

**MALAYSIAN SUSTAINABLE PALM OIL
ANNUAL SURVEILLANCE ASSESSMENT 1 (ASA1)
Public Summary Report**

Sime Darby Plantation Berhad
Head Office: Level 3A, Main Block Plantation Tower, No. 2, Jalan P.J.U 1A/7 47301 Ara Damansara Selangor, Malaysia
Certification Unit: Melalap Palm Oil Mill (SOU 27) & Plantations of SOU 27 including Melalap Estate and Sapong Estate
Location of Certification Unit: 14th KM, Jalan Tenom-Keningau, P.O. Box 205, 89908 Tenom, Sabah, Malaysia

Report prepared by:
Valence Shem (Lead Auditor)

Report Number: 8852154

Assessment Conducted by:
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Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Mill: 535146004000 Melalap Estate: 531977002000 Sapong Estate: 532297002000		
Company Name	Sime Darby Plantation Berhad [Melalap Palm Oil Mill (SOU 27)]		
Address	Level 3A, Main Block Plantation Tower, No. 2, Jalan P.J.U 1A/7 47301 Ara Damansara Selangor, Malaysia		
Group name if applicable:	NA		
Subsidiary of (if applicable)	N/A		
Contact Person Name	Mdm. Shylaja Devi Vasudevan Nair (Head, Sustainability Unit PSQM) Mr. Bukhari Bin Yusof Azuddin (Mill Manager)		
Website	www.simedarby.com	E-mail	kks.melalap@simedarby.com
Telephone	03-78484379 (Head Office)	Facsimile	03-78484356 (Head Office)

1.2 Certification Information			
Certificate Number	Mill: MSPO 682053 Plantations: MSPO 685285		
Issue Date	7/3/2018	Expiry date	6/3/2023
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)	20/12/2017 – 22/12/2017		
Continuous Assessment Visit Date (CAV) 1	30/10-1/11/2018		
Continuous Assessment Visit Date (CAV) 2	-		
Continuous Assessment Visit Date (CAV) 3	-		
Continuous Assessment Visit Date (CAV) 4	-		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
RSPO 547124	RSPO	BSI Services (M) Sdn Bhd	20/01/2021

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1.3 Location of Certification Unit			
Name of the Certification Unit	Site Address	GPS Reference of the site office	
		Latitude	Longitude
Melalap Palm Oil Mill	14th KM, Jalan Tenom-Keningau, P.O. Box 205, 89908 Tenom, Sabah	5° 15' 40.00" N	116° 00' 00.00" E
Melalap Estate	14th KM, Jalan Tenom-Keningau, P.O. Box 205, 89908 Tenom, Sabah	5° 15' 45.61" N	116° 00' 00.09" E
Sapong Estate	14th KM, Jalan Tenom-Keningau, P.O. Box 205, 89908 Tenom, Sabah	5° 03' 52.90" N	115° 56' 56.80" E

1.4 Plantings & Cycle					
Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Melalap	113.23	-	1,228.35	-	-
Sapong	105.62	-	2,160.53	-	-
Total (ha)	218.85	-	3,388.88	-	-

1.5 FFB Production (Actual) and Projected (tonnage)			
Producer Group	Projected (Jan 2018-Dec 2018)	Actual production (Mar 2018 – Sep 2018)	Projected production (Mar 2019-Feb 2019)
Melalap	24,097.420	15,031.29	23,357.23
Sapong	31,426.220	21,637.11	30,018.84
Total	55,523.64	36,668.40	53,376.07

1.6 Certified Tonnage			
Mill Capacity: 25 MT/hr	Estimated	Actual	Forecast (Mar 2019-Feb 2019)
	FFB	FFB	FFB
	55,523.64	36,668.40	53,376.07 mt
SCC Model: IP	CPO (OER: 22.00%)	CPO (OER: 21.60%)	CPO (OER: 19.60 %)
	12,215.20	7,920.37	10,461.70 mt
	PK (KER: 4.20%)	PK (KER: 5.14%)	PK (KER: 5.60 %)
	2,331.99	1,884.76	2,989.06 mt

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1.7 Description of Supply Base					
Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Melalap Estate	1,341.58	88.29	790.50	2,220.37	60.42
Sapong Estate	2,266.15	45.72	1,105.40	3,417.27	66.00
Total (ha)	3,607.73	134.01	1,895.9	5,637.64	63.21
<i>Note: GPS variance from last year data for total planted ha and Infrastructure & other ha due to GPS re-surveyed by Internal GPS Team. Approved new hectarage by regional CEO on 14/6/2017.</i>					

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Revision 0 (Aug 2017)**1.8 Details of Certification Assessment Scope and Certification Recommendation:**

BSI Services Malaysia Sdn Bhd has conducted the Annual Surveillance Assessment of Sime Darby Melalap SOU 27 located at 14th KM, Jalan Tenom-Keningau, P.O. Box 205, 89908 Tenom, Sabah, Malaysia comprising 1 mill, 2 estates and infrastructures.

The onsite assessment was conducted to assess the compliance of the certification unit against the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill.

The assessment is a combined assessment for the mill and the group of estates that is supplying to the mill. However the assessment criteria for the mill and the estates were separated following to the required standards. The certification assessment scope is Melalap Palm Oil Mill SOU 27 and Melalap SOU 27 Estates which acts as the group manager for Melalap Estate and Sapong Estate. This report is the combined report for Melalap Palm Oil Mill SOU 27 and Melalap SOU 27 estates.

The onsite assessment was conducted on 30/10 – 01/11/2018.

Based on the assessment result, Sime Darby Melalap SOU 27 complies with the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill and recommended for certification to be continued.

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
Unit 3, Level 10, Tower A
The Vertical Business Suites, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
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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 30/10 – 01/11/2018. The audit programme is included as Appendix A. The approach to the audit was to treat the Melalap Palm Oil Mill and Supply Base as an MSPO Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

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

The estates or smallholders sample were determined based on formula $N = 1.0\sqrt{y}$ where y is the number of estates while when applicable, the smallholders sample were determined following the MSPO Certification Requirement. The sampling of smallholders were based on the formula $(\sqrt{y}) \times (z)$; where z is the risk factor (may defers from 1.0, 1.5 or 2.0 depending on risk), y is total number of group members and where z is the multiplier defined by the risk assessment. The sampled smallholder listed in Appendix C.

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

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

The assessment findings for the this assessment are detailed in Section 4.2.

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

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 3)
Melalap Palm Oil Mill	✓	✓	✓	✓	✓
Melalap Estate	✓	✓	✓	✓	✓
Sapong Estate	✓	✓	✓	✓	✓

Tentative Date of Next Visit: October 28, 2019 – October 30, 2019

Total No. of Mandays: 6.0

MSPO Public Summary Report
Revision 0 (Aug 2017)**BSI Assessment Team:****Valence Shem – Lead Auditor**

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

Elzy Ovktafia Chairul - Team Member

She graduated from Universiti Putra Malaysia in Diploma of Agriculture, holding the designatory of LISP from the Incorporated Society of Planters and currently in the midst of completing the AISP level (professional certificate and recognition from the Incorporated Society of Planters). She involve in audits and technical reviews works mainly for Sustainability Programme includes RSPO, MSPO and 2nd Party Audit for Social Compliance Programme (URSA, ETI) for 2 years in more than 11 countries. She is a qualified Lead Auditor/Auditor for RSPO P&C, RSPO NEXT, RSPO SCC, ISO 9001:2015 and Social Compliance Audit by Verite. Prior to this, she was the Agronomist in R&D Department for almost 5 years in Oil Palm Plantation where her task involved in all Oil Palm Plantation Operations such as conducting experimental trials on Research & Development with technical paper publications, Crop Forecast, Leaf & Soil Sampling Collection, Fertilizer Recommendation, Pest and Diseases Training, Quality Control as well as special project namely Yield Intensification Project and Food for Palm Project for estates. During this assessment, she assessed on the aspects of legal, social and stakeholder engagement. Able to communicate in Bahasa Malaysia and English.

Section 3: Assessment Findings

3.1 Details of audit results

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

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

3.2 Details of Nonconformities and Opportunity for improvement

The nonconformity is listed below.

During the Initial Certification Assessment there were five (5) Major nonconformities, two (2) minor non-conformity and two (2) OFIs raised. The Melalap Palm Oil Mill and Supply Base submitted their Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity were 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.

Finding Reference	1700545-201810-M1	Certificate Reference	MSPO 682053
Certificate Standard	MS 2530:2013 Part-4	Clause	4.3.1.1 (MSPO Part 4)
Category	Major		
Area/Process:	Melalap POM and supply base		
Statement of non conformance:	Stack sampling was not done twice a year as required in DOE's Compliance Schedule.		
Clause requirements	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.		
Objective evidence	In 2017, the mill had only conducted one stack sampling i.e. on 18/2/2017 [ref.: Stack sampling report # UJES/MALALAP01/2017-01] instead of twice as required by legal.		
Cause	Mill did not has monitoring checklist/programme to monitor the stack sampling programme.		
Correction / containment	<ol style="list-style-type: none"> 1. Mill already follow up with appointed contractor to conduct stack sampling immediately. 2. Stack sampling has been conducted at Melalap POM by appointed contractor (Sahen Engineering) on 21 November 2018. 		

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Corrective action	Mill to prepare checklist of mill monitoring programme which include stack sampling.
Assessment conclusion	<p>Evidence submitted:</p> <ul style="list-style-type: none"> - The second stack sampling for 2018 has been conducted on 21/11/2018 for both chimney #1 and #2 [ref. report # SAHEN/Melalap-01/18-02 and # SAHEN/Melalap-02/18-02]. For 2019, the first stack sampling for chimney #2 has been conducted on 23/1/2019 (ref.: PTW #0714 dated 23/1/2019) and pending for the report by the consultant. Chimney #1 was not in operation then and therefore it was scheduled to be stack sampled in February 2019 [ref.: Contract Form (PO) #4300452594 dated 16/1/2019] - Monitoring checklist where the second stack sampling for 2019 is scheduled to be conducted in June 2019. <p>The evidence submitted was found to be sufficient. Nonetheless, the effectiveness of implementation of corrective action plan shall be verified in the next assessment. Thus, the major NCR is closed on 28/1/2019.</p>

Finding Reference	1700545-201810-M2	Certificate Reference	MSPO 682053
Certificate Standard	MS 2530:2013 Part-3	Clause	4.4.4.2 (MSPO Part 3)
Category	Major		
Area/Process:	Melalap POM and supply base		
Statement of non conformance:	Records of all accidents was not periodically reviewed effectively.		
Clause requirements	The occupational safety and health plan should cover the following: j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.		
Objective evidence	j) Not all accidents (near miss, LTI and non-LTI) were updated in the GSQM ESH monthly performance report from January 2018 - September 2018. Sapong Estate: non-LTI case [9/6/18, 17/7/18]		
Cause	The person in charge lack of understanding on non LTI case should be updated in GSQM ESH monthly. No proper training on accident reporting has been conducted.		
Correction / containment	Non LTI case has been updated into GSQM ESH monthly report.		
Corrective action	Training on accident reporting to be conducted by SQM personnel to the person in charge on December 2018.		
Assessment conclusion	<p>Evidence submitted:</p> <ul style="list-style-type: none"> - Incident Detail Reports for two incidents dated 9/6/2018 and 10/7/2018 showing the non-LTI cases have been updated in the Sime Darby's SMS-IT system 		

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	<p>- Training records dated 20/12/2018 for Sapong Estate’s MA on accident reporting</p> <p>The evidence submitted was found to be sufficient. Nonetheless, the effectiveness of implementation of corrective action plan shall be verified in the next assessment. Thus, the major NCR is closed on 28/1/2019.</p>
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Finding Reference	1700545-201810-M3	Certificate Reference	MSPO 682053
Certificate Standard	MS 2530:2013 Part-4	Clause	4.4.4.2 (MSPO Part 4)
Category	Major		
Area/Process:	Melalap POM and supply base		
Statement of non conformance:	Not all operations where health and safety is an issue were risk assessed and documented.		
Clause requirements	<p>The occupational safety and health plan should cover the following:</p> <p>b) The risk of all operations shall be assessed and documented.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p>		
Objective evidence	<p>b) Based on HIRARC dated 18/4/18, there are revision of HIRARC for the non-LTI accident cases. Further trailed on the records e.g. accident investigation logbook and first aid box usage log found that not all non-LTI cases were reviewed and incorporated in the register. Refer to first aid cases dated [18/8/18, 13/9/18 and 23/10/18]</p> <p>j) Not all accidents (near miss, LTI and non-LTI) were updated in the GSQM ESH monthly performance report from January 2018 - September 2018. Melalap POM : non-LTI case [18/8/18, 13/9/18, 20/9/18, 4/10/18, 23/10/18]</p>		
Cause	<p>b) For current mill practice, HIRARC only be reviewed after official report received from affected party. As for first aid box usage, mill safety committee did not receive any report for them to refer. No proper training done for the person in-charge of first aid box to report first aid usage/case.</p> <p>j) The person in charge lack of understanding on non LTI case should be updated in GSQM ESH monthly. No proper training on accident reporting has been conducted.</p>		
Correction / containment	<p>b) 1. Mill has reviewed each first aid cases from January 2018 until current and investigation had been carried out by safety and health investigation team led by Corporal Yap and Melikan by interviewed user based on first aid record book. Investigation process assisted by first aid box person in charge.</p> <p>2. Based on investigation report produce by investigation team, HIRARC team led by Tn. Zaidani to review related section in HIRARC.</p>		

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	<p>3. Briefing on first aid kit usage/case reporting to all person in-charge for first aid kit box to be conducted on December 2018.</p> <p>j) Mill to register all non LTI cases in the GSQM ESH monthly performance report.</p>
Corrective action	<p>b) Mill to conduct training to all first aid person in charge highlight them on importance of reporting and recording of all non LTI cases related to first aid usage.</p> <p>j) Training on accident reporting to be conducted by SQM personnel on December 2018.</p>
Assessment conclusion	<p>Evidence submitted:</p> <ul style="list-style-type: none"> - First aid kit usage on 12/1/2019 (ref.: Lab First Aid Record), reported by Clarence Katirin (ref.: training attendance name #15) to Corporal Yap (member of Accident Investigation Team) had been recorded in Investigation Report book and HIRARC was subsequently reviewed. Incident Detailed Report was also submitted to GSQM through Sime Darby's SMS-IT system. - Incident Detailed Report (Melalap POM) had been submitted to GSQM through Sime Darby's SMS-IT system which had been well updated. - Training records dated 20/12/2018 for Mill QA Supervisor on accident reporting - Training records dated 21/11/2018 for first aid kit PIC on first aid kit usage reporting <p>The evidence submitted was found to be sufficient. Nonetheless, the effectiveness of implementation of corrective action plan shall be verified in the next assessment. Thus, the major NCR is closed on 28/1/2019.</p>

Finding Reference	1700545-201810-M4	Certificate Reference	MSPO 682053
Certificate Standard	MS 2530:2013 Part-3	Clause	4.5.5.1 (MSPO Part 3)
Category	Major		
Area/Process:	Melalap POM and supply base		
Statement of non conformance:	Riparian zone was not demarcated and effort of restoration was not seen.		
Clause 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> <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>		

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Objective evidence	Based on site visit, the riparian zone at Block 02K (GPS: 5°12'46"N 115°58'13"E), Sungai Makaniton of Melalap Estate, it was noted that no riparian zone demarcation and trace of chemical spray was also present.
Cause	Riparian zone of Sg Makaniton at Block 02K was not included in the HCV monitoring, thus demarcation at this area has faded and not been re-demarcate.
Correction / containment	1. Demarcation to be carried out at the riparian zone of Sg Makaniton Block 02K.
Corrective action	1. Riparian Zone at Block 02K to be included in the HCV monitoring record. 2. Briefing to all sprayers on the area of spraying activities to be avoided. HCV training to be done for all workers.
Assessment conclusion	Evidence submitted: <ul style="list-style-type: none"> - Picture of the riparian zone at Block 02K where the palm trunks at the buffer zone were belt painted with red as demarcation and no trace of chemical spray. - Training records dated 7/11/2018 of sprayers on spraying activities to be avoided at the riparian zones - HCV monitoring plan showing records of the condition of riparian zones were checked by field staff <p>The evidence submitted was found to be sufficient. Nonetheless, the effectiveness of implementation of corrective action plan shall be verified in the next assessment. Thus, the major NCR is closed on 28/1/2019.</p>

Finding Reference	1700545-201810-M5	Certificate Reference	MSPO 682053
Certificate Standard	MS 2530:2013 Part-3	Clause	4.3.1.1 (MSPO Part 3)
Category	Major		
Area/Process:	Melalap POM and supply base		
Statement of non conformance:	The compliance with Akta 180 AKTA PEMBANTU PERUBATAN (PENDAFTARAN) 1977 is not demonstrated.		
Clause requirements	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.		
Objective evidence	The Medical Asisstant in Melalap Estate (Syaferiyani: expiry on 31.12.2014) and Sapong Estate (Nursyafawani: expiry on 20.08.2015) are having expired Perakuan Pembaharuan Tahunan and not comply with Akta 180 AKTA PEMBANTU PERUBATAN (PENDAFTARAN) 1977: 7. (1) Tertakluk kepada subsekyen (2) dan seksyen 8, tiada seseorang boleh diambil kerja sebagai pembantu perubatan atau menjalankan kewajipan pembantu perubatan (tidak kira apa jua gelaran yang diberi kepada jawatannya)—		

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	(b) dalam sesuatu hospital persendirian, klinik persendirian atau institusi persendirian yang lain bagi menjaga, merawat atau memulihkan pesakit;
Cause	<ol style="list-style-type: none"> 1. Delayed on 'Perakuan Pembaharuan Tahunan' renewal and approval by agency: <ol style="list-style-type: none"> a. The license was processed online (from BLESS) and took longer time to be approved even if the request form already pos via Poslaju. b. The approved license took long period to be printed since there are a lot of applicant for renewal process and license printing was based from batch grouping. c. The license cannot be send by email due to confidentiality issue and only can be taken from Lembaga Pembantu Perubatan Office (Which located at Putrajaya) or posted to the MA's current working place. 2. The renewal application was not submitted earlier from the expiry date since MA need wait for the exam results and to collect enough point (40 points annually) to proceed for the license renewal. The course which offers the point was also limited.
Correction / containment	MA license (Perakuan Pembaharuan Tahunan) renewal application has been submitted through BLESS system on September 2018.
Corrective action	MA to monitor collection of points through logbook. All activities done for point collection to be recorded as and when basis. MA to establish an action plan on the target date to renew the license.
Assessment conclusion	<p>Evidence submitted:</p> <ul style="list-style-type: none"> - Screenshot of Business Licensing Electronic Support System (BLESS) showing that the application for MA license renewal has been submitted to the authority on 27/9/2018. The status of the application is "approved" - Action plan to monitor the expiry date of license prepared by the MA <p>The evidence submitted was found to be sufficient. Nonetheless, the effectiveness of implementation of corrective action plan shall be verified in the next assessment. Thus, the major NCR is closed on 28/1/2019.</p>

Finding Reference	1700545-201810-N1	Certificate Reference	MSPO 682053
Certificate Standard	MS 2530:2013 Part-3	Clause	4.1.2.2 (MSPO Part 3)
Category	Minor		
Area/Process:	Melalap POM and supply base		
Statement of non conformance:	The root-cause of the non-conformities were not correctly addressed.		
Clause requirements	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.		

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Objective evidence	Ref.: Estates internal audit reports dated September 2018. The root-cause statements written by Sapong and Melalap Estates in the internal audit NCR formats were mostly not presenting the cause of the NCR. They were rather statements of corrections.
Cause	Found that column are combine for root cause and correction in the internal audit report format and not mention clearly that it is compulsory to fill up both root cause and correction for each NCR.
Correction / containment	Estates will fill up the root cause for each NCR.
Corrective action	SQM personnel will update the internal audit report format to add the separate column for root cause and correction.
Assessment conclusion	The correction and corrective action were accepted. The effectiveness of implementation shall be verified in the next assessment.

Finding Reference	1700545-201810-N2	Certificate Reference	MSPO 682053
Certificate Standard	MS 2530:2013 Part-4	Clause	4.1.2.2 (MSPO Part 4)
Category	Minor		
Area/Process:	Melalap POM and supply base		
Statement of non conformance:	The root-cause of the non-conformities were not correctly addressed.		
Clause requirements	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.		
Objective evidence	Ref.: Mill internal audit report dated 4/9/2018. The root-cause statements written by the mill in the internal audit NCR format were mostly not presenting the cause of the NCR. They were rather statements of corrections.		
Cause	Found that column are combine for root cause and correction in the internal audit report format and not mention clearly that it is compulsory to fill up both root cause and correction for each NCR.		
Correction / containment	Mill will fill up the root cause for each NCR.		
Corrective action	SQM personnel will update the internal audit report format to add the separate column for root cause and correction.		
Assessment conclusion	The correction and corrective action were accepted. The effectiveness of implementation shall be verified in the next assessment.		

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Finding Reference	1700545-201810-I1	Certificate Reference	MSPO 682053
Certificate Standard	MS 2530:2013 Part-3 & 4	Clause	4.1.3.1 (MSPO Part 3 & 4)
Category	Opportunity for Improvement		
Area/Process:	Melalap POM and supply base		
Details	The estates and mill have conducted their management review meetings and minutes were available for verification. Nonetheless, the agenda of meeting can be further improved by referring to Sime Darby's management review procedure [Standard Operating Manual (SOM), Sec. 5 Management Responsibility, Sub-sec. 5.6 Management Review (dated 1/11/2008)].		

Finding Reference	1700545-201810-I2	Certificate Reference	MSPO 682053
Certificate Standard	MS 2530:2013 Part-3	Clause	4.5.3.5 (MSPO Part 3)
Category	Opportunity for Improvement		
Area/Process:	Melalap POM and supply base		
Details	The estates can further improve its domestic wastes landfill management by ensuring the distance from residential area is in accordance to Sime Darby's landfill guideline.		

Noteworthy Positive Comments	
1.	Positive comments from all stakeholders interviewed
2.	All personnel were cooperative during the assessment process

3.3 Status of Nonconformities Previously Identified and OFI

Finding Reference	1563665-201712-M1	Certificate Reference	MSPO 682053
Certificate Standard	MS2530-2:2013	Clause	Part 3: Indicator 4.3.1.1
Category	Major		
Area/Process:	As per public summary		
Statement of non conformance:	The Permit potongan daripada gaji pekerja, in accordance to Section 113(4), Labour Ordinance (Sabah Cap 67) was not available.		
Clause requirements	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.		
Objective evidence	There is no evidence that the operating units (Sapong and Melalap estates) have obtained the permit to deduct the wages of the workers from Labour Department.		
Cause	Requirement on "Permit Pemotongan Gaji" by JTK was found not clearly stated in the estates and mill's Legal & Other Requirement Register (LORR) under Employment Act 1955.		
Correction / containment	1) Estates and mill will communicate with nearest JTK on the procedure to apply the permit. 2) Estates and mill management will identify category/type of workers salary deduction i.e. electricity, mosque fund, etc. and ensure acknowledgment acquired of each workers. 3) Estates and mill management will apply the 'Permit Pemotongan Gaji' from JTK.		
Corrective action	Legal & Other Requirement Register (LORR) to be updated and reviewed by Sustainability & Quality Management Unit (SQM) to include on the requirement of "Permit Pemotongan Gaji" under Employment Act 1955 and disseminate to the respective estates and mill.		
Close out evidence	1) The newly revised LORR where the requirement of "Permit Pemotongan Gaji" under Employment Act 1955 have been included 2) Memo from Tenom Labour Department to Director Labour Department, KK, which application format for workers deduction permit was attached [ref.: JTK.H.TNM: 600-1/3/2, dated 2/2/2018]		

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Audit team conclusion	Audit team have reviewed the evidence submitted and of the view that the major NC is satisfactorily closed. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 16/2/2018.
Verification in this assessment	Sapong Estate's permit to deduct workers' pay # 600-1/2/12/2(11/TNM/2018-0141), valid until 23/4/2020 was made available. Based on verification of payslips, the deductions made by the management were found to be appropriate. There was no recurrence of issue and therefore the NC is remained closed.

Finding Reference	1563665-201712-M2	Certificate Reference	MSPO 682053
Certificate Standard	MS2530-2:2013	Clause	Part 4: Indicator 4.3.1.1
Category	Major		
Area/Process:	As per public summary		
Statement of non conformance:	The Permit potongan daripada gaji pekerja, in accordance to Section 113(4), Labour Ordinance (Sabah Cap 67) was not available.		
Clause requirements	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.		
Objective evidence	There is no evidence that the operating unit (Melalap POM) has obtained the permit to deduct the wages of the workers from the Labour Department.		
Cause	Requirement on "Permit Pemotongan Gaji" by JTK was found not clearly stated in the estates and mill's Legal & Other Requirement Register (LORR) under Employment Act 1955.		
Correction / containment	<ol style="list-style-type: none"> 1) Estates and mill will communicate with nearest JTK on the procedure to apply the permit. 2) Estates and mill management will identify category/type of workers salary deduction i.e. electricity, mosque fund, etc. and ensure acknowledgment acquired of each workers. 3) Estates and mill management will apply the 'Permit Pemotongan Gaji' from JTK. 		
Corrective action	Legal & Other Requirement Register (LORR) to be updated and reviewed by Sustainability & Quality Management Unit (SQM) to include on the requirement of "Permit Pemotongan Gaji" under Employment Act 1955 and disseminate to the respective estates and mill.		
Close out evidence	<ol style="list-style-type: none"> 1) The newly revised LORR where the requirement of "Permit Pemotongan Gaji" under Employment Act 1955 have been included 2) Memo from Tenom Labour Department to Director Labour Department, KK, which application format for workers deduction permit was attached [ref.: JTK.H.TNM: 600-1/3/2, dated 2/2/2018] 		

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Audit team conclusion	Audit team have reviewed the evidence submitted and of the view that the major NC is satisfactorily closed. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 16/2/2018.
Verification in this assessment	Permit Potongan Daripada Gaji Pekerja Seksyen 113(4), Ordinan Buruh (Sabah Bab 67) for electricity bill, ASNBS savings and advance valid until 23 April 2020 was made available. Based on verification of payslips, the deductions made by the management were found to be appropriate. There was no recurrence of issue and therefore the NC is remained closed.

Finding Reference	1563665-201712-M3	Certificate Reference	MSPO 682053
Certificate Standard	MS2530-2:2013	Clause	Part 4: Indicator 4.4.4.2
Category	Major		
Area/Process:	As per public summary		
Statement of non conformance:	The HIRARC was not established for the evaporators operations as sighted during the site visit.		
Clause requirements	The occupational safety and health plan should cover the following: a) The risk of all operations shall be assessed and documented.		
Objective evidence	There is no evidence that the operating unit has established HIRARC for the Melalap Palm Oil Mill evaporators operation (Mist Blower) at the aeration pond no1 as installed in Mei 2014.		
Cause	<ol style="list-style-type: none"> 1) The HIRARC for this Mist Evaporator machine was missed out since it was the first machine installed in Sime Darby Mill. 2) The current HIRARC used was generic and need to add for a different machine use in the mill. 		
Correction / containment	HIRARC has been reviewed on 04 January 2018 to include for the Mist Evaporator.		
Corrective action	Mill will prepare and reviewed new HIRARC for Mist Evaporator among Mill Safety & Health Committee members.		
Close out evidence	A copy of HIRARC which was reviewed on 4/1/2018 where the operation of mist evaporator had been included.		
Audit team conclusion	Audit team have reviewed the evidence submitted and of the view that the major NC is satisfactorily closed. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 16/2/2018.		
Verification in this assessment	The operation of mist evaporator remained included in the HIRARC. The control measure during operation of the mist evaporator such as using competent		

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	operator to carry out the operation, using the correct PPE e.g. safety jacket and harness and practicing buddy system, was found to be effectively implemented. There was no recurrence of issue and therefore the NC is remained closed.
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Finding Reference	1563665-201712-N1	Certificate Reference	MSPO 682053
Certificate Standard	MS2530-2:2013	Clause	Part 3: Indicator 4.4.6.3
Category	Minor		
Area/Process:	As per public summary		
Statement of non conformance:	There were no records to show that the drill for the identified emergencies situation except for the fire drill being carried out by the 2 estates, Sapong & Melalap.		
Clause requirements	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.		
Objective evidence	Emergency Response Drill only conducted for the fire incidence as recorded in both Sapong & Melalap Estates. All other identified emergencies situation i.e chemical spill, flood, emergency at workplace were not conducted at min 1x /year as stipulated in the ESH Manual.		
Cause	<ol style="list-style-type: none"> 1) The Emergency Drill Training was conducted by the estates based on severity of the incident. 2) The emergency drill training except for fire drill was not included in the estate's training plan. 		
Correction / containment	To conduct emergency response drill for other situations apart from fire breakout as per training plan.		
Corrective action	To review and include emergency response drill i.e. chemical spill, flood, fire drill in the yearly estate's training plan.		
Close out evidence	To be verified in the next assessment visit.		
Audit team conclusion	The proposed correction and corrective action plan are acceptable. The effectiveness of implementation will be verified in the next assessment visit.		
Verification in this assessment	The emergency drill for chemical spillage, flood and fire breakout have been included in the training programme for both visited estates. Records of drill were available for verification, e.g. at Sapong Estate, the Oil & Chemical Spillage Training was conducted on 22/12/2017 and attended by 10 participants. Based on the evidence verified, the corrective actions were found to be effectively implemented. Thus, the minor NC is closed.		

3.4 Issues Raised by Stakeholders

IS #	Description
1	<p>Issues:</p> <p><u>Villagers (Kampung Sugiang Tengah/Kampung Laman)</u></p> <p>The villagers are living in the squatters area inside the Sapong Estate land titles since Golden Hope time (before Sime Darby taking over the estates). Previously, the villagers paid some amount of money to buy the land that they build houses and later become a village inside Sapong Estate, however during the merging time with Sime Darby, there is no further action taken for them to get the ownership of the land. There are no dispute arise as Sime Darby never disturb them and they know legally the land is belong to Sime Darby. Due to discretion, Sime Darby has agreed to release the squatter area in phases to the villagers and in progress of re survey and legal process.</p> <p>Management Responses:</p> <p>Management will follow up on this matter and make sure that the issue will be solved in win-win situation.</p> <p>Audit Team Findings:</p> <p>Seen the email communication from the Land Management Department on current progress and the villagers name included in the land title in Sapong Estate, (more information as in 4.3.2.2).</p>
2	<p>Issues:</p> <p><u>Government Bodies Representative (SK Melalap/SK Pulong)</u></p> <p>SK Melalap already become the 'foster school' under Sime Darby-Melalap. No other issue as management always give full supports and resources when required to both school. Currently, SK Melalap has sent the proposal to build a fish pond in school with Sime Darby assistance and SK Pulong has requested the donation for school ceremony.</p> <p>Management Responses:</p> <p>Management will continue to give full support to the school.</p> <p>Audit Team Findings:</p> <p>Positive remark noted. No further issue.</p>
3	<p>Issues:</p> <p><u>Contractor (Pemborong Ajuta)</u></p> <p>So far no payment issue from Sime Darby to contractor. Contract is signed and the terms and condition is adhered accordingly. Contractor also attended the MSPO training recently.</p> <p>Management Responses:</p> <p>Management will continue to give full support to the school.</p> <p>Audit Team Findings:</p> <p>Positive remark noted. No further issue.</p>
4	<p>Issues:</p> <p><u>Neighbouring Smallholder (Ladang Paal)</u></p>

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	Ladang Paal is located at the border of Sapong estates which they planted Belian Trees as the boundary. No other issue between estate and smallholder.
	Management Responses: Management will maintain a good relationship the neighbouring smallholder.
	Audit Team Findings: Positive remark noted. No further issue.

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1563665-201712-M1	Major	22/12/2017	Closed on 16/2/2018
1563665-201712-M2	Major	22/12/2017	Closed on 16/2/2018
1563665-201712-M3	Major	22/12/2017	Closed on 16/2/2018
1563665-201712-N1	Minor	22/12/2017	Closed on 1/11/2018
1700545-201810-M1	Major	1/11/2018	Closed on 28/1/2019
1700545-201810-M2	Major	1/11/2018	Closed on 28/1/2019
1700545-201810-M3	Major	1/11/2018	Closed on 28/1/2019
1700545-201810-M4	Major	1/11/2018	Closed on 28/1/2019
1700545-201810-M5	Major	1/11/2018	Closed on 28/1/2019
1700545-201810-N1	Minor	1/11/2018	Open
1700545-201810-N2	Minor	1/11/2018	Open

3.6 Summary of the findings by Principles and Criteria

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

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	A policy for the implementation of MSPO shall be established. - Major compliance -	The internal memo from Mr Tan Men Kon, Head of Plantation Sustainability & Quality Management documented the commitment Sime Darby towards MSPO implementation. The internal memo dated 8th September 2017 was issued to all Estates and Mills. The commitment is to implement and certified with MSPO by December 2017.	Complied
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	The continual improvement commitment is documented in the following Management & Operation Policies: <ul style="list-style-type: none"> • Quality Management Policy dated January 2015 • Lean Six Sigma Policy dated January 2015 • Quality Policy dated January 2015 • The commitments are made by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantations Berhad. 	Complied
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for	The Internal Audit Procedure (SD/SDP/PSQM/IAP) dated 01/05/2015 documented the process to conduct internal audit. The internal audit checklist is available to cover all the required MSPO requirements.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	further improvement. - Major compliance -		
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 -	Based on the internal audit reports dated September 2018, the root-cause statements written by Sapong and Melalap Estates in the internal audit NCR formats were mostly not presenting the cause of the NCR. They were rather statements of corrections. Thus, a non-conformity report was assigned due to this lapse.	Non-conformance
4.1.2.3	Report shall be made available to the management for their review. - Major compliance -	Internal audit reports are made available for verification. All reports are circulated to the estate management, Regional Office and Sime Darby Plantation HQ relevant personnel. There is a monthly SQM meeting at HQ level to review the reports' findings and performance raised in both internal and external audit. The outcome was also discussed in Management Review meeting.	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. - Major compliance -	Management review meeting is conducted under guidance of the Mill Quality Management System (MQMS), Standard Operating Manual (SOM), Sec. 5 Management Responsibility, Sub-sec. 5.6 Management Review (dated 1/11/2008). The review agenda is described in Clause 5.6.2 i.e.: <ul style="list-style-type: none"> - Follow-up action from previous Management Review - Analysis of data and review of QSHE objectives/management programme - Audit results and status of CAP - Effectiveness of MQMS 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> - Review of mill's quality. Environmental and OSH policies - Report of Quality Team Meeting - MQMS Document review - Other matters <p>The estates have conducted their management review meetings and minutes were available for verification. Nonetheless, the agenda of meeting can be further improved by referring to Sime Darby's management review procedure [Standard Operating Manual (SOM), Sec. 5 Management Responsibility, Sub-sec. 5.6 Management Review (dated 1/11/2008)] (OFI).</p>	
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	<p>The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.</p> <p>- Major compliance -</p>	<p>Projects in relation to the continual improvement are made through allocation in Capital Expenditure. For both estates, among the projects for continual improvement were upgrading of building/infrastructure attributed positively to the social and environmental such as construction of new general store, bridges improved structure at waterways for improved passage of vehicles, construction of concrete road leading to weighbridge and workers quarters, to name a few.</p>	Complied
4.1.4.2	<p>The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption.</p> <p>- Major compliance -</p>	<p>The management continuously reviewed the estates performance and work method for a continual improvement to achieve better results. Among other was the <i>Yield Enhancement Program</i>. Initiative and practices among others include to enhance field moisture through improved irrigation by construction of 4 rows 1 drain for flat area and terrace area through pumping water from nearby river/water sources.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.1.4.3	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established. - Major compliance -	The action plan is included in the CIP for FY 2018/19 and the Lean Six Sigma. Trainings on best practices and new technology were among the important elements included in the action plan.	Complied
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes. - Major compliance -	The 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 Estate 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 Bhd continued to use the group website for disseminating public information. The Sustainability Report and Group Annual report is available in website. Information relating to land titles, safety and health plans, pollution prevention plans, and annual report are available at the estate. 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.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		Procedure for complaints and grievances were available through Sime Darby Plantations Bhd website at http://www.simedarbyplantation.com/Sustainability.aspx	
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders. - Major compliance -	The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The Sustainable Plantation Management System Appendix 5 (Flowchart and Procedures on handling Social Issues) dated 01/11/2008 documented the process for handling communication regarding social issues.	Complied
4.2.2.2	A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit. - Minor compliance -	As stated in the procedure, the Estate Managers are responsible to deal with the external communication for the respective estates under their management. Assistant Managers [Mohd Farid (Sapong Estate) and Mohd Shahid (Melalap)] were the appointed management officials to be responsible for issues related to social. Seen the appointment letter dated 27/08/2018 to Mohd Farid and 10/07/2018 to Mohd Shahid.	Complied
4.2.2.3	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained. - Major compliance -	List of stakeholder was last updated in September 2018 in Sapong Estate and August 2018 for Melalap Estate. It contained 40 members from various categories such as contractors, vendor/suppliers, local community heads, other interested parties (gov. agencies, schools, hospitals, etc.). Information available in the list was contact person, address and contact number.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p>Sapong Estate:</p> <p>Last stakeholder consultations were done on 10.08.2018, attended by various stakeholders such as surrounding villages (Kg. Sg. Ampat, Kg. Bunut, Kg Mensasoh), government agencies (PDRM, Bomba Tenom, Agriculture Department, Labour Department, etc.</p> <p>Melalap Estate & Melalap POM:</p> <p>Last stakeholder consultations were done on 21.08.2018, attended by various stakeholders such as surrounding villages (Kg. Jawa, Kg. Pamilaan, Kg. Ulu Tipoh), government agencies (SK Melalap, SJK Vun Shin, BOMBA and Pusat Kebudayaan Murut Tenom) and contractors (Berjaya Contractor, Pemborong Ajuta).</p>	
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>- Major compliance -</p>	<p>Both visited estates send their FFB to Melalap POM. The weighbridge ticket provided the following details:</p> <ul style="list-style-type: none"> • Product (FFB or Loose fruit) • Delivery note from estates stating the weight and fruit grade (A or B). • D.O Number • Date of the shipment • The Sustainable Plantation Management System Appendix 15 dated March 2016 documented the procedure for traceability. The procedure requires validation of certificate of supplying estate. 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> The procedure had identified critical control points to prevent contamination of non-certified FFB. The current traceability system is through Sime Weigh System. The responsible personal for the traceability is the Estate Manager. So far, there was no demand for MSPO certified products from any buyers.	
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	Regular inspections on compliance with the traceability system were covered in the internal audit. Based on the inspection, there was no finding raised on the implementation of traceability procedure.	Complied
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system. - Minor compliance -	The overall personal in charge for the traceability is the Head of Operating Unit (in this case, the Sr. Estate Manager i.e. Johamdan Joni and the Mill Manager i.e. Mr. Bukhari Yusof Azudin) [ref.: Clause 4 of SOP for Sustainable Supply Chain and Traceability].	Complied
4.2.3.4	Records of sales, delivery or transportation of FFB shall be maintained. - Major compliance -	There is no sale of the FFB per say as Melalap and Sapong estates are the identified supply base to Melalap POM are belonged 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.	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			

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Criterion / Indicator		Assessment Findings	Compliance
4.3.1.1	<p>All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>The estate continued to commit to compliance with applicable laws. Among the evidence of compliance verified were:</p> <ul style="list-style-type: none"> - Sapong Estate MPOB License #53229700200, valid until 31/8/2019 - Sapong Estate's nursery MPOB License #616164011000, valid until 31/1/2019 - Sapong Estate's "Lesen untuk Menggaji Pekerja Bukan Pemastautin", No. JTK.H.TNM:600-4/1/92112/63, valid until 10/6/2019 - Sapong Estate's Business License # TNM/2017/951, valid until 31/12/2018 - Sapong Estate's permit to deduct workers pay # 600-1/2/12/2(11/TNM/2018-0141), valid until 23/4/2020 - Sapong Estate's permit for UPV # PMT-SB/17 07226, valid until 25/12/2018 <p>However, it was found that the Medical Asisstant in Melalap POM & Melalap Estate (Syaferiyani) as well as Sapong Estate (Nur Syafawani) are having expired Perakuan Pembaharuan Tahunan and not comply with Akta 180 AKTA PEMBANTU PERUBATAN (PENDAFTARAN) 1977:</p> <p>7. (1) Tertakluk kepada subsekyen (2) dan seksyen 8, tiada seseorang boleh diambil kerja sebagai pembantu perubatan atau menjalankan kewajipan pembantu perubatan (tidak kira apa jua gelaran yang diberi kepada jawatannya)—</p> <p>(b) dalam sesuatu hospital persendirian, klinik persendirian atau institusi persendirian yang lain bagi menjaga, merawat atau memulihkan pesakit. Thus, a non-conformity report was assigned due to this lapse.</p>	Non-conformance
4.3.1.2	<p>The management shall list all laws applicable to their</p>	<p>List of applicable legal and other requirements was made available during the assessment and complied in the QSHE/04/5.2.4 folder.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	operations in a legal requirements register. - Major compliance -	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. The Legal & Other Requirements Register (LORR) covers all the necessary regulatory requirements.	
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 -	Documented procedure has been established and implemented [ref.: Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008]. List of applicable legal and other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder. All the legal and other requirements were registered accordingly in the legal requirement register including Minimum Wages Order (Amendment) 2018.	Complied
4.3.1.4	The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements. - Minor compliance -	SQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Generally, the Assistant Managers are the persons assigned to monitor on the compliance and update change in regulatory requirements. Apart from that, they were also responsible to carry out the evaluation of compliance at regulated interval. It was found that the responsibilities were delivered accordingly at all the operating units.	Complied
Criterion 4.3.2 – Lands use rights			

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Criterion / Indicator		Assessment Findings	Compliance
4.3.2.1	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users. - Major compliance -	The management ensure that their oil palm cultivation activities do not diminish the land use rights of other users by ensuring the legal boundary is correct through land survey during the development. Stakeholder consultations which was last conducted on 27/9/2017.	Complied
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land. - Major compliance -	<p><u>Melalap:</u></p> <p>- 6 land titles with a total of 2,257.25 Ha. At the moment, in progress of changing name from Guthrie Plantations Sdn Bhd to Sime Darby Plantations (Sabah) Sdn Bhd.</p> <p><u>Sapong:</u></p> <p>- 8 land titles with a total of 4,120.14 Ha but land title grant P.L 166292119 with 277.68 Acre is not available. The total area for Area statement is 3417.27 Ha while MPOB area is 2655.89 Ha. There are special case in regards with the land titles where the squatter area of 261 Ha recognized by Sime Darby and occupied by 3 villages (Kg Batu-Batu, Kg Laman and Kg Sugiang Tengah). During the stakeholder's consultation, representatives from Kg Sugiang Tengah and Kg Laman mentioned that there is action taken where Sime Darby is in process to exclude the squatter area from land titles. Seen the land title no: I66283174 district Tenom dated 20.03.1969, the transfer made on 22.05.2018 sampled villagers name: Achim bin Kuasa (410/225900), Akit bin Burah (219/225900), etc.</p>	Complied
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	Boundary markers were of trenching and pegs painted with red and white were put at the critical points of the boundary. Verified at boundaries between Sapong Estate and one of the smallholders [GPS: 5°4'30"N 115°57'12"E] and between Melalap Estate and Kg. Makaniton [GPS: 5°2'4.1"N 115°55'55.5"E].	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.3.2.4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	No land dispute.	Complied
Criterion 4.3.3 – Customary rights			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	There is no customary land or negotiated agreements at all the visited estates.	NA
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available. - Minor compliance -	There is no customary land or negotiated agreements at all the visited estates.	NA
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance -	There is no customary land or negotiated agreements at all the visited estates.	NA
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.	The Social Impact Assessment for SOU27 Melalap for all operating units (Melalap POM, Melalap Estate and Sapong Estate) was conducted	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	internally by the Plantation Sustainable and Quality Management (PSQM) Team. The last SIA was conducted on 19-21/5/2015. Action plan for Sapong Estate SIA 2018 is available with the person in charge, status of completion and remarks in respective operating unit.	
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 -	System for dealing with complaints and grievances has been established and documented through: <ul style="list-style-type: none"> • Under the Sustainable Plantation Management System Appendix 5, procedure on handling social issue (version 1; year 2008) • Under Group policies and authority's 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. Complaints about house maintenance are recorded in a log book which keeps the information about date, complainant, details of complain and status. Other written complains will be kept in a file. Nonetheless, there has been no complain received so far.	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 and estate offices. 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. Training on reporting of ethical misconduct was done incorporated with Code of Business Conduct (COBC) to all the workers at all the visited estates which are Sapong Estate on 19.12.2017 and Melalap Estate on 02.08.2018.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.2.4	<p>Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.</p> <p>- Minor compliance -</p>	<p>Interview conducted with workers and stakeholders confirmed that they understand the complaint and grievance process.</p> <p>There has been no grievance/complaint recorded for the pass one year. Only request for maintenance housing are made by workers at all the visited estates.</p>	Complied
4.4.2.5	<p>Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.</p> <p>- Major compliance -</p>	<p>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.</p>	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	<p>Growers should contribute to local development in consultation with the local communities.</p> <p>- Minor compliance -</p>	<p>Among the contribution from Sapong Estate & Melalap Estate to local communities are:</p> <ol style="list-style-type: none"> 1. Taklimat Aplikasi Volunteer Smartphone Patrol (VSP) on 18.20.2018 by PDRM (Sapong Estate). 2. Program Kutipan Derma Bagi Bencana Palu (RM 450) on 10.10.2018 (Sapong Estate). 3. Request on black soil for flower plants by Masjid Ar Rahman Pekan Tenom on 20.09.2018 (Sapong Estate). 4. Request to use Sapong Estate field for SK Ladang Sapong's sport day on 21.9.2018 to 08.10.2018 (Sapong Estate). 5. Sumbangan bagi pertandingan Liga Bolasepak Ketua Polis Daerah Tenom 2018 RM 500 on 15.08.2018 (Melalap Estate). 	Complied

Criterion / Indicator	Assessment Findings	Compliance
Criterion 4.4.4: Employees safety and health		
<p>4.4.4.1 An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>The Group Occupational Safety & Health Management Policy had been established and implemented for all mills and estates. The policy was signed by the Managing Director of Sime Darby Plantation on January 2015 and displayed prominently on notice boards in English and local language Bahasa Malaysia. The Policy is implemented through the OSH activities by the on-site Safety Officers and monitored by OSH Manager from Head Office.</p> <p>Included in the policy is the commitment of the Company to provide and maintain a safe and healthy working environment of its employees & contractors & visitors. In interviews with the workers and staff during the site visit revealed that the employees had been briefed and had understood the policy.</p>	Complied
<p>4.4.4.2 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 	<ul style="list-style-type: none"> a) Briefings to employees are made through town hall session. During the town hall session, subjects on safety policies, road safety, zero harm, accident history and precautionary measures, dialogue and <i>'ikrar pekerja'</i> were briefed and shown in slides presentation to the employees. The <i>'ikrar pekerja'</i> was sighted. Content includes among others to prioritise safety, execute work safely, adhere all safety rules and regulations and to target zero accident. Apart from specific session, safety policy and targets were available on display board printed in both English & Bahasa Malaysia. b) Both estates had identified and reviewed significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA reports were verified during the assessment. At the estates, among the HIRARC covered activities are as follows: 	Non-conformance

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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>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p>	<table border="1" data-bbox="1048 448 1597 943"> <thead> <tr> <th></th> <th>Activity</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Pest & Disease – Rat Baiting</td> </tr> <tr> <td>2</td> <td>Weeding – Spraying</td> </tr> <tr> <td>3</td> <td>FFB collection</td> </tr> <tr> <td>4</td> <td>Pruning – Cutting & Stacking Fronds</td> </tr> <tr> <td>5</td> <td>Office operation</td> </tr> <tr> <td>6</td> <td>Workshop Operation</td> </tr> <tr> <td>7</td> <td>Harvesting</td> </tr> <tr> <td>8</td> <td>Replanting</td> </tr> <tr> <td>9</td> <td>Leaf sampling</td> </tr> <tr> <td>10</td> <td>Weighbridge</td> </tr> </tbody> </table> <p>Full review for the HIRARC was conducted by the ESH committee and no major changes were observed in term of hierarchy to determine appropriate control measures. They are made on annual basis or whenever a situation deemed necessary in event of accident or new machinery / work process. All HIRARC prepared were adequate to address any situation of the risk management. All HIRARC were verified and approved accordingly.</p> <p>c) Both estates provide training to the workers and staff exposed to pesticides and chemicals. Among the trainings conducted were Chemicals Handling, Spraying, Scheduled Wastes Handling, Chemical application and manuring. Details of other training are available 4.4.6.1 (training and competency). OSH programs are</p>		Activity	1	Pest & Disease – Rat Baiting	2	Weeding – Spraying	3	FFB collection	4	Pruning – Cutting & Stacking Fronds	5	Office operation	6	Workshop Operation	7	Harvesting	8	Replanting	9	Leaf sampling	10	Weighbridge	
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Criterion / Indicator	Assessment Findings	Compliance
<p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>also included. Common programs are initiated from HQ level e.g. OSH meeting, workplace inspection, inspection on PPE, training on MSPO/RSPO etc.</p> <p>d) The estates provide PPE to the employees relevant to the work handled by the workers. The list of PPE that were provided by the estates are as below:</p> <ul style="list-style-type: none"> i. Harvester- Safety Helmet, Sickle Cover, Hand Glove. Wellington Boots ii. Sprayers- Respirator, Nitrile Glove (Chemical Resistant) Goggles, Wellington Boots, Apron. iii. Manuring- Apron, Wellington Boots, Dust Mask <p>Records of PPE issuance for both estates were sighted. During the site visit workers were observed to be in PPE.</p> <p>e) Both estates has established SOP for chemical handling. This is available in PSQM – Operational Control Procedure under subject Chemical Safety Management. This includes compliance related to;</p> <ul style="list-style-type: none"> - Conduct/reassess CHRA - Review of chemical register - Chemical management assessment review - Conduct health surveillance. <p>f) The Estate Senior Manager was appointed as the Chairman of the respective estate ESH committee, letters of appointment dated 21/9/17 signed by the Zone CEO. The Senior Assistant for each estate was assigned as the representative for RSPO/ISCC/MSPO related matters and responsible for all safety and environmental issues.</p>	

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Criterion / Indicator	Assessment Findings	Compliance
	<p>g) Both estates management conduct regular two-way communication with their employees through the quarterly OSH meetings. Minutes of meeting were well maintained (e.g. for Melalap Estate dated 7/9/18, 22/6/18, 28/3/18, 2/12/17.</p> <p>h) Both the estates adhered to the SDPSB policy on 'Crisis Management & Emergency Response' plan, chapter 13 of PQMS, OSH manual and "Accident and Reporting and Investigation Procedure' in chapter 14 of the same manual. Each estates and mill had procedures for Fire, Flood, Chemical spillage, strikes and emergency/accident response in both English and Bahasa Malaysia. The procedures were displayed at the office, Muster Ground, Workshop and Dispensary. Names of the members of the Emergency Response Team (ERT) and their contact number were communicated to all employees and displayed at notice boards. Telephone numbers of the nearest police station, Fire Brigade, Immigration Department and Hospital were also included.</p> <p>i) Both estates trained their nominated employees for First Aid mainly those involved in the field operations. A training program BOFA Basic Occupational First Aider was organised on SOU basis. A First Aid Kit equipped with approved 16 items were available and replenished on a weekly basis. Distribution of the 1st Aid Kit for both the estates were made available various places such as office, AP Post, chemical store, fertiliser store, workshop, field staff and/or mandores. The boxes kept by the mandores were sighted during the field visit. Both estates had regular monthly briefing to the 1st Aid Kit holders on the management of the content and usage. The sessions were briefed by the HA/MA.</p> <p>j) Not all accidents (near miss, LTI and non-LTI) were updated in the GSQM ESH monthly performance report from January 2018 -</p>	

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Criterion / Indicator		Assessment Findings	Compliance
		September 2018. Sapong Estate: non-LTI case [9/6/18, 17/7/18]. Thus, a non-conformity report was assigned due to this lapse.	
Criterion 4.4.5: Employment conditions			
4.4.5.1	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. - Major compliance -	The "Social Policy" showcases the company's commitment to provide a workplace that is free from sexual harassment and all other forms of violence against women, workers, and community. The policy also commits to providing sufficient training and development for employees to increase their awareness and enhance their skills in line with this policy.	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 Social Policy dated January 2015 enforce the management's direction that all employees should be treated fairly in terms of recruitment, progression, terms and conditions of works and representation regardless of race, caste, nationality, gender, physique, sexual orientation, union membership, political view, religion and age. Interview with the foreign and local workers, reveals there is no discriminatory issues as the management treat them well.	Complied
4.4.5.3	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. - Major compliance -	Collective agreement was available. Latest agreement was for the duration of 01 January 2017 to 31 December 2019 and signed by the related representatives (i.e. Head, Plantation Upstream, Malaysia, Head of HR Operations, Director Industrial Relations, General Secretary of SPIEU, President of SPIEU and Regional CEO, Sabah Region. The living wage in the CA was found to be sufficient to meet basic needs for the employees and Medical Benefits of RM2200 for surgical charges, charge for X-Ray, medicine and drugs. Sampled below pay slips on April, Jun and Sept 2018 as well as their employment contracts:	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<ol style="list-style-type: none"> 1. Worker id: 33712 (Sapong Estate) 2. Worker id: 33797 (Sapong Estate) 3. Worker id: 46562 (Sapong Estate) 4. Worker id: 134536 (Sapong Estate) 5. Worker id: 62281 (Melalap Estate) 6. Worker id: 33530 (Melalap Estate) 7. Worker id: 66688 (Melalap Estate) 8. Worker id: 33539 (Melalap Estate) 	
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>Sapong Estate is ensuring that the employees of its contractors are paid based on legal standard by obtaining payslip and cross checked with the legal requirements. Sampled: Berjaya Contractor – verified 5 workers’ Sept 2018 payslips – basic pay found to be meeting the minimum standard.</p>	Complied
4.4.5.5	<p>The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>There is a list of employees consist of employee number, name, check roll type, joining date and status in the SAP system – Sime Estate Mill Upstream Application (SEMUA) System Employee Master Listing.</p>	Complied
4.4.5.6	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>Employees have been provided with employment contract which were made reference to the collective agreement between employer and employees. The collective agreement for estates were available for verification.</p> <p>However, there is a breach of employment contract in Sapong Estate and Melalap Estate for the distribution of 5 kg cooking oil and 5 kg rice, substitute with 10kg rice as per the sampled workers below:</p> <ol style="list-style-type: none"> 1. Worker id: 33712 (Sapong Estate) 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		2. Worker id: 33797 (Sapong Estate) 3. Worker id: 46562 (Sapong Estate) 4. Worker id: 134536 (Sapong Estate) 5. Worker id: 62281 (Melalap Estate) 6. Worker id: 33530 (Melalap Estate) 7. Worker id: 66688 (Melalap Estate) 8. Worker id: 33539 (Melalap Estate)	
4.4.5.7	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.</p> <p>- Major compliance -</p>	<p>Time recording at the estates was implemented through recording of check-roll book. The records were updated on daily basis and attendance of workers was monitored regularly through field supervision from morning muster until the working time is over.</p>	Complied
4.4.5.8	<p>The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.</p> <p>- Major compliance -</p>	<p>Working time found to be in accordance with legal requirement: Working hours i.e.:</p> <p>Daily rated workers (1 shift): Working hours = 0530 to 1330 Break time = 1000 to 1130 (flexible)</p> <p>Auxiliary police (3 shifts): Shift 1 working hours = 0700 to 1500 Break time = 1200 to 1230</p> <p>Shift 2 working hours = 1500 to 2300 Break time = 1800 to 1830</p> <p>Shift 3 working hours = 2300 to 0700 Break time = 0400 to 0430</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
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>Hours of overtime were recorded in the payslip and rate was paid according to the regulatory requirements and collective agreements.</p>	Complied
4.4.5.10	<p>Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.</p> <p>- Minor compliance -</p>	<p>Among the benefits offered by the company:</p> <ul style="list-style-type: none"> • Monthly rice distribution • Security outstation reimbursement • Security transport allowance • Telephone allowance • Free medical care • Childcare centre 	Complied
4.4.5.11	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.</p> <p>- Major compliance -</p>	<p>The estate workers are provided with free housing facilities which includes water and electricity supply. Based on the visit to the labour quarters, it was noted that the housing condition was accordance to the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446). Each house has a living room, 3 bedrooms, 1 bathroom, 1 toilet and a kitchen. The visits by Visiting Medical Office (VMO) to the housing were also well organised by the management, where records of visits were maintained for reference.</p> <p>Linesite inspection has been conducted in weekly basis by Medical Assistant in both Sapong Estate and Melalap Estate and recorded in Linesite Inspection Record form.</p> <p>Water is treated for domestic usage in line site. Sapong Estate has conducted the water analysis and seen the report in 2018, there is no e coli and coliform present in drinking water.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.4.5.12	<p>The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.</p> <p>- Major compliance -</p>	<p>The “Social Policy” seen consist of information on non-discrimination and equal opportunities. Seen the policy displayed in the estate’s office and regularly communicated to all levels of the workforce through training programs. Based on interview with workers during site visits, there has been no form of discrimination based on race, caste, national origin, religion, disability, gender, etc. The interviewed workers are aware on the term of discrimination and how to respond if such incidents happen to them.</p>	Complied
4.4.5.13	<p>The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. 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>Stated in Sime Darby Responsible Agriculture Charter, Clause 2.2 (iii) which reads “Respecting the rights of employees to form and join unions, and the right to collective bargaining.” Interview with the employees showed that there is no restriction for them to join any trade union.</p> <p>Sighted the Trade Union minutes of meeting on 07.09.2018 for Melalap POM, Melalap Estate and Sapong Estate involving 20 attendees from management, worker representatives and SPIEU representative.</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>Stated in Sime Darby Responsible Agriculture Charter, Clause 2.2 (ii) which reads “We will not employ anyone under the age of 18, unless in vocational and/or formal and structured apprenticeship, educational and training programmes.” Based on verification of the SEMUA database, which has the information about date of birth and date joined, all the workers were above 18 years of age at the point of recruitment.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
Criterion 4.4.6: Training and competency			
4.4.6.1	<p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p> <p>- Major compliance -</p>	<p>Training matrix was available which was established based on training needs analysis. The training matrix has the information about type of trainings, type of participants and tentative dates of the training to be conducted. Generally, the type of trainings can be classified to OHS, environment, field operation, legal requirements and social. Records of training were found to be appropriately maintained.</p>	Complied
4.4.6.2	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p>- Major compliance -</p>	<p>The training needs for both Melalap & Sapong Estate for the FY 2018/19 training program has been established. The details of the training needs include categories of job descriptions, sections, and employees group. Included in this program are subjects related to environment e.g. environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training, field activities, equipment handling, vehicles maintenance etc.</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>Training details are planned and summarised in the OSH program. Training program are made on annual basis. In addition it is subject for a review during the financial year should need arises.</p>	Complied
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			

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Criterion / Indicator		Assessment Findings	Compliance															
Criterion 4.5.1: Environmental Management Plan																		
4.5.1.1	An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented. - Major compliance -	There is an environmental management policy issued on Group level signed by the Managing Director in Jan 2015. Communications to the employees were through training session and briefing at muster grounds.	Complied															
4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. - Major compliance -	Environmental Management Program (EMP) incorporating the action plan to be initiated by the estates was made available. The EMP for both estates was sighted. The estates identified the aspects and impacts analysis of its operations. Areas are activities at a) main entrance/compound/dispensary/store b) scheduled waste/workshop/weeding/spraying c) FFB transportation/manuring/harvesting and collection. Progress were discussed in OSH meetings.	Complied															
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored. - Major compliance -	The environmental improvement combined with the pollution prevention plans FY 2017/18 were sighted. Both the estates identified the following activities and areas for Improvement plan; <table border="1"> <thead> <tr> <th></th> <th>Environmental Issues</th> <th>Mitigating Measures</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Leakage of pesticides during chemical mixing & washing</td> <td>. To recollect water used & recycled during next pre-mixing . To repair water pump</td> </tr> <tr> <td>2</td> <td>Leakage of lubricant/oil from servicing/parking of vehicles</td> <td>. To use oil tray to contain leakages</td> </tr> <tr> <td>3</td> <td>Reduce water usage</td> <td>Practice water conservation</td> </tr> <tr> <td>4</td> <td>Reduce diesel usage</td> <td>PMV planned maintenance vehicle</td> </tr> </tbody> </table>		Environmental Issues	Mitigating Measures	1	Leakage of pesticides during chemical mixing & washing	. To recollect water used & recycled during next pre-mixing . To repair water pump	2	Leakage of lubricant/oil from servicing/parking of vehicles	. To use oil tray to contain leakages	3	Reduce water usage	Practice water conservation	4	Reduce diesel usage	PMV planned maintenance vehicle	Complied
	Environmental Issues	Mitigating Measures																
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Criterion / Indicator		Assessment Findings	Compliance			
		<table border="1" style="width: 100%;"> <tr> <td style="width: 5%;">5</td> <td style="width: 35%;">Reduce herbicide pesticide</td> <td style="width: 60%;">Establishment of nepholepis, LCC/BP</td> </tr> </table> <p>Monitoring is made through data analysis and the daily field supervision.</p>	5	Reduce herbicide pesticide	Establishment of nepholepis, LCC/BP	
5	Reduce herbicide pesticide	Establishment of nepholepis, LCC/BP				
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	This is available in the SIA action plan. Details as per indicator 4.1.4.1 and 4.5.1.3 above. Activities/areas identified at working areas, induction program for new workers & housing facilities.	Complied			
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives. - Major compliance -	A training program was available in the SOU Training Program updated on a yearly basis or revised as per the management requirement. Included in this programme are subjects related to environment e.g. environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training.	Complied			
4.5.1.6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed. - Major compliance -	Meeting with employees where discussion about environmental quality was mainly done through daily morning briefings. Among the issues emphasized were generally on water management plan, electricity use, diesel consumption, waste management, SIA plan, renewable energy, aspect/impact.	Complied			
Criterion 4.5.2: Efficiency of energy use and use of renewable energy						
4.5.2.1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy	Monthly record on energy consumption for diesel consumption were kept and documented. It is monitored to optimize use of renewable energy. Data is being compiled for comparison and control for future improvement. Sighted tabulation of data maintained by both estates	Complied			

Criterion / Indicator		Assessment Findings	Compliance								
	including fossil fuel, electricity and energy efficiency in the operations over the base period. - Major compliance -	e.g. Sapong Estate, the baseline diesel consumption established is 3.03 lt/mt FFB and the Jan-Sep18 performance was around 2.5 lt/mt FFB.									
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 annual budgets.	Complied								
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	There was no opportunity to use renewable energy in both Estates.	Complied								
Criterion 4.5.3: Waste management and disposal											
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	All waste and pollution are identified and documented in the Waste Management Action Plan. The compilation for Financial Year 2018/19 was made at SOU level. Details of waste generated from the estates and mill operations among others are shown below; <table border="1" data-bbox="1041 1225 1859 1383"> <thead> <tr> <th>Type of waste</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>Domestic waste rubbish</td> <td>Line sites, office, workshop, store,</td> </tr> <tr> <td>Industrial waste-fertiliser bags</td> <td>Empty bags store</td> </tr> <tr> <td>Scrap metal</td> <td>workshop</td> </tr> </tbody> </table>	Type of waste	Location	Domestic waste rubbish	Line sites, office, workshop, store,	Industrial waste-fertiliser bags	Empty bags store	Scrap metal	workshop	Complied
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Criterion / Indicator		Assessment Findings			Compliance																		
		SW 404 Clinical waste	clinic																				
		SW rags, plastics, filters	Workshop																				
		Spent lubricant & hydraulic oil	Workshop																				
		Disposed containers, bags, equipment contaminated with chemicals, pesticides, SW	Scheduled waste store																				
4.5.3.2	<p>A 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> <p>- Major compliance -</p>	<p>The disposal/recycling of waste generated by the estates are made as follows;</p> <table border="1"> <thead> <tr> <th>Type of waste</th> <th>Location</th> <th>Action to be taken</th> </tr> </thead> <tbody> <tr> <td>Domestic waste rubbish</td> <td>Linesites, office, workshop, store,</td> <td>Collection/disposal 2 to 3x /week to estates' landfills</td> </tr> <tr> <td>Industrial waste-fertiliser bags</td> <td>Empty bags store</td> <td>Inventory of bags, reuse for LF collection, sell to appointed contractor for surplus quantity.</td> </tr> <tr> <td>Scrap metal</td> <td>workshop</td> <td>Inventory maintained, tender at zone level for sale to licensed contractors</td> </tr> <tr> <td>SW 404 Clinical waste</td> <td>clinic</td> <td>Inventory maintained. Storage in sharp bin in clinic. Disposal through VMO clinic.</td> </tr> <tr> <td>SW rags, plastics, filters</td> <td>Workshop</td> <td>Inventory maintained. Storage in scheduled waste store. Disposal through licensed contractor.</td> </tr> </tbody> </table>			Type of waste	Location	Action to be taken	Domestic waste rubbish	Linesites, office, workshop, store,	Collection/disposal 2 to 3x /week to estates' landfills	Industrial waste-fertiliser bags	Empty bags store	Inventory of bags, reuse for LF collection, sell to appointed contractor for surplus quantity.	Scrap metal	workshop	Inventory maintained, tender at zone level for sale to licensed contractors	SW 404 Clinical waste	clinic	Inventory maintained. Storage in sharp bin in clinic. Disposal through VMO clinic.	SW rags, plastics, filters	Workshop	Inventory maintained. Storage in scheduled waste store. Disposal through licensed contractor.	Complied
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Criterion / Indicator		Assessment Findings			Compliance
		Spent lubricant & hydraulic oil	Workshop	Collection by SDI upon completion of maintenance.	
		Disposed containers, bags, equipment contaminated with chemicals, pesticides, SW	Scheduled waste store	Inventory maintained. Storage in SW store. All containers are labeled. Empty containers collected by authorized vendor.	
		This is at current a viable option as practiced elsewhere in the industry.			
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 -	<p>The procedures for handling used chemicals classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 are available prepared on Group level by PSQM and implemented in all estates and mills for all the applicable practices. The operational control procedures for the scheduled wastes management provides guidelines as follows;</p> <ul style="list-style-type: none"> a) Management of class 1 chemical containers b) Management of class 2 (and higher) chemical containers. c) Management of fertiliser bags <p>This document was established on 28/2/2015 and remain effective for practice in all estates and mills.</p>			Complied
4.5.3.4	Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the	<p>Under the operational control procedure established as given in 4.5.3.3 above the guideline and practice for handling empty pesticides containers are as follows:</p> <ul style="list-style-type: none"> a) All class 2 and above containers are tripled rinsed and holes punctured at the bottom only if the waste generator is to dispose as non-scheduled waste. 			Complied

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Criterion / Indicator		Assessment Findings	Compliance
	<p>national programme on recycling of used HDPE pesticide containers.</p> <p>- Major compliance -</p>	<p>b) Containers to be disposed as scheduled waste need not go the triple rinsing and hole punctured process. These guidelines are based on Department Of Agriculture ref 91/120/038/014 dated 7/11/2002. Nonetheless, for both estates, the empty chemical containers were triple rinsed and punctured and disposed as scheduled wastes. Verification of DOE's Sixth Scheduled showed that the empty chemical containers were disposed to authorised collector.</p>	
4.5.3.5	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p> <p>- Minor compliance -</p>	<p>The estates has allocated areas in the field for landfill operation to manage their domestic wastes disposal. Based in the site visit, the landfill found to be well managed and no toxic material was ween to be disposed there. Nonetheless, the estates can further improve its domestic wastes landfill management by ensuring the distance from residential area is in accordance to Sime Darby's landfill guideline (OFI).</p>	Complied
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.</p> <p>- Major compliance -</p>	<p>Assessment of all polluting activities was done through the Environment Aspect and Impact assessment. This includes all the polluting activities such as greenhouse gas emissions, scheduled and solid wastes generations. The management of wastes were as of mentioned in Indicator 4.5.3.2.</p>	Complied
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>Waste Management Plan FY18/19 has been integrated into environmental improvement plan which is being reviewed on yearly</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		basis by Assistant Manager. The plan was monitored regularly. E.g. of action plan for the identified pollutants are shown in 4.5.3.2.	
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> <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 	<p>The Water Management Plan for the estates has been established. This is compiled on Group basis and amended to meet demands of specific issue in an operating units. It is reviewed on annual basis for the Financial Year 2018/19 plan. Among the action plan established were rainwater collection for mixing herbicides, to deepen the water catchment by tightening the slop bunds and removing debris during heavy downpour for preparation of water shortage and educating the workers on water usage. There is no bore well available in both the estates. However, Riparian zone was not demarcated and effort of restoration was not seen. Based on site visit, the riparian zone at Block 02K (GPS: 5°12'46"N 115°58'13"E), Sungai Makaniton of Melalap Estate, it was noted that no riparian zone demarcation and trace of chemical spray was also present. Thus, a non-conformity report was assigned due to this lapse.</p>	Non-conformance

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Criterion / Indicator		Assessment Findings	Compliance
	<p>the ground water table should be measured at least annually.</p> <p>- Major compliance -</p>		
4.5.5.2	<p>No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p>- Minor compliance -</p>	<p>During the field visit, no construction of bunds, weirs and dams across main rivers or waterways passing through an estate was observed.</p>	Complied
4.5.5.3	<p>Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).</p> <p>- Minor compliance -</p>	<p>During the site visit practices of water harvesting are noted mainly constructed on flat areas in both estates. There were construction of MCP = Moisture Conservation Pit at interval of every 40 ft & every 2 palms. Road side pits were also available at every 3 palm rows, to divert in event of water overflowing and also to benefit the nearest palm at the pit end to obtain additional moisture. This is part of the common practices introduced within the SDP Group Agriculture Procedures.</p> <p>In addition there were irrigation projects for Melalap Estate as handled by the Water Management Team. Potential fields have been identified and such areas will be irrigated to improve the moisture level for the palm growth. Source of irrigation identified from Sg Pegalan, water from the hill field no P00PA.</p>	Complied
Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value			
4.5.6.1	<p>Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p>	<p>The biodiversity status is included in the HCV reassessment report SOU 27 Melalap, dated January 2016. Consultations with stakeholders such as local communities (Kg Pagansangan, Kg Lagud, Kg Makinton, Kg</p>	Complied

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Criterion / Indicator	Assessment Findings	Compliance
<p>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p> <p>b) Conservation status (<i>e.g.</i> The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.</p> <p>- Major compliance -</p>	<p>Langsat, Kg Jawa Sumbiling, Kg Kasiai, etc. Based on the report, there was no RTE species identified.</p>	
<p>4.5.6.2 If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>a) Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</p> <p>- Major compliance -</p>	<p>There is no RTE recorded. Evidence to continuously prevent and discourage illegal or hunting, fishing or collecting activities were maintained and implemented. Signage as well as routine patrolling activities were utilised as part of creating awareness among employees and maintain HCVs.</p> <p>The estates had established HCV action plan for FY2018/19 such as to maintain all remnant forest patches area more than 25 degree slope, to maintain the buffer zone width as per company's policy and to maintain awareness among the employees on conservation of wildlife and buffer zones.</p>	<p>Complied</p>
<p>4.5.6.3 A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p>- Major compliance -</p>	<p>All operating units have developed Management Plan for the HCV and conservation area to protect from any encroachment. Habitat protection includes prevention of disturbance by workers through awareness campaigns and regular patrols of the area. The estates have installed signboards at prominent areas to prohibit hunting, disturbance of protected areas and the lighting of fires. Inspection of</p>	<p>Complied</p>

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Criterion / Indicator		Assessment Findings	Compliance
		housing areas and interview of residents confirmed workers were aware of the company policy that prohibits hunting and collecting activities. Monitoring is carried out by the security and staff in charge for the respective area. Sime Darby Plantation in addition established their own disciplinary measures if found any staff or workers found to capture, harm, collect or kill the RTE species in the estate. On-going monitoring for HCV areas for both Estates has been verified. The monitoring was conducted on monthly basis.	
Criterion 4.5.7: Zero burning practices			
4.5.7.1	Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice. - Major compliance -	The Group policy of "Zero open burning" is enforced since July 2008. The operating units adhered to the policy of "Zero open burning" for any replanting. From field visits and interviews with the workers there is no open burning being practiced in the estates. Both estates had replanting program spanned over the forthcoming years. Refer details in 4.6.2.2. In addition Sime Darby Plantation assigned 1 person based in HQ being in charge to detect any open fire in the Company's fields using the Global Spot Watch.	Complied
4.5.7.2	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop. - Major compliance -	N/A. Details in 4.5.7.1 above.	Complied
4.5.7.3	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities)	N/A. Details in 4.5.7.1 above.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	(Open Burning) Order 2003 or other applicable laws. - Major compliance -		
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. - Minor compliance -	Based on site visit at replanting fields at both estates, previous oil palms were observed to be felled, chipped, windrowed and mulched.	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored. - Major compliance -	The SOP for the estates and mill operations are available which is prepared on Group basis. There are levels of the documentation identified as follows; Level 1 Estate quality management system standard operation manual Level 2 EQMS quality management manual Level 3 standard operating procedure Level 4 work instruction Level 5 records. One of the important mechanisms of ensuring the practice is implemented accordingly is through Planning & Monitoring Unit (PMU) assessment which are done quarterly. Among the activities evaluated were replanting activities, manuring, OP mature, P&D. upkeep, costing, etc. Harvesting standard is checked through Structured Crop Recovery (SCRA) & Q+ which is also done quarterly.	Complied

Criterion / Indicator		Assessment Findings	Compliance
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 -	The estates constructed terraces at slope area of more than 6 degree. Planting of cover crop are made to retain the soil structure and conservation. Road side pit are made to divert water at slope areas to prevent road erosion and surface damage. Terraces are constructed inclined towards the terrace wall.	Complied
4.6.1.3	A visual identification or reference system shall be established for each field. - Major compliance -	Maps of both of the estates were available. The maps have the information of field number and field roads layout. On the field, field identity numbers were also displayed on some of the palm trunks which were mainly on those located at the road junctions.	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 -	The annual business plan is available as per the Group Financial Procedure. & Guidelines. Both estates and the mill had a similar format i.e. in the form of annual budget with a 5 year projection. (Budget year, PY2, PY3, PY4, PY5). This business plan is prepared as guidance for future planning. The budget contains palm year of planting, age categories, and FFB production. Component of operating expenditure includes Administration, harvesting & collection, field upkeep, transportation, road and bridges, labour overhead, EVIT (running accounts for engines, vehicles, implements & tractors . Inclusive in the business plan is also Capital Expenditure (CAPEX) among others replacement / upgrading of building, vehicles replacement , workers amenities etc. the budget for	Complied

Criterion / Indicator		Assessment Findings	Compliance																		
		2017/18 for both the estates was sighted and verified. It was noted that the estates' production cost is around RM290/mt.																			
4.6.2.2	<p>Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.</p> <p>- Major compliance -</p>	<p>Both estates established a replanting program spanned over a 5 year period till 2023. All programs were sighted.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Sapong</th> <th>Melalap</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>140.04 Ha</td> <td>121.21 Ha</td> </tr> <tr> <td>2020</td> <td>258.89 Ha</td> <td>90.65 Ha</td> </tr> <tr> <td>2021</td> <td>167.54 Ha</td> <td>104.31 Ha</td> </tr> <tr> <td>2022</td> <td>101.34 Ha</td> <td>110.97 Ha</td> </tr> <tr> <td>2023</td> <td>0 Ha</td> <td>142.46 Ha</td> </tr> </tbody> </table>	Year	Sapong	Melalap	2019	140.04 Ha	121.21 Ha	2020	258.89 Ha	90.65 Ha	2021	167.54 Ha	104.31 Ha	2022	101.34 Ha	110.97 Ha	2023	0 Ha	142.46 Ha	Complied
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4.6.2.3	<p>The business or management plan may contain:</p> <ul style="list-style-type: none"> a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production : cost per tonne of FFB d) Price forecast e) Financial indicators : cost benefit, discounted cash flow, return on investment <p>- Major compliance -</p>	<p>Business plan is reflected through the establishment of annual budget. The projection of three years was also available. Among the information available in the business plan is crop budget, cost of production per Ha and per mt basis, price forecast and estimation of Return of Investment.</p>	Complied																		

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Criterion / Indicator		Assessment Findings	Compliance
4.6.2.4	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented. - Major compliance -	The estates performance is recorded in the monthly progress report. Details on the actual vs budget i.e. crop production, fixed and direct cost are shown therein. The management also provides variance report on the performance and reviewed on a monthly basis through SAP system. Through this system, the expenses can be seen by top management. The SOU meeting involving the Managers meets monthly with the Head Zone for the performance review.	Complied
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	The pricing method for FFB transporter has been clearly stated in the Letter of Offer (LOA) and contract agreement (scheduled of transportation rates). Sampled Pemborong Ajuta, contract no: 4300439356 dated 01.10.2018 amounted RM 39,649.82 for transporting of FFB June 18 rate for Sapong Estate and Pemborong Ajuta, Letter of Award: t/FFB_SBH/1215/003 valid from 01.11.2016 until 31.10.2019 with transport rate adjustment mechanism.	Complied
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	All contracts were awarded through tendering system at Zone Level. Approved contractors will be given the LOA. Payments were all made in timely manner and no complaint from the contractor so far. Sampled Pemborong Ajuta payment voucher no: 1600000328 dated 08.10.2018 Invoice no: IV-00490 (30.09.2018) RM 39,649.82 in Sapong Estate and Pemborong Ajuta payment voucher: 1600000353 dated 17.10.2018, Invoice no: IV-00492 (30.09.2018) RM 27,029.75 in Melalap Estate.	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.	The understanding about MSPO requirements among the engaged contractors was delivered through a session of training which was last conducted on 15/11/2017 for all OU in SOU Melalap. It was attended by 12 representatives from various contractors such as FFB & EFB	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	transporters, machinery provider, planting oil palm, grass-cutting, domestic wastes transported, suppliers, replanting land preparation. Training material was seen where elements of MSPO were included.	
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Awarded contractors are provided with Letter of Offer (LOA) (contract agreement) which spelt out the conditions such as commencement, service contract, bank guarantee, insurance policies, failure to provide service, responsibility and indemnity, termination, governing laws, transportation rate and rate adjustment mechanism. At Sapong Estate, LOA awarded by Sime Darby Plantation (Sabah) Sdn Bhd to Pemborong Ajuta.	Complied
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 was communicated through the session between contractors. This was verified through slide presentation material.	Complied
4.6.4.4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted. - Major compliance -	All works performed at the estates are checked and verified by the estates personnel. Seen the Work Completion Certificate for September 2018 for Sapong Estate. Projects where tenders are issued by HQ are checked by representative from HQ usually from the Engineering Dept.	Complied
<p>4.7 Principle 7: Development of new planting</p> <p>Not applicable since there is no new planting at all the estates under Melalap certification unit.</p>			

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

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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 8th September 2017 was issued to all Estates and Mills. The commitment is to implement and certified with MSPO by December 2017.	Complied
4.1.1.2	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. - Major compliance -	The continual improvement commitment is documented in the following Management & Operation Policies: <ul style="list-style-type: none"> • Quality Management Policy dated January 2015 • Lean Six Sigma Policy dated January 2015 • Quality Policy dated January 2015 The commitments are made by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantations Berhad.	Complied
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	The Internal Audit Procedure (SD/SDP/PSQM/IAP) dated 01/05/2015 documented the process to conduct internal audit. The internal audit schedule for 2018 has been planned and communicated by Regional SQM to all regions (Both Peninsular & East Malaysia Estates and Mills). The internal audit for Melalap	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		POM was conducted on 4/9/2018, combined with RSPO internal audit. It was conducted by 3 internal auditors whom were sourced from other department (SQM) within SDPB.	
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 -	Based on the internal audit report dated 4/9/2018, the root-cause statements written by the mill in the internal audit NCR format were mostly not presenting the cause of the NCR. They were rather statements of corrections. Thus, a non-conformity report was assigned due to this lapse.	Non-conformance
4.1.2.3	Reports shall be made available to the management for their review. - Major compliance -	Internal audit reports are made available for verification. All reports are circulated to the estate management, Regional Office and Sime Darby Plantation HQ relevant personnel. There is a monthly SQM meeting at HQ level to review the reports' findings and performance raised in both internal and external audit. The outcome was also discussed in Management Review meeting.	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. - Major compliance -	Management review meeting is conducted under guidance of the Mill Quality Management System (MQMS), Standard Operating Manual (SOM), Sec. 5 Management Responsibility, Sub-sec. 5.6 Management Review (dated 1/11/2008). The review agenda is described in Clause 5.6.2 i.e.: <ul style="list-style-type: none"> - Follow-up action from previous Management Review - Analysis of data and review of QSHE objectives/management programme - Audit results and status of CAP 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> - Effectiveness of MQMS - Review of mill’s quality. Environmental and OSH policies - Report of Quality Team Meeting - MQMS Document review - Other matters <p>The mill has conducted their management review meetings and minutes were available for verification. Nonetheless, the agenda of meeting can be further improved by referring to Sime Darby’s management review procedure (OFI).</p>	
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	<p>The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.</p> <p>- Major compliance -</p>	<p>The programs / activities relating to the continual improvement plan are included in the annual estimate i.e. CAPEX and OPEX. These program are reviewed annually prior to the budget preparation. Among the projects for continual improvement were upgrading of building/infrastructure attributed positively to the social and environmental such as installation of Electrostatic Precipitator (ESP) to improve the dust particulate for Boiler emission, firefighting system at the housing complex and continuous and progressive house repair/maintenance.</p>	Complied
4.1.4.2	<p>The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.</p> <p>- Major compliance -</p>	<p>Dissemination of information to the employees were made through dialogues and training sessions. The staff/workers annual training program for FY 2018/18 was established. The training subjects identified among others include operations, understanding of MSPO/RSPO requirements, human rights, company policies, health and safety etc. The FY2018/19 OPEX</p>	Complied

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		budget has include training budget and operations improvement including environmental improvement, worker welfare, OHS, etc. Interview with workers and sighting of records confirmed that trainings are provided by the management were effective.	
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 adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms. - Major compliance -	Melalap Palm Oil Mill has maintained records of requests and responses, Land titles/user rights, Safety and health plans, plans and impact assessments relating to environmental and social impact, plans for pollution prevention, records of complaints and grievances, plans for continuous improvement and make available upon request.	Complied
4.2.1.2	The management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. - Major compliance -	The company has developed a procedure on Documentation and Communication under Section 3, version: 1, year 2008 where the information on sustainable activities will be made publicly available to the general public through Annual Reports, circulars, agreements, Sime Darby website and other publications. Copies of the document such as impact assessment reports and monitoring plans relating to environmental and social, pollution prevention plans, records of complaints and grievances were available on request.	Complied

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Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders. - Major compliance -	SDPSB has developed a documented procedure in Sustainable Plantation Management System on handling social issues, Appendix 5, Version 1, and Issue No.1, dated 01/11/2008. The procedure has detailing the process of handling social issues raised by the stakeholders and resolve in an effective, timely and appropriate manner.	Complied
4.2.2.2	The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i> . - Minor compliance -	Mill Assistant 1 (Mohd Zaidani Md Zaib) of the Melalap POM has been appointed as Social Responsible Person to handle any issue related to social for 2018 FY2017-2018. Seen the appointment letter dated 15.07.2017 issued by the Mill Manager.	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 -	Stakeholder list was developed which included local communities (Kg. Makaniton, Jawa Sembiling, Pagansangon, Melalap, SK Pulong, Jabatan Alam Sekitar Cawangan Sipitang, Jabatan Imigresen Tenom), suppliers (Ek Hong Agriculture Sdn Bhd., Milivest, Pengangkutan Bumi Sdn Bhd), contractors, government authorities and etc. was last updated in July 2018. To-date there are 87 stakeholders in the list. Stakeholder meeting was conducted on 21/08/2018 with the participation of stakeholders such as contractors, school representatives, government authorities and local communities. Seen the meeting minutes and photo evident of the meeting.	Complied
Criterion 4.2.3 – Traceability			

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Criterion / Indicator	Assessment Findings	Compliance
<p>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.</p> <p>- Major compliance -</p>	<p>Ref.: Sustainable Plantation Management System (SPMS), Appendix 15, SOP for Sustainable Supply Chain and Traceability.</p> <p>Melalap POM is receiving FFB mainly from its supply base i.e. Melalap Estate and Sapong Estate.</p> <p>For own supply base: The weighbridge ticket provided the following details:</p> <ul style="list-style-type: none"> - Supplied from which estate - Product (FFB or Loose fruit) - Delivery note from estates stating the weight and fruit grade (A or B). - D.O Number - Weight of the shipment - Date of the shipment <p>For despatch of CPO, the weighbridge ticket includes the following information to enable the customer to trace the CPO source</p> <ul style="list-style-type: none"> - Customer Name - Destination of the CPO - Product - DO number - PO number - Weight of the product. <p>For external FFB suppliers, they have their own delivery orders. All the external suppliers have to be approved by signing</p>	<p>Complied</p>

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Criterion / Indicator		Assessment Findings	Compliance
		contract agreement and registered in the system before they are able to send their crop to mill.	
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	The method of inspection is by SCCS internal audit 4/9/2018. Based on the inspection, there was no finding raised on the implementation of traceability procedure.	Complied
4.2.3.3	The management shall identified and assign suitable employees to implement and maintain traceability system. - Minor compliance -	The overall personal in charge for the traceability is the Head of Operating Unit (in this case, the Sr. Estate Manager i.e. Johamdan Joni and the Mill Manager i.e. Mr. Bukhari Yusof Azudin) [ref.: Clause 4 of SOP for Sustainable Supply Chain and Traceability].	Complied
4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained. - Major compliance -	Stock of CSPO & CSPK was recorded in Mass Balancing Records for Oil Mill. Production records were maintained in "Daily production summary". The information about stock balance, sales and delivery is recorded in the format on daily basis. As of to-date, no claim for MSPO certified products has been made.	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations. - Major compliance -	The mill continued to commit to compliance with applicable laws. Among the evidence of compliance verified were: <ul style="list-style-type: none"> Permit Sekatan Kerja Lebih Masa Seksyen 104(7), Ordinan Buruh (Sabah Bab 67) for increase overtime limit from 104 hours to 120 hours valid until 09.02.2020. 	Non-conformance

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Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> Permit Potongan Daripada Gaji Pekerja Seksyen 113(4), Ordinan Buruh (Sabah Bab 67) for electricity bill, ASNB savings and advance valid until 23 April 2020. Licence no 001870 Seksyen 18(1) Akta Kualiti Alam Sekitar valid till 30/6/2019 Back pressure vessel PMT 6247 valid till 18/6/2019 Thermal deaerator PMT 6253 valid till 18/6/2019 Water Tube Boiler PMD 2092 valid till 23/8/2019 Water Tube Boiler PMD 2868 valid till 28/6/2019 License # 535146004000, validity 1/1/2018-31/12/2018, Holder Sime Darby Plantation (Sabah) Sdn Bhd, Melalap Oil Mill <p>Nonetheless, it was found that Stake sampling was not done twice a year as required in DOE's Compliance Schedule. In 2017, the mill had only conducted one stake sampling i.e. on 18/2/2017 [ref.: Stake sampling report # UJES/MALALAP01/2017-01] instead of twice as required by legal. Thus, a non-conformity report was assigned due to this lapse.</p>	
4.3.1.2	<p>The management shall list all relevant laws related to their operations in a legal requirements register.</p> <p>- Major compliance -</p>	<p>List of applicable legal and other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder. Among the relevant laws listed were OSHA, FMA, Electrical Supply Act, EQA, WMSHA, EA, SLO to name a few.</p>	Non-conformity
4.3.1.3	<p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p>- Major compliance -</p>	<p>Documented procedure has been established and implemented [ref.: Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008]. List of applicable legal and other requirements was made available</p>	Complied

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		<p>during the assessment and compiled in the QSHE/04/5.2.4 folder.</p> <p>All the legal and other requirements were registered accordingly in the legal requirement register including Minimum Wages Order (Amendment) 2018.</p>	
4.3.1.4	<p>The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements.</p> <p>- Minor compliance -</p>	<p>SQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Generally, the Assistant Managers are the persons assigned to monitor on the compliance and update change in regulatory requirements. Apart from that, they were also responsible to carry out the evaluation of compliance at regulated interval. It was found that the responsibilities were delivered accordingly at all the operating units.</p>	Complied
Criterion 4.3.2 – Lands use rights			
4.3.2.1	<p>The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.</p> <p>- Major compliance -</p>	<p>Land use right for mill is under the land title of Melalap Estate.</p>	NA
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>Land title for Melalap Estate was available. Details are mentioned in the Indicator 4.3.2.2 at MSPO Part 3 above.</p>	NA
4.3.2.3	<p>Legal parameter boundary markers should be clearly demarcated</p>	<p>The mill area is within the area of Melalap Estate’s land title and therefore demarcation of boundary is not necessary.</p>	NA

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Criterion / Indicator		Assessment Findings	Compliance
	and visibly maintained on the ground where practicable. - Major compliance -		
4.3.2.4	Where there are, or haven been disputes, documented proof of legal acquisition of land and fair compensation that have been or are being made to previous owners and occupants; shall made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	NA. Land issue is under the management of Melalap Estate.	NA
Criterion 4.3.3 – Customary rights			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	NA. Land issue is under the management of Melalap Estate.	NA
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -	NA. Land issue is under the management of Melalap Estate.	NA
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - Major compliance -	NA. Land issue is under the management of Melalap Estate.	NA
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			

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Criterion / Indicator		Assessment Findings	Compliance
4.4.1.1	<p>Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.</p> <p>- Minor compliance -</p>	<p>The Social Impact Assessment for SOU27 Melalap for all operating units (Melalap POM, Melalap Estate and Sapong Estate) was conducted internally by the Plantation Sustainable and Quality Management (PSQM) Team. The last SIA was conducted on 19-21/5/2015.</p> <p>For Melalap POM & Melalap Estate, sighted the action plan for FY2018 i.e. PK HEM SK Melalap: request on the belt press fertilizer for the school beautification on and seen the evidence of ETP Solid/POME sent to SK Melalap, 2060 kg on 01.10.2018.</p>	Complied
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	<p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>- Major compliance -</p>	<p>A documented dispute resolution procedure is available at Mill and Estate Quality Management System Manual which is effective, timely, appropriate and open to any affected parties. The complaint and grievances is open to affected parties including internal and external stakeholders. The time frame to deal with external communications should be within two weeks of the date of receipt for communication requiring direct feedback and within one week of the completion of the investigation, for communication required investigation [ref.: SPMS, Appendix 5, Flowchart and Procedure on Handling Social Issues, 1/4/2008]. Complaints mainly for the housing repair and attended within the timeframe. Other issues will be discussed through morning briefing and recorded in the Morning Briefing book.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
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 system was found to be effective to resolve the issues raised by stakeholders in timely manner.	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 mill has a file to keep the complaint forms filled in by the complainants. So far, the forms were mainly used by the internal stakeholders to complain about housing and facilities conditions. Another way of recording issues was through a meeting with stakeholder where issues raised were recorded in the meeting minutes – seen latest minute dated 21/8/2018. Input from stakeholders in the meeting were translated in the social action plan.	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 -	Employees were made aware through daily briefing. The mill management has maintained a complaint file to receive any complaints or grievances from stakeholders. The complaints lodged related to housing repair were resolved accordingly and it was acknowledged by the complainants after the action has been taken. For the surrounding communities, awareness is made by the estates.	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. - Major compliance -	The records were kept since 2012.	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			

Criterion / Indicator		Assessment Findings	Compliance
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>Among the contributions from the mill were:</p> <ul style="list-style-type: none"> • Donation to Mohd Amin & family for the late father on 14.10.2018 • Demonstrasi Pencegahan Kebakaran, langkah-langkah keselamatan dan cara penggunaan alat keselamatan dapur gas memasak on 01.10.2018. • Table rental for staff's wedding on 03.09.2018. • Lend Authorised Gas Tester (AGT) and authorised entrant and standby person (AESO) at confined space on 02.08.2018. • Jabatan BOMBA requested on the donation of 2 empty drum on 25.06.2018. 	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>The Group Occupational Safety & Health Management Policy had been established and implemented for all mills and estates. The policy was signed by the Managing Director of Sime Darby Plantation on January 2015 and displayed prominently on notice boards in English and local language Bahasa Malaysia. The Policy is implemented through the OSH activities by the on-site Safety Officers and monitored by OSH Manager from Head Office.</p> <p>Included in the policy is the commitment of the Company to provide and maintain a safe and healthy working environment of its employees & contractors & visitors. In interviews with the</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		workers and staff during the site visit revealed that the employees had been briefed and had understood the policy.	
4.4.4.2	<p>The occupational safety and health plan should cover the following:</p> <ul style="list-style-type: none"> a) A safety and health policy, which is communicated and implemented. b) The risk of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill: <ul style="list-style-type: none"> i. All employees involved are adequately trained on safe working practices; ii. All precautions attached to products should be properly observed and applied; d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust 	<ul style="list-style-type: none"> a) The policy and objectives has been mentioned in indicator 4.4.4.1 above. b) The risk of all operations were assessed and documented under HIRARC. HIRARC for the mill operations was last reviewed on 18/4/2018 and cover among others the activities such as weighbridge, sterilizer, security, boilers, storage tanks, nut silos, kernel silo, kernel storage, oil room, workshop operation and belt press operation. Nonetheless, there are revision of HIRARC for the non-LTI accident cases. Further trailed on the records e.g accident investigation logbook and first aid box usage log found that not all non-LTI cases were reviewed and incorporated in the register. Refer to first aid cases dated [18/8/18, 13/9/18 and 23/10/18]. Thus, a non-conformity report was assigned due to this lapse. c) The mill provided training to the employees on safe practices for their respective work place and machine handling. The training includes for the employees handling chemicals and other safe working procedures. In addition there were weekly briefings for the workers on the SOPs and competency of workplace machine/equipment. d) PPE issued to the workers is safety helmets, safety shoes. Special PPE for workers assigned to height, confined space. Safety shoes issued on a 6 monthly basis and recorded. e) SOP of handling of chemicals is available. The document is 	Non-conformance

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<p>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>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>dated on 26/02/2017 entitled "chemical safety management". Therein is shown requirement & selection of chemicals, assessment of chemicals hazards, selection of supplier and transportation of chemicals. Storage, handling and training of such is also elaborated in the procedure.</p> <p>f) The management appoints En Izzul Fahmi Azuddin through a letter dated 17/11/2017 representative for RSPO/ISCC/MSPO for the mill. He has been trained on the assigned areas and among others to be responsible for OSH, environmental and update changes in regulatory requirement. The Mill Manager was appointed as the Chairman for the mill safety committee via letter dated 16/8/2016 issued by the Regional Head.</p> <p>g) Communications are made through safety meeting /site supervision/dialogue/briefing during the weekly muster; The safety meeting was held 3 monthly having a total of 4 meetings in a year. The dates of meeting organised in 2018 are on 16/1/18, 17/4/18, 13/7/18 & 9/10/18. There were standard agenda discussed as provided by PSQM. Additional issues where deemed important by the committee will be included in the discussion. Among others the agenda discussed in the safety meeting were Workplace inspection, Line site visit report, Accident statistics report, Unsafe act, Legislative requirement & update /GCAD/PSQM Audit highlight.</p> <p>h) Accident and emergency procedures are available. There is a formation of ERP Team & ERP for all the identified incidences i.e. Fire, flood, explosion, chemical spillage,</p>	

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		<p>accidents, oil spillage. The organisation chart for the ERP team was appointed and displayed for information of the employees - Drill for fire ERP was last conducted on 20/4/2018.</p> <p>i) An in-house first aid training BOFA (Basic Occupational First Aid) organized by PSQM was conducted on 24-25/7/2017 attended by 7 employees. The first aid boxes were available evenly in the mill complex included the units kept by the supervisory personnel in event of emergencies especially during the night operations.</p> <p>j) Not all accidents (near miss, LTI and non-LTI) were updated in the GSQM ESH monthly performance report from January 2018 - September 2018. Melalap POM : non-LTI case [18/8/18, 13/9/18, 20/9/18, 4/10/18, 23/10/18] Thus, a non-conformity report was assigned due to this lapse.</p>	
Criterion 4.4.5: Employment conditions			
4.4.5.1	<p>The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.</p> <p>- Major compliance -</p>	<p>The "Social Policy" showcases the company's commitment to providing a workplace that is free from sexual harassment and all other forms of violence against women, workers, and community. The policy also commits to providing sufficient training and development for employees to increase their awareness and enhance their skills in line with this policy.</p>	Complied
4.4.5.2	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment</p>	<p>The Social Policy dated January 2015 enforce the management's direction that all employees should be treated fairly in terms of recruitment, progression, terms and conditions of works and representation regardless of race, caste,</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>- Major compliance -</p>	<p>nationality, gender, physique, sexual orientation, union membership, political view, religion and age. Interview with the foreign and local workers, reveals there is no discriminatory issues as the management treat them well.</p>	
4.4.5.3	<p>Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p>	<p>Collective agreement was available. Latest agreement was for the duration of 01 January 2017 to 31 December 2019 and signed by the related representatives (i.e. Head, Plantation Upstream, Malaysia, Head of HR Operations, Director Industrial Relations, General Secretary of SPIEU, President of SPIEU and Regional CEO, Sabah Region. The living wage in the CA was found to be sufficient to meet basic needs for the employees and Medical Benefits of RM2200 for surgical charges, charge for X-Ray, medicine and drugs.</p> <p>Sampled below pay slips on April, Jun and Sept 2018 as well as their employment contracts:</p> <ol style="list-style-type: none"> 1. Worker id: 34753 2. Worker id: 122963 3. Worker id: 120414 4. Worker id: 101466 	Complied
4.4.5.4	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>The mill is ensuring that the employees of its contractors are paid based on legal standard by obtaining payslip and cross checked with the legal requirements. Sampled: Berjaya Contractor – verified 5 workers' Sept 2018 payslips – basic pay found to be meeting the minimum standard.</p>	Complied
4.4.5.5	<p>The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain</p>	<p>There is a list of employees consist of employee number, name, check roll type, joining date and status in the SAP</p>	Complied

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	<p>full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>system – Sime Estate Mill Upstream Application (SEMUA) System Employee Master Listing.</p>	
4.4.5.6	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>Employees have been provided with employment contract which were made reference to the collective agreement between employer and employees. The collective agreement for the mill were available for verification. Sampled below pay slips on April, Jun and Sept 2018 as well as contracts:</p> <ol style="list-style-type: none"> 1. Worker id: 34753 2. Worker id: 122963 3. Worker id: 120414 4. Worker id: 101466 	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>Time recording at the mill was implemented through recording of punch card system, which records the time-in and time-out of an employee. The records were updated on daily basis and attendance of workers was monitored regularly through site supervision.</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 agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable.</p> <p>- Major compliance -</p>	<p>Working time found to be in accordance with legal requirement: Working hours i.e.: Daily rated workers (2 shifts):</p> <p><u>Shift A</u> Working hours = 0800 to 1600 Break time = 1100 to 1200</p> <p><u>Shift B</u> Working hours = 1600 to 0000</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		Break time = 2000 to 2100 Auxiliary police (3 shifts): Shift 1 working hours = 0700 to 1500 Break time = 1200 to 1230 Shift 2 working hours = 1500 to 2300 Break time = 1800 to 1830 Shift 3 working hours = 2300 to 0700 Break time = 0400 to 0430	
4.4.5.9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. - Major compliance -	Hours of overtime were recorded in the payslip and rate was paid according to the regulatory requirements and collective agreements.	Complied
4.4.5.10	Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings. - Minor compliance -	Among the benefits offered by the company: <ul style="list-style-type: none"> • Monthly rice distribution • Security outstation reimbursement • Security transport allowance • Telephone allowance • Free medical care • Childcare centre 	Complied
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities. - Major compliance -	The mill workers are provided with free housing facilities which includes water and electricity supply. Based on the visit to the labour quarters, it was noted that the housing condition was accordance to the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446). Each house has a living room, 3 bedrooms, 1 bathroom, 1 toilet and a kitchen. The visits by	Complied

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		<p>Visiting Medical Office (VMO) to the housing were also well organised by the management, where records of visits were maintained for reference.</p> <p>Linesite inspection has been conducted in weekly basis by Medical Assistant and recorded in Linesite Inspection Record form.</p> <p>Water is treated for domestic usage in line site. Melalap POM has conducted the water analysis and seen the report in 2018, there is no e coli and coliform present in drinking water.</p>	
4.4.5.12	<p>The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.</p> <p>- Major compliance -</p>	<p>The “Social Policy” seen consist of information on non-discrimination and equal opportunities. Seen the policy displayed in the estate’s office and regularly communicated to all levels of the workforce through training programs. Interviewed with workers during site visits, resulted with no form discrimination based on race, caste, national origin, religion, disability, gender, etc. The interviewed workers are aware on the term of discrimination and how they to respond if such incidents happen to them.</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>Stated in Sime Darby Responsible Agriculture Charter, Clause 2.2 (iii) which reads “Respecting the rights of employees to form and join unions, and the right to collective bargaining.” Interview with the employees showed that there is no restriction for them to join any trade union.</p> <p>Sighted the Trade Union minutes of meeting on 07.09.2018 for Melalap POM, Melalap Estate and Sapong Estate involving 20 attendees from management, worker representatives and SPIEU representative.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. - Major compliance -	Stated in Sime Darby Responsible Agriculture Charter, Clause 2.2 (ii) which reads “We will not employ anyone under the age of 18, unless in vocational and/or formal and structured apprentice-ship, educational and training programmes.” Based on verification of the SEMUA database, which has the information about date of birth and date joined, all the workers were over 18 years of age at the point of recruitment.	Complied
Criterion 4.4.6: Training and competency			
4.4.6.1	All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training. - Major compliance -	Training matrix was available which was established based on training needs analysis. The training matrix has the information about type of trainings, type of participants and tentative dates of the training to be conducted. Generally, the type of trainings can be classified to OHS, environment, field operation, legal requirements and social. Records of training were found to be appropriately maintained.	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 training needs for the mill 2018/19 training program has been established. The details of the training needs include categories of stations, subjects, and employees group. Included in this program are subjects related to environment e.g. environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training, machine handling, mill stations operations, control of process parameters, workshop management, etc.	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	Training details are planned and summarised in the OSH program. Training program are made on annual basis. In	Complied

Criterion / Indicator		Assessment Findings	Compliance						
	and responsibility in accordance to the documented training procedure. - Minor compliance -	addition it is subject for a review during the financial year should need arises.							
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services									
Criterion 4.5.1: Environmental Management Plan									
4.5.1.1	An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented. - Major compliance -	There is an environmental management policy issued on Group level signed by the Managing Director in Jan 2015. Communications to the employees were through training session and briefing at muster grounds.	Complied						
4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations - Major compliance -	Environmental Management Program (EMP) incorporating the action plan to be initiated by the estates was made available. The EMP for both estates was sighted. The estates identified the aspects and impacts analysis of its operations. Areas are activities at d) main entrance/compound/dispensary/store e) scheduled waste/workshop/weeding/spraying f) FFB transportation/manuring/harvesting and collection. Progress were discussed in OSH meetings.	Complied						
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored. - Major compliance -	This plan is available and updated for the FY 2017/18. Among the environmental issues for improvement outlined by Malalap POM are as follows: <table border="1" data-bbox="1086 1305 1825 1362"> <thead> <tr> <th></th> <th>Environmental issues</th> <th>Mitigating Measures</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Environmental issues	Mitigating Measures				Complied
	Environmental issues	Mitigating Measures							

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Criterion / Indicator		Assessment Findings		Compliance
		1	<p>Consistent Zero Discharge BOD < 20 & SS < 200 ppm for pond 2,3,4</p> <p>Short stage planning</p> <ul style="list-style-type: none"> - to increase retention time by recycling within ponds - to continuously run 3 units flight mixer at pond no 1. - Long Stage Planning - Operation of mist blower at ETP 8 hours/day to achieve zero discharge - to maximise belt press operation at ETP 8 hours/day. - to maximise oil recovery through operation of de oiling tank. 	
		2	<p>Leachate from composting plant overflowing into estate field</p> <ul style="list-style-type: none"> - to clear old EFB - To desludge composting plant drain every 3 monthly. - to reduce leachate at EB press to recover oil from Empty Bunches. 	
		3	<p>Desludging pond no 3</p> <ul style="list-style-type: none"> - To desludge silted pond no 3. This program was completed in Aug 2017. 	
		4	<p>To comply with Clean Air Regulations 2014</p> <ul style="list-style-type: none"> - To improve boiler air emission through equipment of new technology. 	
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan.	This is available as elaborated in indicator 4.5.1.3 above. Improvement planned for both short and long terms are detailed along with the identified issues.		Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -		
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives. - Major compliance -	A training program was available in the mill's Training Program updated on a yearly basis or revised as per the management requirement. Included in this program are subjects related to environment e.g. environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training.	Complied
4.5.1.6	The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed. - Major compliance -	Meeting with employees where discussion about environmental quality was mainly done through daily morning briefings. Among the issues emphasized were generally on water management plan, electricity use, diesel consumption, waste management, SIA plan, renewable energy, aspect/impact.	Complied
Criterion 4.5.2: Efficiency of energy use and use of renewable energy			
4.5.2.1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period - Major compliance -	Monthly record on energy consumption for diesel consumption were kept and documented. It is monitored to optimize use of renewable energy. Data is being compiled for comparison and control for future improvement. Sighted tabulation of data maintained by the mill where, the baseline diesel consumption established is 1.2 lt/mt CPO and the Jan-Sep18 performance was around 0.7 lt/mt CPO.	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	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	Complied

Criterion / Indicator		Assessment Findings	Compliance																
	shall include fuel use by contractors, including all transport and machinery operations. - Major compliance -	use by contractors, including all transport and machinery operations was available in the mill's annual budget.																	
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	The fibre and shell were used in the boiler as biofuel. Surplus quantity of shell/fibre are delivered to estates for multi purposes or sold to outside buyers. EFB is used in the estates for mulching. Details of renewable energy fibre/shell used in the mill was consistently recorded. The long term planning for biogas implementation was reviewed to stand similar with other sister mills in the Group. The recovered biogas will be used for energy generation (e.g. steam & electricity)	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>All waste and pollution are identified and documented in the Waste Management Plan for Financial Year 2017/2018. The waste generated from the mill operations as shown below;</p> <table border="1"> <thead> <tr> <th></th> <th>Waste</th> <th>Item</th> <th>Sources</th> </tr> </thead> <tbody> <tr> <td rowspan="3">1</td> <td rowspan="3">Scheduled Waste</td> <td>Spent lubricants /hydraulic oil</td> <td>Workshop activities</td> </tr> <tr> <td>Used batteries/ used rags /empty containers</td> <td>Workshop activities</td> </tr> <tr> <td>Hexane/spent chemicals/empty containers</td> <td>Laboratory and boiler station</td> </tr> <tr> <td>2</td> <td>Domestic Waste</td> <td>Rubbish</td> <td>Line site/office & mill complex</td> </tr> </tbody> </table>		Waste	Item	Sources	1	Scheduled Waste	Spent lubricants /hydraulic oil	Workshop activities	Used batteries/ used rags /empty containers	Workshop activities	Hexane/spent chemicals/empty containers	Laboratory and boiler station	2	Domestic Waste	Rubbish	Line site/office & mill complex	Complied
	Waste	Item	Sources																
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2	Domestic Waste	Rubbish	Line site/office & mill complex																

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Criterion / Indicator		Assessment Findings				Compliance													
				Sewage	Line site/office & mill complex														
		3	Industrial Waste	POME	Effluent Treatment Plant														
				EFB	EFB station.														
		<p>The source of air pollution generated from the mill is the smoke from the boiler. It is monitored from the stack emission during the entire operations. These reports are reviewed by the mill and submitted to DOE.</p>																	
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> <p>a) Identifying and monitoring sources of waste and pollution.</p> <p>b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.</p> <p>- Major compliance -</p>	<p>The Waste Management Plan for Financial Year 2017/2018 is available and sighted. The plan listed the waste generated from the mill operations as shown in indicator 4.5.3.1 above. The management of the waste aimed for a reduction and improvement are described below;</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Item</th> <th>Action/Program</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Scheduled waste</td> <td>Spent lubricants /hydraulic oil</td> <td rowspan="3">SOP titled MQMS Section VII Compliance to Environmental Quality Regulation 2005; - Establishment & notification of SW - Labeling & Coding of SW - SW Inventory - Disposal < 180 days & approved quantity/volume</td> </tr> <tr> <td>Used batteries/ used rags /empty containers</td> </tr> <tr> <td>Hexane/spent chemicals/empty containers</td> </tr> <tr> <td rowspan="2">Domestic Waste</td> <td>Rubbish</td> <td>Handled by Melalap Estate through operation of land field.</td> </tr> <tr> <td>Sewage</td> <td>Disposal by local authority</td> </tr> </tbody> </table>				Type	Item	Action/Program	Scheduled waste	Spent lubricants /hydraulic oil	SOP titled MQMS Section VII Compliance to Environmental Quality Regulation 2005; - Establishment & notification of SW - Labeling & Coding of SW - SW Inventory - Disposal < 180 days & approved quantity/volume	Used batteries/ used rags /empty containers	Hexane/spent chemicals/empty containers	Domestic Waste	Rubbish	Handled by Melalap Estate through operation of land field.	Sewage	Disposal by local authority	Complied
Type	Item	Action/Program																	
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	Sewage	Disposal by local authority																	

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Criterion / Indicator		Assessment Findings			Compliance
		Industrial Waste	POME	Monitoring of application & through operation of evaporators	
			EFB	Monitoring of application in the field.	
4.5.3.3	<p>The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005</p> <p>- Major compliance -</p>	<p>The SOP on Scheduled Waste disposal is established and implemented. Details as provided in SDP MQMS Standard Operating Procedure Section VII- Handling of scheduled waste. The inventory of the waste generated is recorded using the "E-SWISS" inventory system. Methodology of SW disposal is also described in indicator 4.5.3.2 above.</p>			Complied
4.5.3.4	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.</p> <p>- Minor compliance -</p>	<p>Domestic wastes handled by Melalap Estate.</p>			Complied
Criterion 4.5.4: Reduction of pollution and emission					
4.5.4.1	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.</p> <p>- Major compliance -</p>	<p>The polluting activities were identified and documented in the Environmental Aspect & Impact Identification. From the EAI, it was evaluated for the impact. The identified impacts were included in the management plan. The evaluation is documented in the Environmental Impact Evaluation. Among</p>			Complied

Criterion / Indicator		Assessment Findings	Compliance												
		the activities assessed were chemical store, workshop, store, scheduled waste, diesel tank, boiler house and effluent pond to name a few.													
4.5.4.2	<p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p> <p>- Major compliance -</p>	<p>The pollution prevention plan and plan to reduce GHG emission for FY2018 were available for verification. Mitigation plan, actions and time frame have been identified. The action plan to reduce emission from POME. At current the technology used is the belt press operation and evaporator (mist blower). This method facilitated the reduction in BOD and suspended solids in the final effluent.</p> <p>The following tabled the management action plan to reduce GHG emission from the mill activities.</p> <table border="1"> <thead> <tr> <th></th> <th>Issues & Strategies</th> <th>Action Plan</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Reduce diesel consumption at mill operation</td> <td> <ul style="list-style-type: none"> - to monitor diesel usage - to ensure vehicle scheduled maintenance - optimum gen set usage </td> </tr> <tr> <td>2</td> <td>Reduce smoke emission to the air</td> <td> <ul style="list-style-type: none"> - to effectively implement the CEMS - eliminate use of wet shell as fuel </td> </tr> <tr> <td>3</td> <td>Reduce electricity usage</td> <td> <ul style="list-style-type: none"> - monitor usage vs baseline - install capacitor at identified large power consumption motor - install LED bulb for the lighting system </td> </tr> </tbody> </table>		Issues & Strategies	Action Plan	1	Reduce diesel consumption at mill operation	<ul style="list-style-type: none"> - to monitor diesel usage - to ensure vehicle scheduled maintenance - optimum gen set usage 	2	Reduce smoke emission to the air	<ul style="list-style-type: none"> - to effectively implement the CEMS - eliminate use of wet shell as fuel 	3	Reduce electricity usage	<ul style="list-style-type: none"> - monitor usage vs baseline - install capacitor at identified large power consumption motor - install LED bulb for the lighting system 	Complied
	Issues & Strategies	Action Plan													
1	Reduce diesel consumption at mill operation	<ul style="list-style-type: none"> - to monitor diesel usage - to ensure vehicle scheduled maintenance - optimum gen set usage 													
2	Reduce smoke emission to the air	<ul style="list-style-type: none"> - to effectively implement the CEMS - eliminate use of wet shell as fuel 													
3	Reduce electricity usage	<ul style="list-style-type: none"> - monitor usage vs baseline - install capacitor at identified large power consumption motor - install LED bulb for the lighting system 													

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Criterion / Indicator		Assessment Findings	Compliance
4.5.4.3	<p>Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.</p> <p>- Major compliance -</p>	<p>The POME is treated with open anaerobic, aerobic and stabilization lagoon. Monthly monitoring on the final discharge is conducted. The additional facility used in Melalap POM is the installation of</p> <ul style="list-style-type: none"> a) Belt press operation b) Evaporator (mist blower) system <p>Both machinery are to reduce the suspended solid and BOD to the targeted level of 200 and 20 ppm respectively. In addition the effluent are evaporated into the air without having to be discharged to either water or field. The effluent at the final discharge is tested to ensure it compliance to the DOE License approved limits. Based on the quarterly report submitted to the DOE, the mill has complied with all the regulated limit.</p>	Complied
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. c) Ways to optimize water and nutrient usage and reduce wastage (<i>e.g.</i> having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). 	<p>The Water Management Plan for the mill has been established. It was last reviewed on 20/6/2018 for the 2018/19 plan. Included therein was provision of water jet for cleaning facility at press station, clarification station, workshop, belt press and portable in order to reduce the water consumption compared to using water hose alone. Consumption of water was recorded on monthly basis. Since the last audit until Sep 2018, the consumption of water ranged from 0.95 mt/mt FFB to 1.39 mt/mtFFB.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.5.5.2	Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations. - Major compliance -	The mill is practicing 100% land irrigation. Nonetheless, it complied with the regulated BOD limit i.e. 20 ppm.	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Mill Management			
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored. - Major compliance -	The mill processing system is documented in the Sustainability Plantation Management System MQMS/SQM/08 v 1 dated 01/11/2008 which includes the mill SOP, and Mill Quality Management Manual v.1 2008/MQMS/QMM/08. These documents provides guidelines and standards in the mill operations. The Standard Operating procedure (SOP) described details from the reception, sterilisation, threshing, pressing, clarification, depericarping (nut polishing) station, effluent, laboratory, workshop, despatches etc. In addition there are also manuals available within the industry and MPOB that are used as guidelines.	Complied
4.6.1.2	All palm oil mills shall implement best practices.. - Major compliance -	The monitoring of the mill process is made through the shift supervision headed by An Engineer. All process parameters are documented and summarized in a daily report. The external monitoring is made through visits by the Mill Advisor scheduled on a 6 monthly basis. In addition there are audits by Regional Head, PSQM and GCAD. This is to ensure compliance to Policies, procedures in relation mill operations, financial, OSH, welfare among others. Report relating to the monitoring i.e daily	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		production report, monthly report, SOU meetings minutes and PSQM internal audit report were sighted and system adopted is effective.	
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	The annual business plan is available. The document is in the form of annual budget and the projection for 5 years prepared as guidance for future planning. The business plan contains FFB processed, production of CPO & CPK. Component of operating expenditure includes process labour, maintenance external, maintenance parts, consumable, EVIT, admin cost, labour overhead. Inclusive in the business plan is also Capital Expenditure (CAPEX) among others replacement / upgrading of building/machinery, workers amenities for the mill.	Complied
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	Melalap POM is accepting crop from FFB suppliers other than its own estates such as collection centres, smallholders and small growers. The pricing mechanism is spelt out in Clause 8 of the agreement between Guthrie Industries Malaysia Sdn Bhd and the FFB suppliers. The FFB price is displayed in front of weighbridge counter and sighted the current price is September 2018 is RM 20.01.	Complied
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	All contracts were awarded through tendering system at Zone Level. Approved contractors will be give the LOA. Payments were all made in timely manner and no complaint from the contractor so far. Seen the contract agreement between the management and the contractors:	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> Berjaya Contractor, to supply labours, tools & equipment to transport tanah merah loading, unloading and levelling at ETP Pond No 2 (to increase existing bund wall minimum 1 ft height), Doc No: 4300419727 dated 19.05.2018. Sighted the work completed certificate no: 1320 on 21.05.2018. VU Metal Works, Machine boiler secondary fan shaft, Doc no: 4300416182 dated 18.4.2018. Sighted the work completed certificate no: 1345 on 31.07.2018. <p>The rate of payment was clearly stated in the agreement. The payment was made by the Head Quarter after received invoice from the contractor. Interviewed with the contractors found that the payment was made promptly.</p>	
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>The understanding about MSPO requirements among the engaged contractors was delivered through a session of training which was last conducted on 15/11/2017 for all OU in SOU Melalap. It was attended by 12 representatives from various contractors such as FFB & EFB transporters, machinery provider, planting oil palm, grass-cutting, domestic wastes transported, suppliers, replanting land preparation. Training material was seen where elements of MSPO were included.</p>	Complied
4.6.4.2	<p>The management shall provide evidence of agreed contracts with the contractor.</p> <p>- Major compliance -</p>	<p>Contract agreements between the mill and its contractors were made available. Generally, the elements of sustainability such</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		as obligations to legal compliance, workers' welfare, safety and environmental issues.	
4.6.4.3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required. - Minor compliance -	The requirement of accepting MSPO accredited auditors to audit against the contractors was communicated through the session between contractors. This was verified through slide presentation material.	Complied

Section 4: Assessment Conclusion and Recommendation

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment Melalap Palm Oil Mill and Melalap SOU 27 Estates Certification Unit complies with the MS 2530-3:2013 and MS 2530-4:2013 . It is recommended that the certification of Melalap Palm Oil Mill and Melalap SOU 27 Estates Certification Unit is approved and/or continued.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: Johamdan bin Joni @ Joni Tetei	Name: Valence Shem
Company name: Sapong Estate, Sime Darby Plantation Sdn Bhd	Company name: BSI Services Malaysia Sdn Bhd
Title: Senior Manager	Title: Lead Auditor
Signature:  GUTHRIE INDUSTRIES MALAYSIA SENDIRIAN BERHAD SAPONG ESTATE JOHAMDAN BIN JONI @ JONI TETEI SENIOR MANAGER	Signature: 
Date: 04/05/2019	Date: 30/4/2019

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Appendix A: Assessment Plan

Date	Time	Subjects	VSH	EOC
Tuesday 30/10/2018	0830-0900	Opening meeting: <ul style="list-style-type: none"> Opening presentation by audit team leader Confirmation of assessment scope and finalize audit plan (including stakeholder's consultation) 	✓	✓
	0900-1200	Melalap POM Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection, clinic, meeting stakeholders, etc.	✓	✓
	1200-1300	Lunch break		
	1300-1630	Melalap POM Document Review P1 – P6 (MSPO Part 4): SOPs, Review on SEIA documents and records, wage records, employee data, training records, legal permits, mill inspection and internal monitoring records, CIP & implementation, etc.	✓	✓
	1630-1700	Interim closing briefing	✓	✓
Wednesday 31/10/2018	0830-1200	Melalap Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH & ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc.), agrochemical mixing area, Scheduled wastes management, worker housing, clinic, Landfill, , etc.	✓	✓
	1000-1100	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)		✓
	1200-1300	Lunch break		
	1300-1630	Melalap Estate Document review P1 – P7 (MSPO Part 3): General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc.	✓	✓
	1630-1700	Interim closing briefing	✓	✓
Thursday 1/11/2018	0830-1200	Sapong Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH & ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc.), agrochemical mixing area, Scheduled wastes management, worker housing, clinic, Landfill, , etc.	✓	✓
	1200-1300	Lunch break		
	1300-1600	Sapong Estate Document review P1 – P7 (MSPO Part 3): General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc.	✓	✓
	1600-1630	Verify any outstanding issues & preparation for closing meeting	✓	✓
	1630-1730	Closing meeting	✓	✓

Appendix B: List of Stakeholders Contacted

Internal Stakeholders

Workers' Representative Women's Representative Harvesters Mill Operators Sprayers General workers Hospital Assistant Taska caretaker

External Stakeholders

Government Departments	NGOs and others	Local Communities
Schools (SK Melalap, SK Pulong)	Nil	Contractors/suppliers (Pemborong Ajuta) Neighbouring estate (Ladang Paal) Villages representatives (Kg. Sugiang Tengah, Kg. Laman)

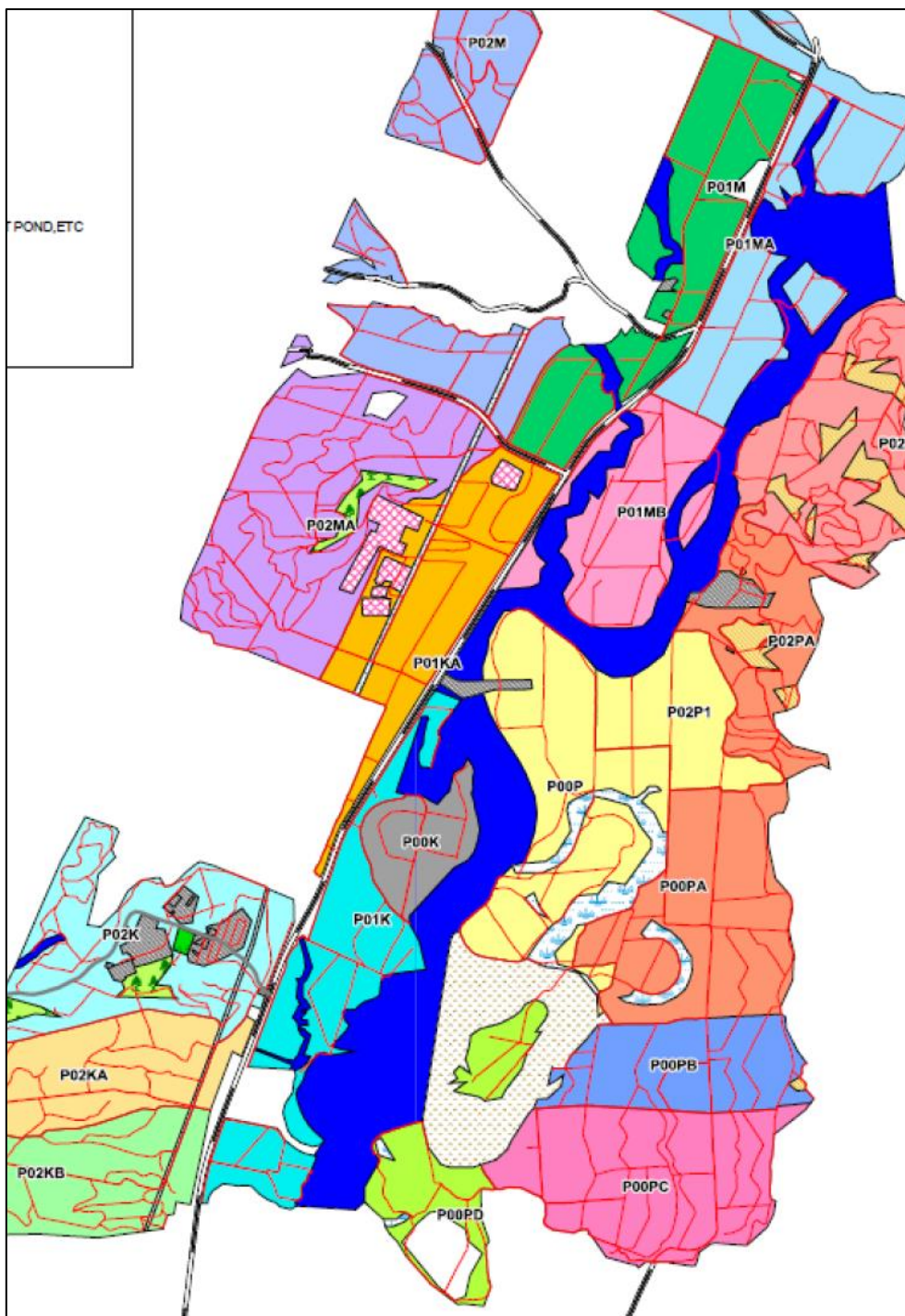
Appendix C: Smallholder Member Details

Not applicable.

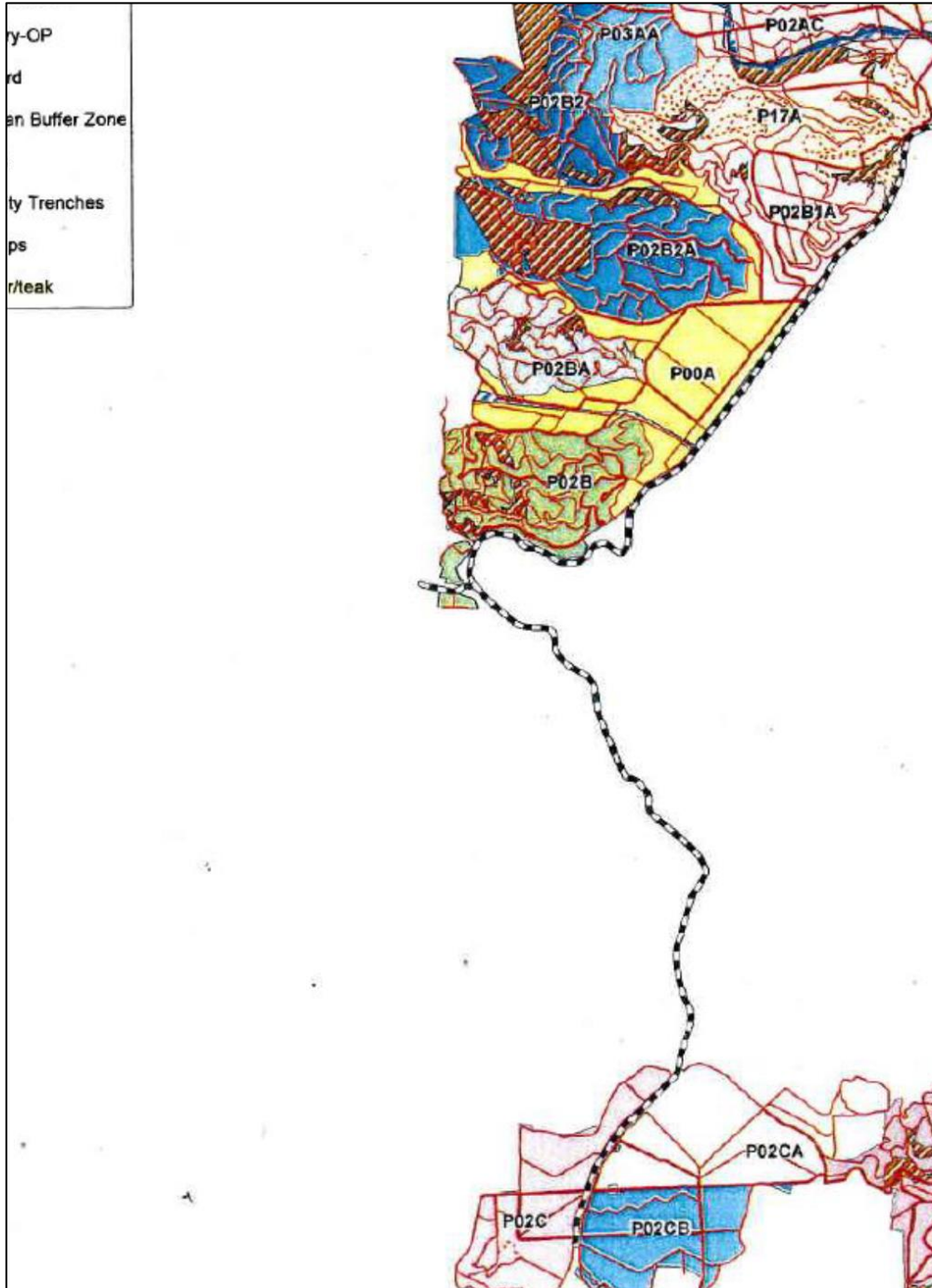
Appendix D : Location Map of Melalap Palm Oil Mill and Supply base



Map of Melalap Estate



Map of Sapong Estate



Appendix E: List of Abbreviations Used

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