the annual budget. This business plan is prepared as guidance for future planning. The budget contains	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	monthly budget per operating units including FFB, CPO and PK. Component of operating expenditure includes Administration, harvesting & collection, field upkeep, transportation, road and bridges etc. Inclusive in the business plan is also Capital Expenditure (CAPEX) includes building-general, tractors and agricultural implement, office equipment and others as per the annual budget for 2018 for estate was sighted and verified	
4.6.2.2	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years. - Major compliance -	Long range replanting programme from FY2019 – FY2024 was established. For example, next 3 years programme available as per below sample estates: <u>Kamuning Estate</u> LLRP FY2019-FY2024 FY2019 – 92 ha (P1997A1, P1997D) FY2020 – 145 ha (1998B, 1991A1, 1999D1, 2001E) <u>Ephil Estate</u> LRRP FY 2019-FY2026 FY2020 – 71.04 ha (P99, P99B) FY2021 – 58.64 ha (99B)	Complied
4.6.2.3	The business or management plan may contain: a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends	This requirement i.e crop material, crop projection, yield, production cost are available. It is provided in the business management plan shown in item 4.6.2.1 above.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	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 -		
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. The progress report contains the updated actual usage as to date.	Complied
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	Pricing mechanism for other services (FFB transport and replanting contractor) are documented in the contract. Refer to 2 sample contracts: i) Supply lorry/transport (Contractor: Previna Enterprise effective 1 st January 2019) ii) Machineries and lorries (Contractor: Chin Kooi Chong Earthwork, 1 st January 2019) Rate/pricing mechanism is explicitly written in the contract and the agreement and acknowledgement is evident.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	According to the agreement made, the payment to contractors shall be made 30 days after the invoice date that submitted to the company by 1st week of the month. Interview with the contractors confirmed that the payment was made promptly according to the agreement.	Complied
Criterion 4.6.4: Contractor			
4.6.4.1	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	Kamuning and Kinta Kellas Estate had informed its contractors regarding the need to follow the MSPO requirements. Dissemination of MSPO requirement was written in the contract under prior to contract signing. Other method of communication such as stakeholder meeting and training was also being implemented.	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Main contract and formal letter issued by the Estate Manager served as the "revision" to the available contract agreement with the contractors to agree on the obligations of MSPO requirements. i) Supply lorry/transport (Contractor: Previna Enterprise effective 1 st January 2019) ii) Machineries and lorries (Contractor: Chin Kooi Chong Earthwork, 1 st January 2019) iii) FFB transport (Contractor: Gunasekaran A/L Buchia, extension of contract until 31/8/19) Refer to extension of service contract, T/SDPSB/PEN/FFB/0815/007 from head of procurement dated 26/9/18.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		Evidence of agreed contracts/purchase order (PO) was evident for most of the contractors. Some unplanned work has yet to be consistently registered in the system to ensure contract/PO issued and agreed by contractor prior to work. Refer to OFI.	
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required. - Minor compliance -	The requirement of accepting MSPO accredited auditors to audit against the contractors are being stated in the formal letter attachment to the contractors.	Complied
4.6.4.4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted. - Major compliance -	The contractors are being evaluated based on Key Performance Indicator @ KPI on timely delivery, accident rate, non-compliance to ESH requirements and security procedures and complaints by estate and mill. Example of evaluation observed is for FFB transporter (Bagan Samak Enterprise) which the details of KPIs were included in the annexure 8 of the contract agreement.	Complied
4.7 Principle 7: Development of new planting			
Criterion 4.7.1: High biodiversity value			
4.7.1.1	Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation. - Major compliance -	Not Applicable	Complied
4.7.1.2	No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the	Not Applicable	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>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>		
Criterion 4.7.2: Peat Land			
4.7.2.1	<p>New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.</p> <p>- Major compliance -</p>	Not Applicable	Complied
Criterion 4.7.3: Social and Environmental Impact Assessment (SEIA)			
4.7.3.1	<p>A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.</p> <p>- Major compliance -</p>	Not Applicable	Complied
4.7.3.2	<p>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.</p> <p>- Major compliance -</p>	Not Applicable	Complied

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Criterion / Indicator		Assessment Findings	Compliance
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 -	Not Applicable	Complied
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 documented and a plan to manage the impacts developed, implemented, monitored and reviewed. - Minor compliance -	Not Applicable	Complied
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 -	Not Applicable	Complied
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 -	Not Applicable	Complied
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	Not Applicable	Complied

Criterion / Indicator		Assessment Findings	Compliance
	laws. - Major compliance -		
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. - Major compliance -	Not Applicable	Complied
4.7.5.3	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. - Major compliance -	Not Applicable	Complied
Criterion 4.7.6: Customary land			
4.7.6.1	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. - Major compliance -	Not Applicable	Complied
4.7.6.2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. - Minor compliance -	Not Applicable	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.7.6.3	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available. - Major compliance -	Not Applicable	Complied
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 -	Not Applicable	Complied
4.7.6.5	Identification and assessment of legal and recognised customary rights shall be documented. - Major compliance -	Not Applicable	Complied
4.7.6.6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented. - Major compliance -	Not Applicable	Complied
4.7.6.7	The process and outcome of any compensation claims shall be documented and made publicly available. - Major compliance -	Not Applicable	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.7.6.8	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development. - Minor compliance -	Not Applicable	Complied

MSPO MS:2530 - Part 4: General Principles for Palm Oil Mills

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 23 rd November 2018 was issued to all Estates and Mills. Sime Darby Plantation Berhad is 100% MSPO certified company. Corporate policy statement towards sustainability was signed by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantations Berhad dated January 2015.	Complied
4.1.1.2	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. - Major compliance -	The continual improvement commitment is documented in the following Management & Operation Policies: i) Quality Management Policy dated January 2015 ii) Lean Six Sigma Policy dated January 2015 iii) Quality Policy dated January 2015 The commitments are made by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantations Berhad.	Complied
Criterion 4.1.2 – Internal Audit			

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Criterion / Indicator		Assessment Findings	Compliance
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	MSPO Internal audit was carried out SQM department for mill and estates under SOU3 on 24-25/1/19. The Internal audit report dated 25/1/19 was verified. Total of 10 major and 6 minor non-conformities raised during audit. All findings were closed on 15/2/19.	Complied
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. - Major compliance -	An internal audit procedure (SD/SDP/PSQM/IAP dated 1/11/2017) had been established and documented. The results of the audit conducted on 24-25/1/19 reported under internal audit report dated 25/1/19. The identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action had been carried at the Management meeting held on 28/1/2019.	Complied
4.1.2.3	Reports shall be made available to the management for their review. - Major compliance -	The minutes of the Management meeting held on 28/1/19 on the documented results of the audit conducted on 24-25/1/19 was verified. The identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action had been discussed and the PIC was identified and time frame established.	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	Sime Darby is RSPO certified company. On annual basis management review is conducted on Regional level. The last management review was conducted on 28/1/19. All pertinent	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	agenda has been discussed for the effective implementation of MSPO.	
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company. - Major compliance -	Continual improvement action plan is documented under Social Management Plan and Environmental Management Plan for 2019. In addition, safety related component established under OSH plan.	Complied
4.1.4.2	The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce. - Major compliance -	Continual improvement is demonstrated based on project initiated by mill management through KAIZEN/Lean Six Sigma project. The project focus mainly on cost saving and process losses minimization for each financial year. Sample of completed project for FY 2018/2019: i) To recover supernatant from buffer tank to reduce oil losses at raw effluent (target – 0.45% FFB/month) ii) To reduce TNB cost by fully run with turbine during processing (target – RM 5.3/FFB)	Complied
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			

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Criterion / Indicator		Assessment Findings	Compliance
4.2.1.1	The management shall communicate adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms. - Major compliance -	The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The time frame to provide feedback to the stakeholder is documented to be 2 weeks of the date receiving the queries. The Mill Manager is responsible to address all communication and request for documentations that could be made available to public/stakeholders.	Complied
4.2.1.2	The management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. - Major compliance -	Sime Darby Plantations Berhad continued to use the group website for disseminating public information. The Sustainability Report and Group Annual report is available in website. Information relating to land titles, safety and health plans, pollution prevention plans, and annual report are available at the estate. In addition to the website, the policies were also displayed at various locations including the main notice boards of the estates and muster ground notice boards for employees and visitors to view. Procedure for complaints and grievances were available through Sime Darby Plantations Berhad website at http://www.simedarbyplantation.com/Sustainability.aspx	Complied
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders. - Major compliance -	The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The Sustainable Plantation Management System Appendix 5 (Flowchart and Procedures on handling Social Issues) dated	Complied

Criterion / Indicator		Assessment Findings	Compliance
		01/11/2008 documented the process for handling communication regarding social issues.	
4.2.2.2	The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i> . - Minor compliance -	The Mill Manager is responsible to deal with the external communication.	Complied
4.2.2.3	A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained. - Major compliance -	The latest stakeholders list was updated. Document dated 1/5/18 was sighted. The external stakeholder consultation is conduct once a year. The last stakeholder meeting was conducted on 30/1/2019 for Elphil POM. External stakeholder invited (contractor- Naaven Networking, Alfa Laval, village representative and Kg Lintang). There were no negative feedback with regards to mill activities in the stakeholder consultation.	Complied
Criterion 4.2.3 – Traceability			
4.2.3.1	The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability. - Major compliance -	FFB received from own supply base and OCP (Outside Crop Producer) to Elphil POM. The weighbridge ticket provided the following details: i) Product (FFB or Loose fruit) ii) Delivery note from estates stating the weight and fruit grade (A or B). iii) D.O Number iv) Date of the shipment	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>Standard Operating Procedure (SOP) for Sustainable Supply Chain and Traceability" [appendix 15 of the Sustainable Plantation Management System (SPMS)], version 2, issue: 5 dated Sept 2018 documented the procedure for traceability documented for the traceability procedure. The procedure requires validation of certificate of supplying estate. The procedure had identified critical control points to prevent contamination of non-certified FFB. The current traceability system is Sime Weigh System.</p> <p>The responsible personal for the traceability is the Mill Manager.</p>	
4.2.3.2	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>- Major compliance -</p>	<p>Standard Operating Procedure (SOP) for Sustainable Supply Chain and Traceability" [appendix 15 of the Sustainable Plantation Management System (SPMS)], version 2, issue:5 dated Sept 2018 documented the procedure for traceability documented for the traceability procedure. The procedure requires validation of certificate of supplying estate.</p> <p>The procedure had identified critical control points to prevent contamination of non-certified FFB. The current traceability system is Sime Weigh System.</p> <p>The responsible personal for the traceability is the Mill Manager.</p>	Complied
4.2.3.3	<p>The management shall identified and assign suitable employees to implement and maintain traceability system.</p> <p>- Minor compliance -</p>	<p>The overall personal in charge for the traceability is the Mill Manager. The responsibility is stated in the job description. Hence there is no required to have a formal letter of appointment.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.2.3.4	<p>Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.</p> <p>- Major compliance -</p>	<p>The records of CPO and PK sales were verified. The dispatch of the CPO are determine by HQ Sales & Marketing and will be entered into the Sime Weigh System. The weigh bridge operator will check the system before releasing the dispatch.</p> <p>The sample dispatch documentation checked:</p> <p><u>CPO</u></p> <p>Buyer: Nuri Edible Oil (NEO) Complex</p> <p>Date of despatch: 14/2/19, WB ticket: 013195, Weight: 37.28 mt</p> <p>Specification: PORAM</p> <p><u>PK</u></p> <p>Buyer: Kilang Isi Sawit Sin Huat Hin Sdn Bhd</p> <p>Date of despatch: 15/2/19, WB ticket: 013206, Weight: 32.52 mt</p> <p>Specification: MEOMA</p>	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	<p>All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>SOU3 had continued to comply with the legal requirements as per indicator. Compliance to each applicable law and regulation is monitored by the operating units and PSQM sustainability team. SOU3 had obtained and renewed license and permits as required by the law. Sample of licenses or permit viewed were:</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p><u>Elphil POM</u></p> <p>i) DOE license, Compliance Schedule no: 001845 valid till 30 June 2019. Method of disposal, land application and composting. BOD 50 mg/l.</p> <p>ii) Contravention of license, section 22(1) Environmental Quality Act 1974, ref: LP/PUB 2014/KKS Elphil dated 1/11/18 under regulation 12 and 13 of Clean Air Regulation 2014. Contravention of license is valid from 1/11/18 to 5/6/19.</p> <p>iii) Energy Commission license, serial no.: 012050/2018, installation no.: ST(PIP)P/S/PRK/00429 for 3000 kW valid until 18/12/19.</p> <p>iv) MPOB License; no: 540132004000 valid till 31/5/2019</p> <p>v) Latest Unfired Pressure Vessel (UPV) and Steam Boiler (SB) inspection was conducted on 26/6/18 and 3/12/18. Total of 15 machines registered with certificate of fitness. 8 machines were exempted (with water/oil medium)</p> <p>Sample of CF checked:</p> <ul style="list-style-type: none"> a) Steam boiler – PK PMD 745 valid until 22/2/20 b) Sterilizer no.1 – PK PMT 3878 valid until 22/2/20 c) Steam receiver – PK PMT 4103 valid until 22/2/20 d) Deaerator Header – PK PMT 4102 valid until 22/2/20 	
4.3.1.2	The management shall list all relevant laws related to their operations in a legal requirements register.	The Legal & Other Requirements Register (LORR) covers all the necessary regulatory requirements. The LORR for was reviewed on 19/4/2017. List of applicable legal and other requirements was	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	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	
4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. - Major compliance -	The Legal & Other Requirements Register (LORR) covers all the necessary regulatory requirements. The LORR for was reviewed on 28/1/18. The new Minimum Wages Order 2018 has been incorporated in the register. Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office. The latest change in regulation applicable to the POM operation is the Labour Law.	Complied
4.3.1.4	The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements. - Minor compliance -	Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office.	Complied
Criterion 4.3.2 – Lands use rights			
4.3.2.1	The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users. - Major compliance -	Sime Darby did not acquire land from landowners, but leased it directly from the government. There were no issues of land disputes.	Complied

Criterion / Indicator		Assessment Findings	Compliance												
4.3.2.2	<p>The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.</p> <p>- Major compliance -</p>	<p>Sime Darby leased all the land directly from the government. There were no issues of land disputes recorded. All land title were kept in the office and available for review.</p> <table border="1"> <thead> <tr> <th>Grant</th> <th>Lot No.</th> <th>Hectare</th> </tr> </thead> <tbody> <tr> <td>45690</td> <td>1195</td> <td>11.918</td> </tr> <tr> <td>42312</td> <td>1222</td> <td>81.2076</td> </tr> <tr> <td>47879</td> <td>1223</td> <td>7.2742</td> </tr> </tbody> </table>	Grant	Lot No.	Hectare	45690	1195	11.918	42312	1222	81.2076	47879	1223	7.2742	
Grant	Lot No.	Hectare													
45690	1195	11.918													
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4.3.2.3	<p>Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.</p> <p>- Major compliance -</p>	<p>Legal parameter boundary were clearly demarcated with fences.</p>	Complied												
4.3.2.4	<p>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).</p> <p>- Minor compliance -</p>	<p>There is no land dispute in the Elphil POM operating units at the time of audit. The land belongs to Sime Darby Plantation Berhad and land ownership documents verified</p>	Complied												
<p>Criterion 4.3.3 – Customary rights</p>															

Criterion / Indicator		Assessment Findings	Compliance
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 land dispute or customary rights issues in the mill.	Complied
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -	There is no land dispute or customary rights issues in the mill.	Complied
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - Major compliance -	There is no land dispute or customary rights issues in the mill.	Complied
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	A Social Impact Assessment (SIA) was prepared for the whole SOU3 Elphil. The Social Impact Assessment (SIA) was conducted on 27th June to 1st July 2016 including consideration of feedbacks from the stakeholder engagement meeting. Besides providing socio-economic baseline data, the report highlighted various issues (complaints, requests and comments) raised by the stakeholders of the respective estates and mill (in SOU3), action plans for handling the identified issues were also presented in the report. Management plan dated 11/2/19 is available for review.	Complied

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented. - Major compliance -	Under the sustainable plantation management system Appendix 5, procedure on handling social issue (version 1; year 2008) has been implemented. Under Group policies and authorities GPA No 85 Whistleblowing provide an internal mechanism for reporting, investigating and remedying any wrongdoing.	Complied
4.4.2.2	The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties. - Major compliance -	The complaint and grievances is open to effected parties including internal and external stakeholders. The time to process the complaints or grievances is 2 weeks.	Complied
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints. - Minor compliance -	The complaint form is made available in the mill office. In case the complainant would want to make an anonymity complaint it can be made through electronic Complaint form or email to Senior Director or Whistleblowing committee or toll free number or fax or by mail. This information is available in notice boards in the mill.	Complied
4.4.2.4	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time. - Minor compliance -	Interview conducted with workers to confirm their understanding of the complaint and grievance process. There is no grievance recorded since the last audit. Only request for maintenance housing are made by workers.	Complied
4.4.2.5	Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.	The complaint record for request for maintenance are available and kept for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents..	Complied

Criterion / Indicator		Assessment Findings	Compliance
- Major compliance -			
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	<p>Palm oil miller should contribute to local development in consultation with the local communities. Where the mill is an integral part of plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.</p> <p>- Minor compliance -</p>	<p>The mill and estates management have made contribution to the local communities and stakeholders such as donation to MPOA sport day, school, safety townhall (safety programme, motivational and religious talk) for the benefit of local communities and also workers</p>	Complied
Criterion 4.4.4: Employees safety and health			
4.4.4.1	<p>An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>Sime Darby has established the Group Policy on Health and Safety signed by the Managing Director on Jan 2015. The policy has been communicated to the workers through induction training for new workers, morning briefing and displayed at various notice board within the estate.</p> <p>The PSQM team is also committed in establishing various working standards through procedures or pictorial method to improve safe working condition.</p> <p>The mill has established safety and health plan and documented in OSH and Other requirement Plan. The plan cover Safety and Health Committee, ESH reporting, Risk Management, First Aid, Machinery Inspection, Chemical Management, Factories and Machinery and etc. The latest review was conducted on 1/1/2019. Sighted the implementation of OSH plan as follows:</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p>i. Annually Accident report, JKPP 8 FY 2018 was submitted on 5/1/2018. Refer form no. JKPP 8/21229/2018.</p> <p>ii. First Aid monitoring was programmed on monthly basis by mill chargehand as competent First Aider. Sighted the monitoring records for the month of January and February 2019.</p> <p>iii. Workplace inspection was programmed on monthly basis. Sighted the monitoring records dated 26-29/12/2018 and 19-22/9/2018.</p>	
4.4.4.2	<p>The occupational safety and health plan should cover the following:</p> <p>a) A safety and health policy, which is communicated and implemented.</p> <p>b) The risk of all operations shall be assessed and documented.</p>	<p>Sime Darby has established the Group Policy on Health and Safety signed by the Managing Director on Jan 2015 and communicated to the workers through induction training for new workers, morning briefing, iCARE Safety and Health Townhall meeting, and displayed at various notice board within the mill.</p> <p>The mill has conducted assessment for risk on all the operations and documented in Hazard Identification, Risk Assessment, and Risk Control (HIRARC). The assessment cover all main operations and support operations such as security, office, store, weighbridge, fruit handling, threshing and etc. The assessment also covers working type, job step, hazard, effect, existing control, type, probability, etc.</p> <p>HIRARC Review was conducted by HIRADC Committee on annually basis and when necessary. Latest review was conducted on</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance
<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</p>	<p>2/8/2018 for accident at steriliser station on 28/7/2018 and 8/2/2019 for annual review.</p> <p>The mill has established training program for employees exposed to chemicals used at the palm oil mill to ensure the continuous awareness to the employee. The training was conducted by the Manager, Asst. Manager and representative form the chemical suppliers to the supervisors and operators. Sighted the training records as follows:</p> <ul style="list-style-type: none"> i. Chemical handling training dated 29/1/2019 ii. Lab operation refresher training dated 28/5/2018 <p>The mil provided appropriate PPE to all workers according to the job type. The PPE given as per HIRARC and Pictorial Safety Standard (PSS) Palm Oil Mill dated 17/3/2008. Sighted during site visit at the steriliser station and boiler station, the workers were provided with leather gloves, mask, earplug, and safety shoes. Sighted at the PPE issuance records at the general store for workshop workers for safety shoes, earplug and safety helmet. All recipients must signed the PPE issue form and return used PPE to be disposed as scheduled waste.</p> <p>Procedures of chemical handling is presented in several documents, such Document No. SD/SDP/SQM (ESH)/001-1Sime Darby</p>	

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Criterion / Indicator	Assessment Findings	Compliance
<p>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 ant the concerns of employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p>	<p>Plantation Environment, Safety, and Health Management System (ESHMS) Manual dated July 1st, 2012.</p> <p>Mill Manager was appointed by the Sime Darby management to be the Chairman of OSH Committee at the mill as per letter signed by the Regional General Manager dated 15/12/2018. Mill management has appointed the Quality Assurance Supervisor as Person Responsible for safety and health as per letter dated 15/1/2019 signed by the manager. Mill management has appointed Safety Committee Member consist of OSH Coordinator, Secretary, seven representatives from Employer and ten representatives from Employee as per appointment letter by the Mill Manager. The OSH committee discussed regarding the safety and health of the workers on quarterly basis during the OSH committee meeting. The OHS Chairman and Secretary are in coordination with PSQM Head Quarter Officer for any update national regulations and collective agreements.</p> <p>The management conducted OSH committee meeting on quarterly basis. In the meeting discussed issue on employees' safety, health and welfare such as mill safety and health achievement report, mill security, safety compliance by contractors, workplace audit report, legal compliance, safety and health training and etc. Sighted the minutes meeting for OSH committee dated 29/6/2018, 25/9/2018 and 4/1/2019.</p>	

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Criterion / Indicator	Assessment Findings	Compliance
<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>Accident of emergency procedure is presented in Mill Quality Management System Standard Operation manual (MQMS SOM) dated November 1st, 2008. Flowchart of emergency handling was presented in Appendix 5.5.3.3. Sighted during site visit, the emergency handling flowchart was available at the workshop, store and press station. The workstation also equipped with fire extinguisher and first aid kit. Noted during interview with employee shows the understanding regarding emergency procedures.</p> <p>The mill has established Emergency Response Team lead by the Mill Manager. Sighted during site visit, the ERT chart and Fire Hydrant and Fire Extinguisher Map was displayed at several notice board in the mill. Latest ERP training was conducted on 6/8/2018 with evacuation time at 4.00 minutes.</p> <p>First aider present at various work station at the mill. The first aider responsible for first aid box at each workstation. During the interview with the Boiler man, storekeeper and sterilizer operator, shows the awareness regarding the emergency procedure if accident occur, person responsible of every first aid box and the location of the nearest first aid box. Sighted the latest training records for first aider dated 12/3/2018 conducted by Asst. Manager.</p> <p>First Aid monitoring was conducted on monthly basis by mill chargehand as competent First Aider. Sighted the monitoring records for the month of August, September and October 2018.</p> <p>The mill maintain the records of accident cases and documented in the "Laporan dan Siasatan Kemalangan" log and reported to HQ</p>	

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Criterion / Indicator		Assessment Findings	Compliance
		using the PSQM-ESH Monthly update form. The accident occurred was reviewed on quarterly basis during OSH committee meeting. The latest meeting was conducted on 4/1/2019.	
Criterion 4.4.5: Employment conditions			
4.4.5.1	The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees. - Major compliance -	Sime Darby Plantation Berhad is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the Social and Humanity Management Policy signed by Managing Director in January 2015.	Complied
4.4.5.2	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics. - Major compliance -	The top management of Sime Darby Plantation Berhad is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the Social and Humanity Management Policy signed by Managing Director in January 2015. There were no evidences of any form of discrimination based on race, national origin, religion, gender, union and political affiliation and is covered in the policy as well. Interview with workers and trade union leader indicates that there is no such discrimination occurs in the workplace	Complied
4.4.5.3	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.	The payroll and pay slip records of employees showed that all employees are paid with the monthly salary are compliance with the local minimum wages requirements.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>Sample of pay slips for local workers for February (low) and September 2018 (peak):</p> <p>i) Employee# 76452</p> <p>ii) Employee# 84006</p> <p>Sample of pay slips for foreign workers for February (low) and September 2018 (peak):</p> <p>i) Employee# 145121</p> <p>ii) Employee# 146086</p> <p>Review the pay slip and mill attendance report (including OT hours) confirmed that their basic salary wages complied with minimum wages (RM 38.46/day) for daily rated and RM 1000/month for monthly rated workers.</p>	
4.4.5.4	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>There were contract workers under Maju Mech Engineering Sdn Bhd for non production workers (workshop). Total of 2 contract workers [BL0176894, BQ0484289] payment vouchers and contract of employment checked and verified. Based on the payment voucher checked, daily rate for contract workers is around (RM50 - 560) which more than minimum wages of RM 38.46/day. Employment contract dated 18/12/2018 signed by the said workers were checked and found to be valid.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
<p>4.4.5.5</p>	<p>The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>Elphil POM maintain an accurate record of all employees (local and foreign) under Employee Master Listing report, ZCKRLM04. Total of 78 employees (as at 18/2/19) listed under mill's check roll.</p> <p>Records updated and verified during the audit were found contains the following details of information for every employees.</p> <p>Employee Name Activity Nationality Gang details Date of Birth Occupation Religion Employment Date Sex Passport No. and Expiry Date (for foreigner) Work Permit Expiry Date Identification Card no. Socso. No. EPF no.</p>	<p>Complied</p>

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Criterion / Indicator		Assessment Findings	Compliance
4.4.5.6	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>Employment Contract for local and foreign workers are available. Information indicated in the form showed that all employees are provided with fair contracts in term of salary, accommodation and other benefits.</p> <p>Copies of Employment Contract for each local and foreign workers indicated in the employment records are available. Foreign worker contract is valid for 3 year plus yearly contract extension for those who intent to continue working with the company.</p> <p>Sample of employment contract available for the local workers: i) Employee# 147702 ii)Employee# 147807</p> <p>Sample of employment contract available for the foreign workers: i) Employee# 145121 ii) Employee# 146086</p>	Complied
4.4.5.7	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.</p> <p>- Major compliance -</p>	<p>Elphil POM has established a time recording system using punch card for all employees. Time recording system has been implemented by punch card system for all mill employees.</p> <p>The working hours for all employees has been clearly documented in the Employment Contract and displayed in the office to ensure transparent for both employees and employer</p>	Complied
4.4.5.8	<p>The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective</p>	<p>The working hours and breaks of the individual worker indicated in the time records were in compliance with legal regulations and</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	<p>agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable.</p> <p>- Major compliance -</p>	<p>collective agreements. Based on the Mill Daily Attendance Report (CKRRD005) and punch card records, overtime and breaks were recorded and consistent with the payslip for sample months in, February 2018 and September 2018. No evidence of overtime exceeded 104 hours as per Employment (Limitation of Overtime Work) Regulations 1980.</p>	
4.4.5.9	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p>- Major compliance -</p>	<p>Pay slips of all employees (check roll) are available as evidence of salary payment.</p> <p>The pay slip contain the following information :</p> <ul style="list-style-type: none"> c) Earnings <ul style="list-style-type: none"> - Basic Salary (Daily Rated Work, Work on Rest Day and Work on Holiday) - Overtime (Week days, Rest days and Holiday) d) Deduction <ul style="list-style-type: none"> - Union fee (NUPW & AMESU),SOCSO, EPF , electricity deduction and others <p>Observed that the wages and overtime payment documented on the pay slips are in line with legal requirement and as stated in the employment contract</p>	Complied
4.4.5.10	<p>Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings.</p> <p>- Minor compliance -</p>	<p>The company provides:</p> <ul style="list-style-type: none"> 5kg rice and 5kg cooking oil to all workers once every 2 months RM5 mobile subsidy to all workers. Free medical benefit to workers dependent at the estates clinics. Renewal for driving license for local workers 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>Sending worker's children to schools</p> <p>Once a year festival token to all workers</p> <p>Yearly schooling assistance</p> <p>Sime Darby scholarship</p> <p>The field workers are paid with Productivity Incentive. The more they work the higher the incentive.</p>	
4.4.5.11	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.</p> <p>- Major compliance -</p>	<p>The basic amenities and facilities at the quarters provided by the company to its workers includes electricity, water and domestic waste disposal. Electricity and water is connected with the national infrastructure facilities. The usage of electricity and water is bared by the workers themselves.</p> <p>During the field assessment, it was observed that the housing are in good conditions. For local workers with family, each will be given a house while for foreign workers for single workers, it will be given shared house of 2-3 each people per house.</p> <p>Linesite inspection is conducted on weekly basis as per the Workers' Minimum Standards Housing and Amenities Act 1990. The results of the inspection is being discussed with the estate manager for actions.</p> <p>For foreign workers, all foreign workers will be given a starter kit which includes basic amenities (e.g. mattress, cooking utilises).</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.4.5.12	<p>The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.</p> <p>- Major compliance -</p>	<p>The Gender Policy was established since January 2015. The Policy covers the commitment to prevent sexual harassment and all forms of violence against women, workers and community. The signatory of the Policy is by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantation.</p>	Complied
4.4.5.13	<p>The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p>- Major compliance -</p>	<p>During the interview with workers, there are no evidence received that there are restriction from the company to allow workers to join trade union. The workers have their freedom to join the NUPW/MAPA union.</p> <p>The Social Policy established since 2015 covers the commitment of the company towards respecting the rights of all personnel to form and join trade unions of their choice to bargain collectively.</p> <p>Latest union meeting with mill management dated 29/1/19 is referred to. No concern highlighted by the union representative based on the meeting minute.</p>	Complied
4.4.5.14	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.</p> <p>- Major compliance -</p>	<p>The Social Policy and Social & Humanity Management Policy was established since January 2015. The Policy covers the commitment to not condone forced labour or child labour. The signatory of the Policy is by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantation.</p> <p>Field observation, interviewing with workers and verification of workers master list confirmed that there is no child labor.</p>	Complied
<p>Criterion 4.4.6: Training and competency</p>			

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Criterion / Indicator		Assessment Findings	Compliance
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 -	The mill has established training plan base on training need analysis conducted and documented in SOU 3 – KKS Elphil Training Plan. The training plan covers all job designation including the contractors. 25 training was identified and programmed throughout the year. For contractors, there are 8 trainings such as OHS, discipline and waste management incorporated, and it being briefed before starts any works and recorded in "Permit to Work".	Complied
4.4.6.2	Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description. - Major compliance -	The mill has conducted training need analysis for all employee, management and contractors. The need analysis was conducted base on the job designation and training required by the job type. 25 training were analysis and identified as required.	Complied
4.4.6.3	A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure. - Minor compliance -	The mill has training program which updated annually. The annual internal audit by PSQM and management review does review the effectiveness of the training plan and its execution.	Complied
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be	Sime Darby has established Environmental Policy signed by the Managing Director on January 2015. The environmental	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	<p>established, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>management plan has been established to monitor the identified significant activities that give impacts on environment. A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented.</p>	
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>- Major compliance -</p>	<p>The mill has conducted Environmental Aspect Impact Identification and Environmental Impact Evaluation covers all operations in the mill. The EAI and EIE were reviewed by annually basis. The latest review effective from 8/2/2019.</p> <p>The environmental management plan was established base on Environmental Aspect Impact Identification and Environmental Impact Evaluation and documented in Pollution Prevention Plan. This plan incorporated Environmental Issue, Mitigation Measures, Person Responsible and Monitoring Period. Last reviewed was done on 3/1/2018.</p>	Complied
4.5.1.3	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.</p> <p>- Major compliance -</p>	<p>The environmental management plan was established base on Environmental Aspect Impact Identification and Environmental Impact Evaluation. The plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated Environmental Issue, Mitigation Measures, Person Responsible and Monitoring Period. Sighted the implementation of the management plan as follows:</p> <p>i. Open burning monitoring. Monitoring was conducted on weekly basis. Sighted the Housing Complex Inspection records dated 12/10/2018, 9/11/2018 and 14/12/2018.</p> <p>ii. River water analysis was conducted on quarterly basis.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
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>Program to promote positive impact was documented in several management plan, Pollution Prevention Plan, Water Management Plan and Waste Management Plan. The management plan also include a program to promote positive impact as follows:</p> <ul style="list-style-type: none"> i. Briefing recycle ii. Reuse of fiber and shell as boiler fuel iii. Rainwater harvesting 	Complied
4.5.1.5	<p>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.</p> <p>- Major compliance -</p>	<p>The mill continue provided training to ensure the awareness regarding the environmental policy among the employee. The mill management has established annual training program which covers the environmental awareness and compliance related trainings to the executives, staffs and workers.</p> <p>Sighted the training on environmental aspect as follows:</p> <ul style="list-style-type: none"> i. 3R (recycle, reduce, reuse) awareness briefing dated 15/2/2019 ii. EAI, EIE training dated 14/2/2019 iii. TAWNIN water treatment plant operator training dated 7/2/2019 iv. Chemical handling training dated 29/1/2019 	Complied
4.5.1.6	<p>The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.</p> <p>- Major compliance -</p>	<p>The mill has established the Environmental Performance Monitoring Committee and the meeting was conducted on quarterly basis. Sighted the minutes meeting dated 25/9/2018 and 4/1/2019</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance	
Criterion 4.5.2: Efficiency of energy use and use of renewable energy			
4.5.2.1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period - Major compliance -	The Mill maintains records of energy usage, which is reported monthly to head office through SAP system. The use of the steam turbine for electricity generation has been optimized in order to reduce the dependence on diesel fossil fuel. The monitoring of non-renewable energy usage was conducted on monthly basis. Average diesel usage FY 2018 recorded at 0.165 ton/FFB processed.	Complied
4.5.2.2	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations. - Major compliance -	The estimate for the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations inclusive of fuel use by contractors, including all transport and machinery operations was available in the respective estate yearly budgets.	Complied
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	Renewable energy used is from biofuel (shell and fiber) for boiler start-up. Sighted the records for usage of renewable energy FY 2018 as follows: Fiber: 0.59 ton/FFB processed Shell: 0.03 ton/FFB processed	Complied
Criterion 4.5.3: Waste management and disposal			

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Criterion / Indicator		Assessment Findings	Compliance
4.5.3.1	<p>All waste products and sources of pollution shall be identified and documented.</p> <p>- Major compliance -</p>	<p>The mill has identified the waste products and source pollution and documented in waste management plan FY 2018/19. The waste has been identified as follows:</p> <ul style="list-style-type: none"> i. Scheduled waste – used lubricants, used filter and filter paper, empty lubricants, hexane, spent IPA, Empty chemical containers, electrical component, used batteries ii. Domestic waste – Rubbish, sewage iii. Recycle/Industrial waste – POME, EFB, decanter cake, compost iv. Scrap Iron v. Clinical waste vi. GHG – methane gas 	Complied
4.5.3.2	<p>A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for:</p> <ul style="list-style-type: none"> 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. <p>- Major compliance -</p>	<p>The mill has established the waste management plan and the plan was reviewed on annually basis.</p> <p>The mill has identified all waste products and source of pollution and documented in the Waste Management Plan. In the management plan stated the type of waste, source of waste, mitigation plan and person responsible. Latest update was conducted on 14/2/2019.</p>	Complied
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</p>	<p>Procedure for Scheduled Waste Management was established (SD/SDP/PSQM (ESH)/203-EN1 dated 26/2/2016. Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by Management and workers.</p>	Complied

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<p>as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005</p> <p>- Major compliance -</p>	<p>The mill also have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. Stores for scheduled waste were inspected at both estate visited and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>Observed during workers interview with storekeeper shows the understanding the proper disposal for waste as all used lubricant and contaminated spill kit will be collected as Scheduled Waste and stored in designated storage area.</p> <p>All the records were found adequate as per required by EQ (Scheduled Waste) Regulations 2005. The inventory of Scheduled was reported on monthly basis through E-SWISS. Sighted the E-SWISS report – Fifth Scheduled for the month of October, November and December 2018.</p> <p>Sighted the sampled scheduled waste disposal records:</p> <ul style="list-style-type: none"> i. 12/10/2018 for SW 409; C/N no: 2018101209OY9RQG ii. 12/10/2018 for SW 305; C/N no: 2018101209YV8CZ0 iii. 12/10/2018 for SW 306; C/N no: 2018101209JYNASH iv. 12/10/2018 for SW 109; C/N no: 2018101209MKW6YQ 	
<p>4.5.3.4 Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.</p> <p>- Minor compliance -</p>	<p>Domestic waste was collected by the sister estate, Elphil Estate and disposed at designated landfill. Sighted the domestic was collection records for the month of August and September 2018.</p>	<p>Complied</p>

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Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	The mill has conducted assessment of all polluting activities in the Environmental Aspect Impact and Environmental Impact Evaluation. A management plan has been established based on the significant aspect and DOE license compliance schedule and documented in Pollution Prevention Plan.	Complied
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	A management plan has been established based on the significant aspect and DOE license compliance schedule and documented in Pollution Prevention Plan. Sighted the implementation of the management plan as follows: i. Observed the stack emission monitoring conducted twice a year and submitted Dept. of Environmental as follows: Boiler no: PMD 745 (Report no. L-PG-AC1811CSD0312) - Report date: 15/11/2018 - Result: 0.3393 g/m3 dry@ 12% CO2 ii. River water sampling was conducted on quarterly basis - Report no: 1249/2018 - Report date: 31/10/2018 Result not conform to NWQS for upstream and downstream due to chicken and pig farm before the upstream water sampling point.	Complied

Criterion / Indicator		Assessment Findings	Compliance																								
<p>4.5.4.3</p>	<p>Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.</p> <p>- Major compliance -</p>	<p>Treated POME discharge was regularly monitored as prescribed under "Jadual Pematuhan". Limit of Biochemical Oxygen Demand (BOD) discharge is 50 mg/l. Regular monitoring was done on monthly basis and every quarterly via "Borang Penyata Suku Tahun" to DOE for compliance.</p> <p>Noted the following 3rd and 4th quarter report in:-</p> <p>3rd quater</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Parameter</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Jul</td> <td>BOD</td> <td>49</td> </tr> <tr> <td>pH</td> <td>8.3</td> </tr> <tr> <td>S. Solid</td> <td>339</td> </tr> <tr> <td rowspan="3">Aug</td> <td>BOD</td> <td>50</td> </tr> <tr> <td>pH</td> <td>8.30</td> </tr> <tr> <td>S. Solid</td> <td>348</td> </tr> <tr> <td rowspan="3">Sep</td> <td>BOD</td> <td>28</td> </tr> <tr> <td>pH</td> <td>8.6</td> </tr> <tr> <td>S. Solid</td> <td>160</td> </tr> </tbody> </table> <p>4th quarter</p>	Month	Parameter	Results	Jul	BOD	49	pH	8.3	S. Solid	339	Aug	BOD	50	pH	8.30	S. Solid	348	Sep	BOD	28	pH	8.6	S. Solid	160	<p>Complied</p>
Month	Parameter	Results																									
Jul	BOD	49																									
	pH	8.3																									
	S. Solid	339																									
Aug	BOD	50																									
	pH	8.30																									
	S. Solid	348																									
Sep	BOD	28																									
	pH	8.6																									
	S. Solid	160																									

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Criterion / Indicator		Assessment Findings			Compliance
		Month	Parameter	Results	
		Jul	BOD	30	
			pH	8.70	
			S. Solid	160	
		Aug	BOD	49	
			pH	8.40	
			S. Solid	340	
		Sep	BOD	45	
			pH	8.8	
			S. Solid	200	
Criterion 4.5.5: Natural water resources					
4.5.5.1	<p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> a) Assessment of water usage and sources. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities. 	<p>The mill has established Water Management Plan FY 2019. The plan focusing on contingency plan during shortage of water supply due to dry spell, severe water pollution and contamination of surface and ground water and to reduce water usage. In the plan stated the water source, areas of concern, monitoring, contingency plan, mitigation plan, person responsible and time frame.</p> <p>The monitor the water consumption on monthly basis. Sighted the water consumption monitoring records FY 2018 as follows:</p>			Complied

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Criterion / Indicator		Assessment Findings		Compliance
c) Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). - Major compliance -	Month	Water Consumption		
	Jan 18	1.04		
	Feb 18	1.21		
	Mar 18	1.03		
	Apr 18	1.01		
	May 18	0.91		
	Jun 18	0.99		
	July 18	0.95		
	Aug 18	0.94		
	Sep 18	0.97		
	Oct 18	0.89		
	Nov 18	0.95		
	Dec 18	0.92		

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Criterion / Indicator		Assessment Findings	Compliance
		<p>The mill has conducted river water sampling on quarterly basis. The latest river water analysis test report was conducted as follows:</p> <ul style="list-style-type: none"> i. Report no: 855/2018 Report date: 30/7/2018 ii. Report no: 1249/2018 Report date: 31/10/2018 <p>Result not conform to NWQS for upstream and downstream due to chicken and pig farm before the upstream water sampling point</p>	
4.5.5.2	<p>Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.</p> <p>- Major compliance -</p>	<p>Treated POME discharge was regularly monitored as prescribed under "Jadual Pematuhan" 001845. Limit of Biochemical Oxygen Demand (BOD) discharge is 50 mg/l. Regular monitoring was done on monthly basis and every quarterly via "Borang Penyata Suku Tahun" to DOE for compliance.</p>	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Mill Management			
4.6.1.1	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<p>SOP available for the Palm Oil Mill and the Estates. Palm Mill holds two SOPs: sustainability Plantation Management System (MQMS/SOM/08 v.1 dated 1/11/2008) includes mill SOP and Mill Quality Management Manual v.1 2008/MQMS/QMM/08 as a guidance document to operate the mill.</p> <p>Sime Darby has established a system to monitor the mill operation. The Mill advisor, Structured Oil Recovery Assessment (SORA) and</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		Planning and Monitoring Unit visited the operating units on timely basis. Their reports covers on all aspect of operation.	
4.6.1.2	All palm oil mills shall implement best practices. - Major compliance -	The monitoring of the mill process is made through the shift supervision headed by an Engineer. All process parameters are documented and summarized in a daily report. The Mill advisor, Structured Oil Recovery Assessment (SORA) and Planning and Monitoring Unit visited the operating units on timely basis. Their reports covers on all aspect of operation. Latest SORA visit was conducted on 9 – 12 July 2018 with average score at 4.0.	Complied
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	Annual business plan in the form of annual budget and the projection for 5 years prepared as guidance for future planning. The business plan for FY18/19 contains FFB yield, CPO, OER, and KER, costs of production, milling utilization, FFB pricing etc. It also includes environment, social (workers and staff's welfare), and health and safety component and associated capital expenditure for process improvement.	Complied
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	This is available in the guidelines LOA (limit of authority) and revised sourcing method for plantation upstream Malaysia dated 11/7/2017.	Complied

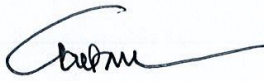

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> a) All tender and pricing exercises are handled by the HQ management. Projects are tendered from the approved vendors registered with HQ. b) Payments are processed and made by HQ through system named MEX. This is made upon job verification by the operating units personnel and also representatives from HQ for major projects handled upstairs. 	
4.6.3.2	<p>All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.</p> <p>- Major compliance -</p>	<p>This requirement is in compliance. All contracts and purchases are documented i.e. in the form of purchase orders, invoices, contracts for the larger transaction. All documents are signed by both vendor and estates. Few samples kept at AAO/Chief Clerk' s office were sighted.</p>	Complied
Criterion 4.6.4: Contractor			
4.6.4.1	<p>In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.</p> <p>- Major compliance -</p>	<p>A contract was sighted. The evaluation and tender process was handled by the Procurement Department at Head Office. Transaction between My Team Engineering Works and Trading and the mill dated 15/1/19 for maintenance/engineering services. Inclusive in the contract is a clause 6.2 requiring compliance on safety factors and PPE;</p> <ul style="list-style-type: none"> a) Comply with any applicable laws, regulations, terms and conditions. b) PPE issued to the employees c) Ensure safety of employees 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	The contracts transacted by the mill among others as listed below; a) My Team Engineering Works and Trading b) Kong Hin Electrical Engineering Sdn Bhd	Complied
4.6.4.3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required. - Minor compliance -	The requirement of accepting MSPO approved auditors to audit against the contractors are being stated in the formal letter attachment to the contractors	Complied

Section 4: Assessment Conclusion and Recommendation

Section 4: Assessment Conclusion and Recommendation

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment SOU 3 Elphil Palm Oil Mill and Supply Base Certification Unit 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. It is recommended that the certification of SOU 3 Elphil Palm Oil Mill and Supply Base Certification Unit is approved and/or continued.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: JAYAGANESU DHARMESELAN	Name: Muhammad Fadzli Masran
Company name: SIME DARBY PLANTATION BHD	Company name: BSI Services Malaysia Sdn. Bhd.
Title: SOU CHAIRMAN - SOU 3	Title: Client Manager
Signature: 	Signature: 
Date: 1/6/2019.	Date: 30/5/2019

Appendix A: Assessment Plan

PRELIMINARY AGENDA				
Date	Time	Subjects	MFM	MHZA
Sunday 17/2/2018	PM	Audit Team Travelling	√	√
Monday 18/2/2019 Elphil POM	08.30 – 09.00	Opening Meeting: <ul style="list-style-type: none"> Opening Presentation by Audit team leader. Confirmation of assessment scope and finalize Audit plan 	√	√
	09.00 – 12.30	Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment. Laboratory, weighbridge and palm product storage area, staff, workers and contractor interview, housing and facility inspection, clinic, etc.	√	√
	10.30 – 12.30	Stakeholder interviews (combined with estate’s stakeholders)	-	√
	12.30 – 13.30	Lunch	√	√
	13.30 – 16.30	Continue with document review (MSPO part 4), P1: Management commitment and responsibility, P2: Transparency P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition P5: Environment, natural resources, biodiversity and ecosystem services P4: Social responsibility, health safety and employment condition, P6 : Best practices	√	√
	16.30 - 17.00	Interim Closing briefing.	√	√
Tuesday 19/2/2019 Kamuning Estate	09.00 – 12.30	Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.	√	√
	10.30 – 12.30	Stakeholder interviews (combined with estate’s Stakeholders)	-	√
	12.30 – 13.30	Lunch	√	√
	13.30 – 16.30	Document review P1 – P6 (MSPO part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting (if any)	√	√

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	16.30 - 17.00	Interim Closing briefing.	√	√
Wednesday 20/2/2019 Kinta Kellas Estate	08.30 – 12.30	Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.	√	√
	12.30 – 13.30	Lunch	√	√
	13.30 – 16.00	Document review P1 – P6 (MSPO part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting (if any)	√	√
	16.00 – 16.30	Preparation of audit report	√	√
	16.30 – 17.00	Closing Meeting	√	√
Thursday 21/2/2019	AM	Audit Team Travelling	√	√

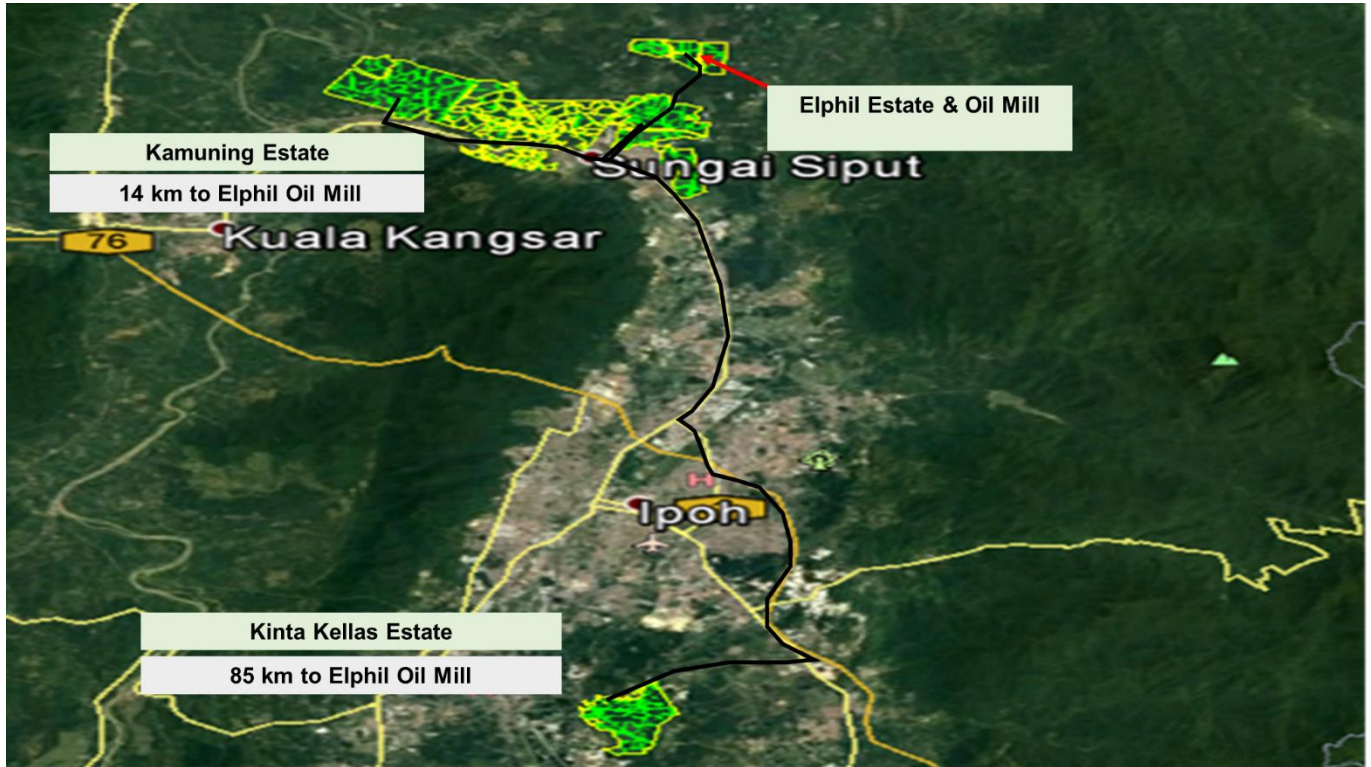
Appendix B: List of Stakeholders Contacted

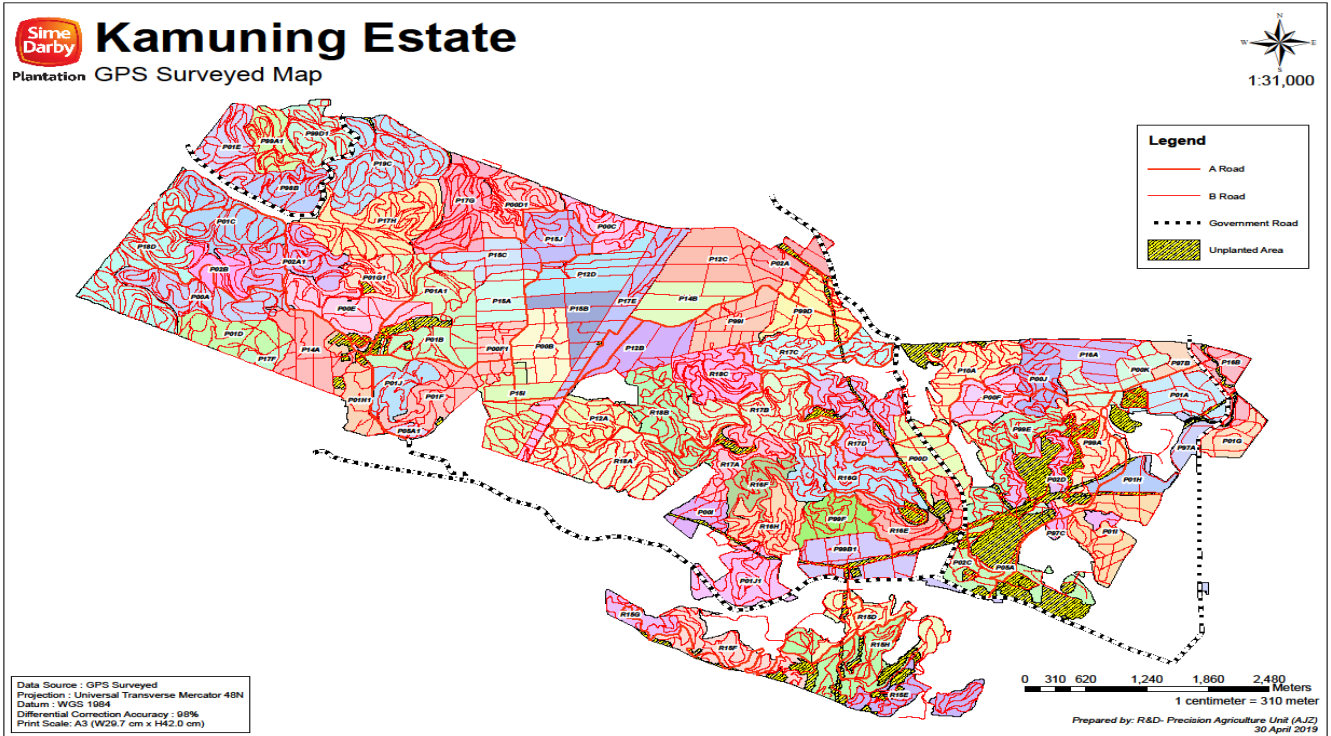
Internal Stakeholders	Union/Contractors/Local Communities
Mill & Estate managers & asst. managers Supervisors, Staff & Clerks Mill local & foreign workers (process, workshop, etc.) Estate local & foreign workers (harvesters, sprayers, etc.) Local workers representatives Foreign workers representatives Gender committee representative NUPW Representative	Previna Enterprise (suppliers) Chin Kooi Choi Erthworks (contractors) Gunasekaran a/l Buchia (contractors) Kg. Temin Kg. Perlop 3 Kg. Lintang AJK Masjid SJ Majlis Perbandaran Kuala Kangsar

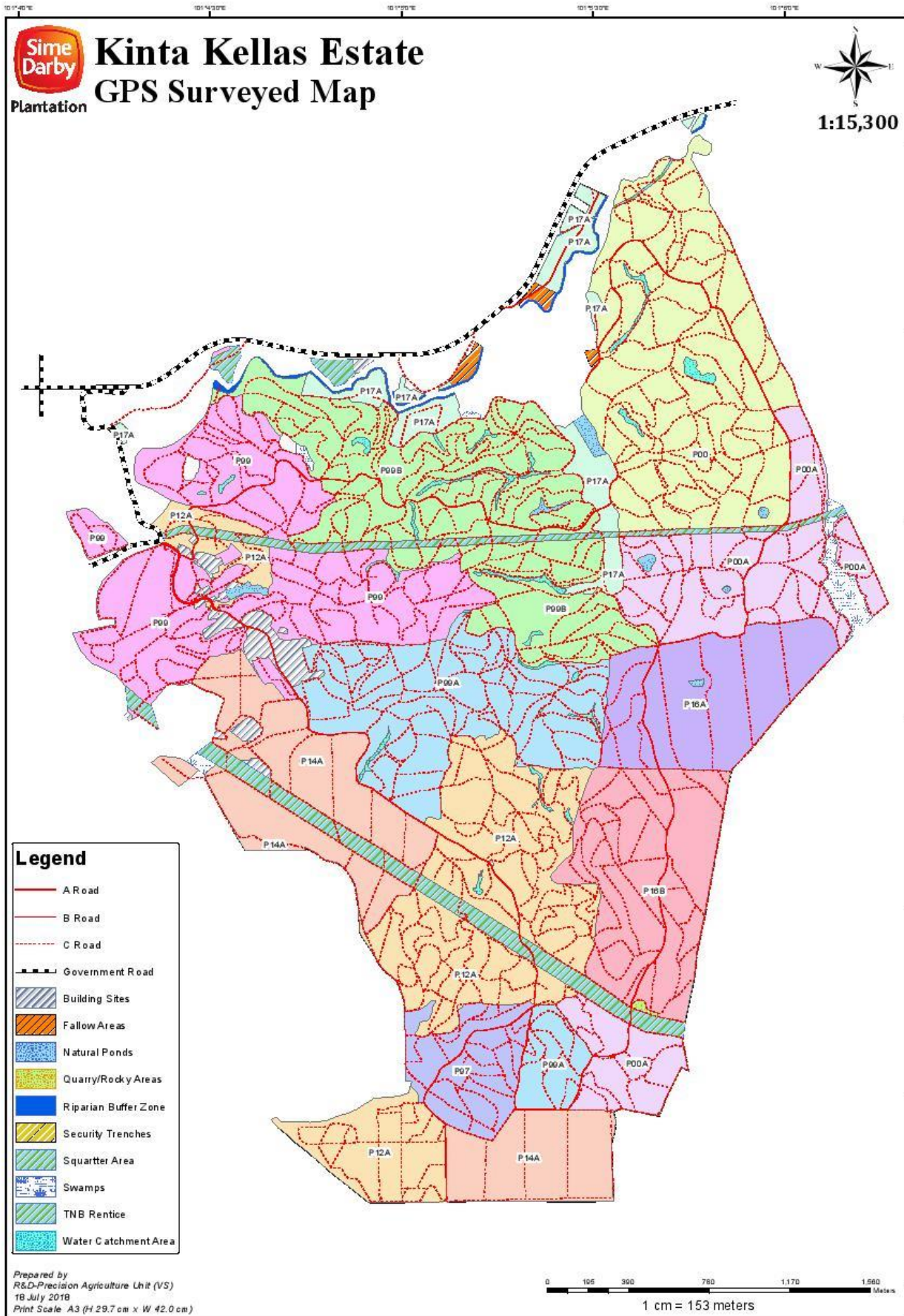
Appendix C: Smallholder Member Details

No	Name of smallholder	Year Planted	Land Area (ha)	Forecast FFB (Mt/ha/year)
1	-NA-			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
TOTAL				

Appendix F: Location and Field Map







Appendix G: List of Abbreviations

BOD	Biochemical Oxygen Demand
CB	Certification Bodies
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
EFB	Empty Fruit Bunch
EHS	Environmental, Health and Safety
EIA	Environmental Impact Assessment
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPIC	Free, Prior, Informed and Consent
GAP	Good Agricultural Practice
GHG	Greenhouse Gas
GMP	Good Manufacturing Practice
GPS	Global Positioning System
HCV	High Conservation Value
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
LD50	Lethal Dose for 50 sample
MSPO	Malaysian Sustainable Palm Oil
MSDS	Material Safety Data Sheet
MT	Metric Tonnes
OER	Oil Extraction Rate
OSH	Occupational Safety and Health
PK	Palm Kernel
PKO	Palm Kernel Oil
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RTE	Rare, Threatened or Endangered species
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure