

**MALAYSIAN SUSTAINABLE PALM OIL
– ANNUAL SURVEILLANCE ASSESSMENT 2 (ASA2)
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 including Melalap Estate and Sapong Estate
Location of Certification Unit: Strategic Operating Unit (SOU 27) – Melalap Palm Oil Mill, 14th KM, Jalan Tenom- Keningau, P.O. Box 205, 89908 Tenom, Sabah, Malaysia

Report prepared by:
Hu Ning Shing (Lead Auditor)

Report Number: 9674117

Assessment Conducted by:
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Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Melalap POM – MPOB License; no: 535146-004000 Melalap Estate – MPOB License No.: 531977-002000 Sapong Estate – MPOB License No.: 532297-002000		
Company Name	Sime Darby Plantation Berhad (Melalap Palm Oil Mill SOU 27)		
Address	(HQ): Level 3A, Main Block Plantation Tower, No. 2, Jalan P.J.U 1A/7, 47301 Ara Damansara, Selangor, Malaysia (Site): Strategic Operating Unit (SOU 27) - Melalap Palm Oil Mill, 14th KM, Jalan Tenom-Keningau, P.O. Box 205, 89908 Tenom, Sabah, Malaysia		
Group name if applicable:	Sime Darby Plantation Berhad		
Subsidiary of (if applicable)	N/A		
Contact Person Name	Mdm. Shylaja Devi Vasudevan Nair (Head, Sustainability Unit PSQM)		
Website	www.simedarby.com	E-mail	Shylaja.vasudevan@simedarby.com kks.melalap@simedarby.com
Telephone	+603-78484379 (Head Office) +605-648 9153 (Mill)	Facsimile	+603-78484356 (Head Office) +605-648 9153 (Mill)

1.2 Certification Information			
Certificate Number	Mill: MSPO 682053 Plantations: MSPO 685285		
Issue Date	07 March 2018	Expiry date	06 March 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 – 22 December 2017		
Continuous Assessment Visit Date (CAV) 1	30 October – 01 November 2018		
Continuous Assessment Visit Date (CAV) 2	08 – 10 October 2019		
Continuous Assessment Visit Date (CAV) 3	N/A		
Continuous Assessment Visit Date (CAV) 4	N/A		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
RSPO 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 (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Longitude	Latitude
Melalap Palm Oil Mill	14th KM, Jalan Tenom-Keningau, P.O. Box 205, 89908 Tenom, Sabah, Malaysia	116° 00' 00.00" E	5° 15' 40.00" N
Melalap Estate	14th KM, Jalan Tenom-Keningau, P.O. Box 205, 89908 Tenom, Sabah, Malaysia	116° 00' 00.09" E	5° 15' 45.61" N
Sapong Estate	14th KM, Jalan Tenom-Keningau, P.O. Box 205, 89908 Tenom, Sabah, Malaysia	115° 56' 56.80" E	5° 03' 52.90" N

1.4 Plantings & Cycle					
Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Melalap	250.67	0	990.81	0	0
Sapong	548.20	0	1,717.95	0	0
Total	798.87	0	2,708.76	0	0

1.5 FFB Production (Actual) and Projected (tonnage)			
Producer Group	Estimated (March 2019 – February 2020)	Actual (October 2018 – September 2019)	Forecast (March 2020 – February 2021)
Flemington	23,357.23	21,341.81	19,053.27
Bagan Datoh	30,018.84	34,484.75	31,421.74
Total	53,376.07	55,826.56	50,475.01
Remarks:			
<u>October 2018 – February 2019:</u> Melalap Estate: 10,156.80 MT; Sapong Estate: 16,431.17 MT			
<u>March 2019 – September 2019:</u> Melalap Estate: 11,185.01 MT; Sapong Estate: 18,053.58 MT			

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1.6 Certified CPO / PK Tonnage			
Mill	Estimated (March 2019 – February 2020)	Actual (October 2018 – September 2019)	Forecast (March 2020 – February 2021)
Melalap Palm Oil Mill (25 mt/hr)	CPO (OER: 19.60%)	CPO (OER: 21.84%)	CPO (OER: 23.00%)
	10,461.71	12,192.52	11,609.25
	PK (KER: 5.60%)	PK (KER: 5.42%)	PK (KER: 5.00%)
	2,989.06	3,025.80	2,523.75
Remarks:			
October 2018 – February 2019: CPO= 5,806.81 MT and PK= 1,441.07 MT			
March 2019 – September 2019: CPO= 6,385.71 MT and PK= 1,584.73 MT			

1.7 Certified Area					
Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Melalap	1,241.48	88.29	890.60	2,220.37	56.00
Sapong	2,266.15	45.72	1,105.40	3,417.27	66.31
TOTAL	3,507.63	134.01	1,996.00	5,637.64	61.16

1.8 Details of Certification Assessment Scope and Certification Recommendation:
<p>BSI Services Malaysia Sdn Bhd has conducted the Annual Surveillance 2 Certification Assessment of Strategic Operating Unit (SOU 27) – Melalap Palm Oil Mill located in 14th KM, Jalan Tenom-Keningau, P.O. Box 205, 89908 Tenom, Sabah comprising 1 mill; 2 estates and infrastructures.</p> <p>The assessment was conducted onsite to assess the compliance of the certification unit against the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill.</p> <p>The onsite assessment was conducted on 8 – 10 October 2019.</p> <p>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.</p>

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
Suite 29.01, Level 29,
The Gardens North Tower,
Lingkaran Syed Putra,
Mid Valley City,
59200 Kuala Lumpur
Tel +603 2242 4211 Fax +603 2242 4218
Nicholas Cheong: Nicholas.Cheong@bsigroup.com
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BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems.

Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted from 8 – 10/10/2019. The audit programme is included as Appendix A. The approach to the audit was to treat the mill or plantations as a MSPo Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. MS 2530-3:2013 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 $S = r\sqrt{n}$ where n is the number of estates while when applicable, the smallholders sample were determined following the MSPo Certification Requirement. The sampling of smallholders were based on the formula $(r\sqrt{n})$; where r is the risk factor (may defers 1, 1.5 and 2 depending on risk), where n is total number of group members. The sampled smallholder listed in Appendix C.

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

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

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

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

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

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

1. Assessment Program					
Name (Mill / Plantation / Group smallholders)	Year 1 (Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 3)	Year 5 (ASA 4)
Melalap Palm Oil Mill	√	√	√	√	√
Melalap Estate	√	√	√	√	√
Sapong Estate	√	√	√	√	√

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

Total No. of Mandays: 6

BSI Assessment Team:

Hu Ning Shing – Lead Assessor

She holds Bachelor Degree in Science majoring in Applied Chemistry, graduated from University of Malaya on 2011. She has 5 years working experience in rubber and palm oil industry. She also has the experiences as auditor for several standards including ISO 9001, MSPO and RSPO in her previous certification body. She completed the ISO 9001 Lead Auditor Course on 2016, Endorsed RSPO P&C Lead Auditor Course in 2012 and Endorsed RSPO SCCS Lead Auditor Course in 2015. She had been involved in RSPO auditing since November 2015 in more than various companies in Malaysia. During this assessment, she assessed on the aspects of social, legal, workers & stakeholders consultation and SCC for CPO mill. She is fluent in Bahasa Malaysia and English languages.

Muhammad Fadzli – Team Member

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

Accompanying Persons: N/A

Section 3: Assessment Findings

3.1 Details of audit results

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

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

3.2 Details of Nonconformities and Opportunity for improvement

The nonconformity is listed below.

During the Certification Assessment there were four (4) Major nonconformities and five (5) Minor nonconformities raised. The key in certification unit name Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

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

Major Nonconformities:		
Ref	Area/Process	Clause
NC ID from eReport	MS 2530:2013 Part-4	4.4.5.6 (MSPO Part 4)
Requirements:	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.	
Statement of Nonconformity:	The terms and conditions in the employment contract signed by contractor's worker was incomplete.	
Objective Evidence:	Employment contract signed by the contractor's worker (I/C: 861010-49-5XXX) was found incomplete where the rate of overtime work, work on rest day rate and notice period of termination of employment were left blank. Besides, terms and conditions such as annual leave and public holiday entitlement were not stated in the employment contract.	
Corrections:	Mill to request new updated set of contract employment for the contractor's workers from the respective contractor.	
Root cause analysis:	<p>The knowledge on compliances to legal requirements among contractors requires improvement, as a lot of them came from background with minimal opportunity to be exposed to the information. Albeit the minimal exposure, the contractors display efforts to comply to the requirements with guidance from certification standards document.</p> <p>At the same time, SDP has yet to conduct any training specifically on employment procedures, contracts etc.</p>	

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Corrective Actions:	<p>Mill management with SQM representative to conduct briefing on the MSPO requirement (including employment condition) for contractors.</p> <p>On a regular basis, Mill Management will request all contractors to submit copy of their employment contracts.</p>
Assessment Conclusion:	<p>Verified on the evidence submitted as below: An employment contract dated 1/11/2019 for the sampled worker above was sighted with the terms & conditions outlined in the contract. The terms and conditions are such as:</p> <ul style="list-style-type: none"> i. Clause 6 – Rate of overtime on normal working day ii. Clause 9 - Rate of overtime on rest day iii. Clause 12 - Rate of overtime on public holiday iv. Clause 8 – Rate of work on rest day v. Clause 19 – Notice period of termination of employment vi. Clause 13 – Annual leave entitlement vii. Clause 10 – Public holiday entitlement <p>Besides, the management has conducted MSPO & RSPO briefing to contractors & discussion on MSPO & RSPO issues/ NCR related to contractors on 20/11/2019. The management informed the contractors to provide an updated set of employment contracts of their workers to ensure all minimum required terms & conditions to be included in the contract. Seen the attendance list and the photo evident of the training conducted. Thus, the evidence submitted is sufficient and thus the major non-conformance was closed on 7/1/2020.</p> <p>The implementation of the corrective actions will be verified during next assessment.</p>

Major Nonconformities:

Ref	Area/Process	Clause
NC ID from eReport	1833308-201906-M2	4.4.5.6 (MSPO Part 3)
Requirements:	<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>	
Statement of Nonconformity:	<ul style="list-style-type: none"> i) Employment contract signed by the contractors' workers were found incomplete and inappropriate. ii) There was no evidence of the contractor's workers have signed employment contract prior to work with the contractor. 	
Objective Evidence:	<ul style="list-style-type: none"> i) The contractors (Tamin Budiman and Jutamas Kekal Sdn Bhd) have signed employment contract with the workers in Melalap Estate. However, the employment contract was incomplete where terms and conditions such as rest day, work on rest day, annual leave and public holiday entitlement, medical leave, maternity leave and etc were not included in the contract. Besides, the statement in Clause 9 was inappropriate as it stated "Kontrak ini adalah kontrak bebas di mana pekerja dan syarikat tidak terikat dengan hubungan pekerja-majikan.". However, the contractor informed that they are employer-employee's relationship. Therefore, this statement is not applicable. 	

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	ii) Besides, the contractor workers (Contractor: Tamin Budiman) have yet to sign employment contract with the contractor in Sapong Estate.
Corrections:	<ul style="list-style-type: none"> i. Estate to request new updated set of contract employment for the contractor's workers from the respective contractor. ii. Estate to ensure that the contractor provide full list of its current workers to Estate Management with full set of employment's contracts copies.
Root cause analysis:	<ul style="list-style-type: none"> i. The knowledge on compliances to legal requirements among contractors requires improvement, as a lot of them came from background with minimal opportunity to be exposed to the information. Albeit the minimal exposure, the contractors display efforts to comply to the requirements with guidance from certification standards document. At the same time, SDP has yet to conduct any training specifically on employment procedures, contracts etc. ii. At the time of the audit, some of the workers were newly employed by the contractor and their employment contracts had yet to be issued.
Corrective Actions:	<ul style="list-style-type: none"> i. Estate management with SQM representative to conduct briefing on the MSPO requirement (including employment condition) for contractors. ii. Contractor to furnish Estate Management with all the necessary documents i.e. employment contract, copies of passport and work permit (if foreign worker) and full list of its workers prior to issuing the contract. <p>On a regular basis, Estate Management will request all contractors to submit copy of their employment contracts.</p>
Assessment Conclusion:	<p>Verified on the evidence submitted as below: Melalap Estate and Sapong Estate has developed a Contractor Master List to record the List of Contractor's Workers as at December 2019. The list was prepared by the Medical Assistant and verified by the Senior Manager of Estate.</p> <p>Employment contract dated 1/12/2019 for the total 4 workers of Jutamas Kekal and 1/11/2019 for 8 workers of T&F Enterprise (formerly known as Tamin Budiman) was sighted with the terms & conditions outlined in the contract. The terms and conditions are such as:</p> <ul style="list-style-type: none"> i. Clause 3 – Rate of overtime on normal working day ii. Clause 6 – Rate of work on rest day iii. Clause 10 – Rate of work on public holiday iv. Clause 8 – Notice period of termination of employment v. Clause 11 – Annual leave entitlement vi. Clause 9 – Public holiday entitlement vii. And etc. <p>Besides, the management has conducted MSPO & RSPO briefing to contractors & discussion on MSPO & RSPO issues/ NCR related to contractors on 20/11/2019. The management informed the contractors to provide an updated set of employment contracts of their workers to ensure all minimum required terms & conditions to be included in the contract. Seen the attendance list and the photo evident of the training conducted. Thus, the evidence submitted is sufficient and thus the major non-conformance was closed on 7/1/2020.</p> <p>The implementation of the corrective actions will be verified during next assessment.</p>

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Major Nonconformities:																												
Ref	Area/Process	Clause																										
NC ID from eReport	1833308-201906-M3	4.4.5.1 (MSPO Part 3)																										
Requirements:	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.																											
Statement of Nonconformity:	Rights of the loose fruits collectors (not in the checkroll system) could not be identified and respected.																											
Objective Evidence:	<p>Melalap Estate: Document reviewed on the Gang No.: 51 – Piece rated (Loose Fruit Labour – Main Div) for September 2019 found that the quantity of loose fruits collected were abnormal. Crosschecked with the Mandore’s record logbook found that the abnormal quantities of loose fruits are due to add up with few loose fruit collectors as recorded in the logbook. However, the name of the loose fruit collectors recorded in the logbook were not found in the Employee Master Listing and beside the name of these workers have stated the name of the checkroll workers (Employee No.: 126291 and 142580).</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Employee No. of Loose Fruit Collector (in Employee Master List)</th> <th>Quantity that recorded in the SAP system</th> <th>Quantity recorded in the Mandore Logbook</th> </tr> </thead> <tbody> <tr> <td rowspan="2">22/9/2019</td> <td>142580</td> <td>1187</td> <td>561</td> </tr> <tr> <td>126291</td> <td>641</td> <td>307</td> </tr> <tr> <td rowspan="2">23/9/2019</td> <td>142580</td> <td>1245</td> <td>485</td> </tr> <tr> <td>126291</td> <td>860</td> <td>404</td> </tr> <tr> <td rowspan="2">24/9/2019</td> <td>142580</td> <td>1328</td> <td>568</td> </tr> <tr> <td>126291</td> <td>1062</td> <td>379</td> </tr> </tbody> </table> <p>This has indicate that the identity of the loose fruit collectors (not in checkroll system) could not be verify and therefore rights of the loose fruits collectors that not in the Employee Master Listing could not be respected and protected with fair treatment in accordance with the policy.</p>			Date	Employee No. of Loose Fruit Collector (in Employee Master List)	Quantity that recorded in the SAP system	Quantity recorded in the Mandore Logbook	22/9/2019	142580	1187	561	126291	641	307	23/9/2019	142580	1245	485	126291	860	404	24/9/2019	142580	1328	568	126291	1062	379
Date	Employee No. of Loose Fruit Collector (in Employee Master List)	Quantity that recorded in the SAP system	Quantity recorded in the Mandore Logbook																									
22/9/2019	142580	1187	561																									
	126291	641	307																									
23/9/2019	142580	1245	485																									
	126291	860	404																									
24/9/2019	142580	1328	568																									
	126291	1062	379																									
Corrections:	<ol style="list-style-type: none"> Melalap Estate management will immediately brief all workers to cease the practise of getting assistance from their relatives/dependents and check the headcount to ensure workers that are assigned for loose fruit collection task only as per employee master listing prior of work. Melalap Estate management to check and verify Mandore’s record logbook on loose fruit (LF) collection to ensure the quantity of LF only from employee listed in Employee master list and tally with quantity in SAP system. 																											
Root cause analysis:	There were relatives/dependents that adds up to the productivity for a few loose fruit collectors as recorded in logbook. The loose fruits collectors were assisted by their relatives/dependent during peak crop.																											

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Corrective Actions:	A monitoring plan to be established (in consultation with regional HR & Workers Management Unit/RSQM/GSQM to ensure all workers are properly identified and headcounts are controlled to ensure the rights of the workers are respected.
Assessment Conclusion:	<p>Verified on the evidence submitted as below: Senior Assistant of Melalap Estate has conducted a briefing on 16/10/2019 during morning muster to brief all the workers that only registered workers with company are allow to work. Any family members or relatives are disallow to assist for any activities such as loose fruit collection due to safety purpose and company's policies. He also informed to all the workers if their family members are interested to work with the company could be submit application based on the vacancy of job.</p> <p>Besides, seen the checkroll book for December 2019 and Employee Master Listing found only registered workers are worked as loose fruit collectors. All the tonnages of loose fruits collected are recorded into the SAP system based on the raw data of Checkroll Book. Senior Assistant checked on the records and acknowledged after verified.</p> <p>In addition, the GSQM has developed a Monitoring Plan (SOU 27 Melalap) on 16/12/2019 with the objective to ensure all workers are properly identified and headcounts are controlled to ensure the rights of the workers are protected. Thus, the evidence submitted is sufficient and thus the major non-conformance was closed on 7/1/2020.</p> <p>The implementation of the corrective actions will be verified during next assessment.</p>

Major Nonconformities:		
Ref	Area/Process	Clause
NC ID from eReport	1833308-201906-M4	4.5.4.2 (MSPO Part 4)
Requirements:	An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	
Statement of Nonconformity:	The Pollution Prevention Plan was not effectively implemented.	
Objective Evidence:	During site visit at the boiler station, noted that the smoke density meter were not functional. Noted during document review, the Daily Continuous Emission Monitoring Minutes Report dated 3/10/2019 and 4/10/2019 stated that the Stack Emission data Chart was not complied with DOE requirement.	
Corrections:	The loose cable connection has been rectified and smoke density meter are working in order.	
Root cause analysis:	The cable connection from panel board to the smoke density sensor found loose connection during visit.	
Corrective Actions:	Mill to do regular monitoring by including the boiler station (smoke density meter) in the quarterly workplace inspection	
Assessment Conclusion:	Verified on the evidence submitted as below:	

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	<p>Seen the photo evident that the loose cable has been rectified by connected with a clip and tighten up. Plant Inspection Form and Maintenance Notification KKS Melalap dated 8/10/2019 was sighted to take immediate action to rectify the issue. Quarterly workplace inspection will be verified during next assessment. Thus, the evidence submitted is sufficient and thus the major non-conformance was closed on 7/1/2020.</p> <p>The implementation of the corrective actions will be verified during next assessment.</p>
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Minor Nonconformities:		
Ref	Area/Process	Clause
NC ID from eReport	1833308-201906-N1	4.4.5.4 (MSPO Part 4)
Requirements:	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.	
Statement of Nonconformity:	Contractor's workers have yet to pay the overtime rate as per Sabah Labour Ordinance.	
Objective Evidence:	Sampled the payslips found that the 2 contractor's workers (Entabuan Quarry) worked overtime were only paid single rate per hour instead of 1.5 times of single rate per hour.	
Corrections:	Contractor to pay the amount that is due to sampled workers based on the sampled month: 1. Albort – Aug and Oct’ 19 Leon Lele – July, Aug and Oct’ 19	
Root cause analysis:	<p>The knowledge on compliances to legal requirements among contractors requires improvement, as a lot of them came from background with minimal opportunity to be exposed to the information. Albeit the minimal exposure, the contractors display efforts to comply to the requirements with guidance from certification standards document.</p> <p>At the same time, SDP has yet to conduct any training specifically on employment procedures, contracts etc.</p>	
Corrective Actions:	<p>Contractor to indicate in the employment contract the rate per hour for overtime work done and brief all of its workers on the matter.</p> <p>Mill Management will monitor regularly on the compliance to the terms stated regarding the overtime rate paid by periodic payslip/ proof of payment checking and conduct briefing on the MSPO requirement (including employment condition) for contractors.</p>	
Assessment Conclusion:	The implementation of the corrective actions will be verified during next assessment.	

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Minor Nonconformities:		
Ref	Area/Process	Clause
NC ID from eReport	1833308-201906-N2	4.4.5.4 (MSPO Part 3)
Requirements:	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.	
Statement of Nonconformity:	i) Contractors have yet to make contribution of EPF, SOCSO and EIS for local workers employed by them. ii) Payment of wages was not made at the period required by the Sabah Labour Ordinance.	
Objective Evidence:	i) <u>Melalap Estate:</u> The contractor (Tamin Budiman) has yet to make contribution of EPF, SOCSO and EIS to the local workers employed by him. Total 13 worker in Melalap Estate and 6 workers in Sapong Estate (2 workers sharing between Melalap Estate and Sapong Estate). This has been verified through document review of payslips and interviewed with the contractor. <u>Sapong Estate:</u> The contractor, Jutamas Kekal Sdn Bhd has yet to make contribution of EPF, SOCSO and EIS to the local workers as verified through the payslips from July 2019 to September 2019. ii) <u>Melalap Estate:</u> Besides, the contractor informed that the payment of salary to the workers usually carried out on 10th – 13th of the following month due to waiting of payment from Sime Darby Plantation Berhad. Crosscheck with the payslips found that date of payment of salary was carried out within the said period.	
Corrections:	Estate management to conduct meeting with contractors to discuss on the employment condition of their workers as stated.	
Root cause analysis:	1. Contractors are facing high turnover of contractor workers. The workers only working on seasonal (3-4 month) then continue their routine to other individual job. E.g. farmer, machine operator. 2. The knowledge on compliances to legal requirements among contractors requires improvement, as a lot of them came from background with minimal opportunity to be exposed to the information. Albeit the minimal exposure, the contractors display efforts to comply to the requirements with guidance from certification standards document. At the same time, SDP has yet to conduct any training specifically on employment procedures, contracts etc.	
Corrective Actions:	Estate management with SQM representative to conduct briefing on the MSPO requirement (including employment condition) for contractors. On a regular basis, Estate Management will request all contractors to submit copy of their employment contracts.	
Assessment Conclusion:	The implementation of the corrective actions will be verified during next assessment.	

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Minor Nonconformities:															
Ref	Area/Process	Clause													
NC ID from eReport	1833308-201906-N3	4.4.5.11 (MSPO Part 3)													
Requirements:	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.														
Statement of Nonconformity:	Linesite inspection has yet to be carried out on weekly basis for all buildings as per Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446).														
Objective Evidence:	<p>Linesite inspection was carried out on weekly basis by using the Housing Complex/ Creche/ Community Hall Inspections checklist. However, the inspection did not carry out for all buildings on weekly basis but alternate week for different linesite. The last inspection was carried out as table below:</p> <table border="1"> <thead> <tr> <th>Estate</th> <th>Division</th> <th>Date of Inspection</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Melalap</td> <td>Main</td> <td>12/9/2019, 26/9/2019, 30/9/2019 and 4/10/2019</td> </tr> <tr> <td>Pegalan</td> <td>5/9/2019 and 19/9/2019</td> </tr> <tr> <td rowspan="2">Sapong</td> <td>Main</td> <td>22/8/2019, 21/9/201 and 27/9/2019</td> </tr> <tr> <td>Sentang</td> <td>14/8/2019, 29/8/2019 and 12/9/2019</td> </tr> </tbody> </table>		Estate	Division	Date of Inspection	Melalap	Main	12/9/2019, 26/9/2019, 30/9/2019 and 4/10/2019	Pegalan	5/9/2019 and 19/9/2019	Sapong	Main	22/8/2019, 21/9/201 and 27/9/2019	Sentang	14/8/2019, 29/8/2019 and 12/9/2019
Estate	Division	Date of Inspection													
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	Pegalan	5/9/2019 and 19/9/2019													
Sapong	Main	22/8/2019, 21/9/201 and 27/9/2019													
	Sentang	14/8/2019, 29/8/2019 and 12/9/2019													
Corrections:	Estate to start carry out Linesite inspection for all buildings on weekly basis.														
Root cause analysis:	Estates were assuming 2 weeks interval linesite inspection (alternate linesite area) with proper documentation is sufficient despite monthly inspection by VMO and quarterly inspection by HQ (PMU) and bi yearly by Consultant (Chemsain).														
Corrective Actions:	<p>Estate to ensure weekly linesite inspection record to include all buildings and the record to be checked and endorsed by estate management.</p> <p>Estate management and RSQM will also brief the PIC on the requirement of housing inspection.</p>														
Assessment Conclusion:	The implementation of the corrective actions will be verified during next assessment.														

Minor Nonconformities:		
Ref	Area/Process	Clause
NC ID from eReport	1833308-201906-N4	4.5.3.2 (MSPO Part 4)
Requirements:	A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.	
Statement of Nonconformity:	Waste Management Plan was not effectively implemented.	

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Objective Evidence:	During document review, it was noted that SW 410 was last disposed on 19/3/2019. As at 30/9/2019, balance of 15 kg recorded in the inventory log book and yet to be disposed. The storage period was more than 180 days without any approval letter from DOE. The waste management plan stated that the Scheduled waste disposal will be conducted as per Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974.
Corrections:	Mill has disposed the balance of 15kg scheduled waste to the licensed contractor Lagenda Bumimas on 1/11/2019 to avoid further extension of time
Root cause analysis:	During scheduled waste (SW) disposal exercise on 19/9/2019, 15 kg of the schedule waste was not dispose with the other SW due to no presence of person in charge during the disposal exercise and SW inventory also was found not updated accordingly.
Corrective Actions:	<ol style="list-style-type: none"> 1. Melalap Mill to ensure schedule waste inventory record to be updated accordingly. 2. Quality Assessor or person in charge must be available and monitor during disposal or SW collecting exercise by the licensed contractor to ensure all scheduled waste to be disposed accordingly.
Assessment Conclusion:	The implementation of the corrective actions will be verified during next assessment.

Minor Nonconformities:

Ref	Area/Process	Clause
NC ID from eReport	1833308-201906-N5	4.5.1.2 (MSPO Part 3)
Requirements:	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations.	
Statement of Nonconformity:	The environmental management plan established does not cover the Environmental Impact Assessment conducted for replanting program submitted to Sabah Environmental Protection Department.	
Objective Evidence:	According to Sabah ordinance under Environment Protection (Prescribed Activities) (Environmental Impact Assessment) Order 2005, the estate required to conduct Environmental impact Assessment for replanting activities and submitted to Sabah Environmental Protection Department. Both estates visited has conducted the Environmental impact Assessment by registered consultant. However the Environmental Management Plan Established not covers the Environmental impact Assessment conducted.	
Corrections:	Environmental impact assessment for replanting activities will be included in the estate's Environmental Management Plan.	
Root cause analysis:	Environmental impact assessment for replanting activity has been implemented by the estate separately since the assessment conducted by the consultant.	
Corrective Actions:	Environmental Management Plan will be review yearly and to include Environmental impact assessment for replanting activities if any.	
Assessment Conclusion:	The implementation of the corrective actions will be verified during next assessment.	

Noteworthy Positive Comments

1	Good cooperation and commitment from the management and staff.
2	Management, staff and workers were able to demonstrate good understanding on sustainability.

3.3 Status of Nonconformities Previously Identified and OFI

Major Nonconformities:		
Ref	Area/Process	Clause
1700545-201810-M1	Melalap POM and supply base	4.3.1.1 (MSPO Part 4)
Requirements:	i) All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. ii) Employment Act 1955, Clause 60, Section 3 subsection (d) "In the case of an employee employed on piece rates who works on a rest day, he shall be paid twice his ordinary rate per piece."	
Statement of Nonconformity:	Stake sampling was not done twice a year as required in DOE's Compliance Schedule.	
Objective Evidence:	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.	
Corrections:	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.	
Root cause analysis:	Mill did not has monitoring checklist/programme to monitor the stack sampling programme.	
Corrective Actions:	Mill to prepare checklist of mill monitoring programme which include stack sampling.	
Assessment Conclusion:	Evidence submitted: - 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. 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.	
Status during ASA 2:	During ASA2, Stack sampling for 1st half 2019 for chimney no 1 was conducted on 7/3/2019 (Refer report no. SAHEN/Melalap-02/19-01) and chimney no 2 conducted on 5/3/2019 (Refer report no. SAHEN/Melalap-01/19-01). 2nd Stack sampling were scheduled in October 2019 as per Environmental Safety and Health Program 2019. Thus, the major NCR remain closed.	

Major Nonconformities:		
Ref	Area/Process	Clause
1700545-201810-M2	Melalap POM and supply base	4.4.4.2 (MSPO Part 3)
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.	

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Statement of Nonconformity:	Records of all accidents was not periodically reviewed effectively.
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]
Corrections:	Non LTI case has been updated into GSQM ESH monthly report.
Root cause analysis:	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.
Corrective Actions:	Training on accident reporting to be conducted by SQM personnel to the person in charge on December 2018.
Assessment Conclusion:	Evidence submitted: - 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 - Training records dated 20/12/2018 for Sapong Estate's MA on accident reporting 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.
Status during ASA 2:	During ASA2, 1. LTI cases were reported through OSH Monthly performance report 2. The calculation of LTI were done on daily basis as per form provided in the OSH Monthly performance report. 3. Sighted the OSH Monthly performance report for the month of July, August and September 2019 at both estates visited. Thus, the major NCR remain closed.

Major Nonconformities:

Ref	Area/Process	Clause
1700545-201810-M3	Melalap POM and supply base	4.4.4.2 (MSPO Part 4)
Requirements:	The occupational safety and health plan should cover the following: b) The risk of all operations shall be assessed and documented. j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.	
Statement of Nonconformity:	Not all operations where health and safety is an issue were risk assessed and documented.	
Objective Evidence:	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] 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]	
Corrections:	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.	

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	<p>2. Based on investigation report produce by investigation team, HIRARC team led by Tn. Zaidani to review related section in HIRARC.</p> <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>
Root cause analysis:	<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>
Corrective Actions:	<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>
Status during ASA 2:	<p>During ASA2,</p> <p>First aider present at various work station at the mill. The first aider responsible for first aid box at each workstation. During the interview with the storekeeper and workshop fitter, shows the awareness regarding the emergency procedure if accident occur, person responsible of every first aid box and the location of the nearest first aid box. Person trained with first aider were present at the estate. Sighted the certificate for Basic occupational First Aid, CPR and AED training. Refer certificate no. FA17249/17/25865, FA17254/17/25870 and FA12148/17/18720. The refresher training were conducted on annually basis. Latest training was conducted on 19/8/2019, 4/10/2019. The First aid inspection was conducted on quarterly basis prior to OSH committee meeting. Sighted the inspection records dated 8/1/2019, 13/4/2019 and 25/6/2019 The mill recorded all accidents reports and reported to HQ using the OSH Monthly Performance Report. Sighted the reports for the month of August and September 2019. The accident occurred was reviewed on quarterly basis during OSH committee meeting. The latest meeting was conducted on 3/7/2019.</p> <p>Thus, the major NCR remain closed.</p>

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Major Nonconformities:		
Ref	Area/Process	Clause
1700545-201810-M4	Melalap POM and supply base	4.5.5.1 (MSPO Part 3)
Requirements:	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: 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.	
Statement of Nonconformity:	Riparian zone was not demarcated and effort of restoration was not seen.	
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.	
Corrections:	1. Demarcation to be carried out at the riparian zone of Sg Makaniton Block 02K.	
Root cause analysis:	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.	
Corrective Actions:	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:	<p>Evidence submitted:</p> <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>	
Status during ASA 2:	<p>During ASA2,</p> <ol style="list-style-type: none"> 1. Field currently under replanting 2. 3 palms adjacent to Sg. Mkinaton were left/not fell during replanting work. The palm were demarcated with Red colour ring to mark the riparian bufferzone. 3. Interview with sprayers shows the understanding on prohibition of chemical application at bufferzone area is satisfactory. 4. The river bufferzone was identified as HCV. Sighted the HCV monitoring records from Jan – Sept 2019 <p>Thus, the major NCR remain closed.</p>	

Major Nonconformities:		
Ref	Area/Process	Clause
1700545-201810-M5	Melalap POM and supply base	4.3.1.1 (MSPO Part 3)
Requirements:	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.	
Statement of Nonconformity:	The compliance with Akta 180 AKTA PEMBANTU PERUBATAN (PENDAFTARAN) 1977 is not demonstrated.	
Objective Evidence:	The Medical Asisstant in Melalap Estate (Syaferyani: 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)— (b) dalam sesuatu hospital persendirian, klinik persendirian atau institusi persendirian yang lain bagi menjaga, merawat atau memulihkan pesakit;	
Corrections:	MA license (Perakuan Pembaharuan Tahunan) renewal application has been submitted through BLESS system on September 2018.	
Root cause analysis:	1. Delayed on 'Perakuan Pembaharuan Tahunan' renewal and approval by agency: 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.	
Corrective Actions:	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:	Evidence submitted: - 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 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.	
Status during ASA 2:	During ASA2, Seen the myCPD 2.0 system that the MA has attended trainings to collect point and recorded in the system accordingly. Besides, seen the license for MA# 17013/2019 which valid until 31/12/2019. The corrective action has been implemented effectively. Thus, the major NCR remain closed.	

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Minor Nonconformities:		
Ref	Area/Process	Clause
1700545-201810-N1	Melalap POM and supply base	4.1.2.2 (MSPO Part 3)
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.	
Statement of Nonconformity:	The root-cause of the non-conformities were not correctly addressed.	
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.	
Corrections:	Estates will fill up the root cause for each NCR.	
Root cause analysis:	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.	
Corrective Actions:	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.	
Status during ASA 2:	During ASA2, RSPO & MSPO Internal Audit for Y2019 was carried out on 19/9/2019 in Melalap Estate and 20/9/2019 in Sapong Estate by SQM Sabah Region and Sustainability Unit. The audit was carried out based on the reference of MS 2530-3:2013, MS 2530-4:2013 and RSPO P&C MYNI 2014. Total 1 Minor Non-conformity and 2 Opportunity for Improvement raised in Melalap Estate and 2 Minor Non-conformity raised in Sapong Estate for MSPO. Root causes and corrective action were identified in the corrective action plan. All the non-conformities were closed effectively. The Internal Audit Report's format has been revised to include the root cause column. Thus, the implementation of corrective action was found effective and the minor non-conformity was closed on 10/10/2019.	

Minor Nonconformities:		
Ref	Area/Process	Clause
1700545-201810-N2	Melalap POM and supply base	4.1.2.2 (MSPO Part 4)
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.	
Statement of Nonconformity:	The root-cause of the non-conformities were not correctly addressed.	
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.	
Corrections:	Mill will fill up the root cause for each NCR.	

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Root cause analysis:	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.
Corrective Actions:	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.
Status during ASA 2:	During ASA2, The last internal audit was carried out on 18/9/2019. Total 1 Major Non-conformity and 3 Opportunity for Improvement raised for MSPO. Root causes and corrective action were identified in the corrective action plan. All the non-conformities were closed effectively. The Internal Audit Report's format has been revised to include the root cause column. Thus, the implementation of corrective action was found effective and the minor non-conformity was closed on 8/10/2019.

3.4 Issues Raised by Stakeholders

IS #	Description
1	<p>Issues: Neighbouring Village Representative (Kg. Makaniton, Kg. Paal, Kg. Sungai Api, Kg. Mansasoh) & Chairperson MPKK (Kg. Sapong, Kg. Napengging) – Estate management is supportive and responded to request made promptly. No complain received so far from any of the villager, except clarifications made during the consultation process; i.e. land ownership and request for additional space for their church / religious car parking. No land encroachment. Have good relationship with the estate management and always receive invitation for stakeholder meeting. Clarification made by the stakeholder after the consultation process found satisfactorily explained with both parties agrees to same ownership based on the evidences presented to the stakeholder.</p> <p>Management Responses: The management acknowledged good relationship with the village representative and recently meet up with stakeholder. Will continue to support the villager and assist on any request made to the best they can</p> <p>Audit Team Findings: No further action. Clarification made by the stakeholder and request were sighted being handled amicably. Stakeholder / village representative and estate management communication found in satisfactory condition.</p>
2	<p>Issues: Gender committee – well verse with the procedure to lodge complain if there is any case of sexual harassment. No sexual issue raised or received from any of their members and workers. They were treated equally disregards of gender. Meeting held with the committee regularly (quarterly) to discuss on any potential issues, activities, briefing on company policies and sexual harassment policy and reporting channels. Management is supportive and provided necessary support to make the activities a success. The Chairperson commented as well that the management is supportive and provide full cooperation for all activities proposed by the committee.</p> <p>Management Responses: Will continue to support the gender committee. Received no complain. Grievance and sexual abuse / harassment complain from the gender committee.</p>

	<p>Audit Team Findings: No further issue.</p>
3	<p>Issues: Union representative – Good respond from estate management. Issues raised during management and union committee meeting are rectified by the management promptly. So far, no issue received from the workers/members. Generally workers are in satisfactory condition without any issue surfaced.</p>
	<p>Management Responses: The management will continue to support union activities and work along with the representative to ensure workers issues are settled amicably.</p>
	<p>Audit Team Findings: Meeting minutes review confirmed that both, union representative and the estate/mill management communicate to each other regularly. All issues discussed are followed up and closed.</p>
4	<p>Issues: Suppliers – They have informed that payment was made promptly once invoice is issued. They have good relationship with the management and has been invited to attend stakeholder meeting.</p>
	<p>Management Responses: Have being dealing with the company for years and will continue to ensure payment is made promptly.</p>
	<p>Audit Team Findings: Payment records reviewed and confirmed they are made promptly.</p>
5	<p>Issues: Contractors: They signed service contract agreement and understood the terms and condition outlined in the agreement including payment terms. Payment made promptly and accurately according to the invoices issued; from 2nd to 8th of the month. They have good relationship with the estate / mill management and received invitation for stakeholder meeting.</p>
	<p>Management Responses: The management will continue to ensure payment made promptly.</p>
	<p>Audit Team Findings: Verified the payment record and confirmed it is made promptly. Service contracts are in place, signed by both parties and remain valid.</p>

3.5 Summary of the Nonconformities and Status

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

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1700545-201810-M3	Major	1/11/2018	Closed out on 28/1/2019
1700545-201810-M4	Major	1/11/2018	Closed out on 28/1/2019
1700545-201810-M5	Major	1/11/2018	Closed out on 28/1/2019
1700545-201810-N1	Minor	1/11/2018	Closed out on 10/10/2019
1700545-201810-N2	Minor	1/11/2018	Closed out on 10/10/2019
1833308-201906-M1	Major	10/10/2019	Closed out on 7/1/2020
1833308-201906-M2	Major	10/10/2019	Closed out on 7/1/2020
1833308-201906-M3	Major	10/10/2019	Closed out on 7/1/2020
1833308-201906-M4	Major	10/10/2019	Closed out on 7/1/2020
1833308-201906-N1	Minor	10/10/2019	"Open"
1833308-201906-N2	Minor	10/10/2019	"Open"
1833308-201906-N3	Minor	10/10/2019	"Open"
1833308-201906-N4	Minor	10/10/2019	"Open"
1833308-201906-N5	Minor	10/10/2019	"Open"

3.6 Summary of the findings by Principles and Criteria

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

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	A policy for the implementation of MSPO shall be established. - Major compliance -	Sime Darby Plantation Berhad has issued an inter-office mail (Ref. No.: SQM.RSPO.1811/22.11) dated 23/11/2018 regarding the statement on commitment towards MSPO implementation by Head, Global Sustainability Operations, Mr. Tang Men Kon. Sime Darby Plantation Berhad is committed to comply and implement the MSPO certification to demonstrate our commitment towards the production of certified sustainable palm oil products.	Complied
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	Sime Darby Plantation Berhad has clearly emphasized to achieve commitment towards a systematic approach in ensuring continuous improvement in the operation, compliance to statutory, legal and other regulatory requirements and establishment of traceability within the supply chain in the above-mentioned memorandum.	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 -	RSPO & MSPO Internal Audit for Y2019 was carried out on 19/9/2019 in Melalap Estate and 20/9/2019 in Sapong Estate by SQM Sabah Region and Sustainability Unit. The audit was carried out based on the reference of MS 2530-3:2013, MS 2530-4:2013 and RSPO P&C MYNI 2014. Total 1 Minor Non-conformity and 2 Opportunity for Improvement raised in Melalap Estate and 2 Minor Non-conformity raised in Sapong Estate for MSPO.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.1.2.2	<p>The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantation Berhad has developed Internal Audit Procedure, Doc. No.: SD/SDP/PSQM/IAP, Rev. 2 dated 1/11/2017. The frequency of the internal audit shall be carried out at least once a year.</p> <p>Total 1 Minor Non-conformity and 2 Opportunity for Improvement raised in Melalap Estate and 2 Minor Non-conformity raised in Sapong Estate for MSPO. Root causes and corrective action were identified in the corrective action plan. All the non-conformities were closed effectively.</p>	Complied
4.1.2.3	<p>Report shall be made available to the management for their review.</p> <p>- Major compliance -</p>	<p>The internal audit report has distributed to the estate's management. The Management Representative has acknowledged on the acceptance of the Internal Audit Report on 19/9/2019 and 20/9/2019 for Melalap Estate and Sapong Estate. Management review meeting was conducted to review the findings of the internal audit.</p>	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	<p>The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.</p> <p>- Major compliance -</p>	<p>The latest management review meeting was carried out on 25/9/2019 in Melalap Estate and 23/9/2019 in Sapong Estate where the input such as objectives/ management program, training plan, results of internal audit, corrective action plan for the internal audit, feedback/ complaints from stakeholders and other matters were discussed as per the Standard Operating Manual (SOM), Sec. 5 Management Responsibility, Sub-sec. 5.6 Management Review dated 1/11/2008. Improvement plan and timeline for implementation of the corrective action plan was clearly identified.</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance	
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>The estates visited has developed the Kaizen Charter projects, for instance: -</p> <p><u>ME</u></p> <ul style="list-style-type: none"> i. To reduce palm racking cost by Zenoah Blower implementation. ii. Ceasation of FFB manual loading (small lorry) to implement 100% Bin System evacuation. <p><u>SE</u></p> <ul style="list-style-type: none"> i. To reduce water bill at Sentang Div by using gravity flow water (stream) instead of water supply from JBA. ii. Reduce labor transport/travel cost. 	<p>Complied</p>
4.1.4.2	<p>The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption.</p> <p>- Major compliance -</p>	<p>Dissemination of information to the employees were made through dialogues and training sessions. The staff/workers annual training program for FY 2019 was established. The training subjects identified among others include operations, understanding of MSPO/RSP0 requirements, human rights, company policies, health and safety etc. The FY2019 OPEX 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.</p>	<p>Complied</p>
4.1.4.3	<p>An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.</p> <p>- Major compliance -</p>	<p>The action plan is included in the CIP for FY 2019 and the Lean Six Sigma. Trainings on best practices and new technology were among the important elements included in the action plan.</p>	<p>Complied</p>

Criterion / Indicator	Assessment Findings	Compliance	
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes. - Major compliance -	Sime Darby Plantation Berhad has developed Standard Operation Manual (SOM) – Procedure for External Communication, Appendix 5.5.3.2, version 1 dated 1/11/2008 to put in place a system to effectively communicate with external interested parties on matters pertaining to performance of the mill. Timeframe for external communication to provide feedback 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 requiring investigation. Manager is responsible for address the communication and requests.	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 -	The management has disseminate the information of the documents that made publicly available such as management plan, OSH plan, audit reports and land titles upon request during the stakeholder meetings. Besides, internal and external stakeholders could access to the company's website (http://www.simedarbyplantation.com/Sustainability.aspx) to obtain information such as policies, annual report and complaint procedures. Policies were displayed at the notice board in Melalap Estate.	Complied
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders.	Sime Darby Plantation Berhad has developed Standard Operation Manual (SOM) – Procedure for External Communication, Appendix 5.5.3.2, version 1 dated 1/11/2008 to put in place a system to	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>effectively communicate with external interested parties on matters pertaining to performance of the mill. Timeframe for external communication to provide feedback 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 requiring investigation.</p> <p>Besides, the company 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.</p>	
4.2.2.2	<p>A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.</p> <p>- Minor compliance -</p>	<p>Assistant Manager of the Melalap Estate and Senior Assistant of Sapong Estate has been appointed as Social Officer to handle any issue related to social in the estate. Seen the appointment letter dated 10/7/2018 and 27/8/018 issued by the Senior Manager of Melalap Estate and Sapong Estate respectively.</p>	Complied
4.2.2.3	<p>List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.</p> <p>- Major compliance -</p>	<p>A combine stakeholder meeting for Melalap POM and Melalap Estate was conducted on 19/8/2019 with the participation of stakeholders such as local communities, contractors and government authorities. Meeting minutes was sighted and issues raised during the meeting were responded immediately by the management. The issues were incorporated into the Action Plan for SIA dated 4/9/2019 as well. Interviewed with the local communities confirmed that action has been taken accordingly to resolve the issues they raised during the stakeholder meeting.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p>Sapong Estate has conducted stakeholder meeting with the affected stakeholders such as government authorities, workers' representatives, contractors and local communities on 26/8/2019. Issues and requests raised during the meeting were incorporated into the SIA action plan dated 28/8/2019.</p> <p>Stakeholder list was developed which included local communities, suppliers, contractors and government authorities. The list was last updated on 19/9/2019 in Melalap Estate and October 2019 in Sapong Estate.</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>Sime Darby Plantation has developed Plantation Quality Management System – Standard Operating Procedure for Sustainable Supply Chain and Traceability, Doc. No.: Appendix 15, Version 2 dated April 2019. The objective of the procedure is to provide guideline for estates to establish and ensure effective implementation on sustainable supply chain and traceability of certified sustainable materials (FFB). Procedure of incoming of FFB and outgoing of CPO was explained in the procedure.</p>	Complied
4.2.3.2	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>- Major compliance -</p>	<p>The management conducted regular inspections on compliance with the established traceability system. Seen the Checkroll - FFB Despatch Details report where updated on daily basis. Sampled of FFB Despatch Detail as below:</p> <p><u>Melalap Estate</u></p> <ul style="list-style-type: none"> i. Total Estate Weight on 3/10/2019 <ul style="list-style-type: none"> • Main Division is 35,330 kgs • Pegalan Division is 22,990 kgs 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p><u>Sapong Estate</u></p> <p>i. Total Estate Weight on 5/9/2019</p> <ul style="list-style-type: none"> • 59,950 kgs <p>The company is using SAP system and CRS system to monitor the daily input and output.</p>	
4.2.3.3	<p>The management should identify and assign suitable employees to implement and maintain the traceability system.</p> <p>- Minor compliance -</p>	<p>Head of Operating Unit has the overall responsibility for the implementation of the Standard Operating Procedure for Sustainable Supply Chain and Traceability. Besides, Senior Manager of Melalap Estate and Sapong Estate has appointed Assistant Manager and Senior Assistant Manager as RSPO/ ISCC/ MSPO representative. Seen the appointment letter dated 10/7/2018 and 14/11/2017 respectively.</p>	Complied
4.2.3.4	<p>Records of sales, delivery or transportation of FFB shall be maintained.</p> <p>- Major compliance -</p>	<p>There was no sale of FFB carried out by Melalap Estate and Sapong Estate because all its FFB were sent to own company's mill. Records of FFB delivery to the mill were maintained and sampled recorded as below:</p> <p><u>Melalap Estate:</u></p> <p>i. FFB Consignment Note# 43158 dated 8/10/2019; Field No.: P01MA and P01MB; Vehicle No.: SAB 4082 C; Weight: 10,095 kgs (FFB)</p> <p>ii. FFB Consignment Note# 43134 dated 1/10/2019; Field No.: P02KB; Vehicle No.: SAB 6075 C; Weight: 990 kgs (Loose Fruits)</p> <p><u>Sapong Estate:</u></p> <p>i. FFB Consignment Note# 33434 dated 4/10/2019; Field No.: 02CA; Vehicle No.: SAB 8973 W; Weight: 8,330 kgs (FFB)</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		ii. FFB Consignment Note# 33303 dated 5/9/2019; Field No.: 03AA; Vehicle No.: SS 5619 N; Weight: 2,910 kgs (Loose Fruits)	
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. - Major compliance -	<p>Melalap Estate has obtained permits from Jabatan Tenaga Kerja Sabah with Serial No.: 600-1/2/12/1(11/TNM/2018-0139) valid from 24/4/2018 – 23/4/2020 for deduction of salary for electricity, ASNB saving, advanced and passport deduction.</p> <p>Sapong Estate has obtained permits from Jabatan Tenaga Kerja Sabah with Serial No.: 600-1/2/12/2(11/TNM/2018-0141) valid from 24/4/2018 – 23/4/2020 for deduction of salary for electricity, personal loan (without interest) and loan for vehicle/ motorcycle (without interest).</p> <p>The estates visited continue to comply with the applicable local, state, national and ratified international laws and regulations. Sighted the evidence of compliancy as follows:</p> <p>ME</p> <ul style="list-style-type: none"> i. MPOB License no. 531977002000 valid till 31/8/2020 ii. Lesen untuk Menggaji Pekerja Bukan Pemastautin”, no. JTK.H.TNM.6004-4/192112/577 valid till 11/6/2020 iii. Air Compressor Permit no. PMT-SB/19-20018 valid till 14/4/2020 iv. Business License no. TNM/2017/957 valid till 31/12/2019 v. Diesel License no. S011309 valid till 9/8/2020 <p>SE</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		i. Business License no. TNM/2017/951 valid till 31/12/2019 ii. Lesen untuk Menggaji Pekerja Bukan Pemastautin”, no. 600-1/2/12/2(11/TNM/2018-0141)577 valid till 23/4/2020 iii. MPOB License no. 532297002000 valid till 31/8/2020 iv. Diesel Permit no. S011205 valid till 26/10/2019	
4.3.1.2	The management shall list all laws applicable to their 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 estates visited has established list of all relevant laws and requirement and documented in Legal and Requirement Register. The list were updated on annually basis or new updates on the register. Latest updated was done on 1/3/2019 (Melalap Esatate) and (Sapong Estate) with addition Occupational Safety and Health (Noise Exposure) Regulations 2019 and Employer’s Circular No. 3 Year 2018, Employees’ Social Security Act, 1969.	Complied
4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. - Major compliance -	A mechanism to ensure compliance to legal and other requirement has been documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU1. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008. Tracking system available to identify changes in the relevant regulations through head office, website information and the information are	Complied

Criterion / Indicator		Assessment Findings	Compliance
		communicated from the Group Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites as well as from MAPA circulars.	
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 -	Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites as well as from MAPA circulars.	Complied
Criterion 4.3.2 – Lands use rights			
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 was no evidence to show that oil palm cultivation activities Melalap Estate and Sapong Estate had diminished the land use rights of others. Verified documents to show legal ownership of its land and interviewed with local communities confirmed that no activities of oil palm that has diminished the land user rights.	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 -	Verified the land titles shown that the legal ownership of the company. Sample of land title based on the latest quit rent for 2019 are: Melalap Estate: There are total 6 land titles found in Melalap Estate. 4 out of 6 of the land titles have been issued for the name of owner to Sime Darby Plantation (Peninsular) Sdn Bhd. i. Country Lease No.: 28934; Lot No.: 460; Area Lot: 8.57 acres	Complied

Criterion / Indicator		Assessment Findings	Compliance
		ii. Country Lease No.: 17553; Area Lot: 36.04 acres <u>Sapong Estate:</u> i. Provisional Lease No.: 166290044; Area Lot: 5616.40 acres ii. Lease No.: 165309866; Lot No.: 1266; Area Lot: 787.60 acres	
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	The estates visited has demarcated the legal boundaries clearly with trenches and red color pole. <u>ME</u> Sighted the legal boundaries demarcated with red color pole at P19B adjacent with Kg. Makaniton. <u>SE</u> Sighted the legal boundaries was clearly demarcated with red colour pole and security trenches at P00P1 adjacent with Sri Tanjung Plantaions.	Complied
4.3.2.4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	There is no land dispute in the Melalap Estate and Sapong Estate at the time of audit. The land belongs to Sime Darby Plantation Berhad and land ownership documents verified.	Complied
Criterion 4.3.3 – Customary rights			

Criterion / Indicator		Assessment Findings	Compliance
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	There is no customary land or negotiated agreements within the Melalap Estate and Sapong Estate land area.	Complied
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should be made available. - Minor compliance -	There is no customary land or negotiated agreements within the Melalap Estate and Sapong Estate land area.	Complied
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance -	There is no customary land or negotiated agreements within the Melalap Estate and Sapong Estate land area.	Complied
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	Social Impact Assessment was carried out by Social & Environment Projects Unit, PSQM Department on 19 – 21/5/2015 which covered for whole SOU 27 Melalap. The method of assessment was through interview, field observation and documentation review. The assessment has involved the participation of relevant stakeholders such as local authorities, workers’ representatives, contractors and local communities. Action Plan for Social Impact Assessment was developed and monitored by the management. The issues were abstracted from the stakeholder meeting and SPIEU meeting. The latest management plan	Complied

Criterion / Indicator	Assessment Findings	Compliance
	<p>for FY2019 dated 4/9/2019 for Melalap Estate and 28/8/2019 for Sapong Estate was sighted. For eg:</p> <ul style="list-style-type: none"> i. Issue: Representative from Kg. Napinging complaint that the gravity piping in the village was broken due to the activity of contractor reported during stakeholder meeting conducted on 19/8/2019. Action Plan: The management has stopped the contractor’s activity immediately and requested the contractor to repair the pipe. Status: The pipe was repaired by contractor on 20/8/2019 and seen the photo evident of the repair work done. Besides, the representative from the village has acknowledged on the Corporate Social Responsibility Book to confirm the action has been taken accordingly. Interviewed with the representative during stakeholder consultation found that the action has taken accordingly. ii. Issue: Teacher from kindergarten has informed that the “carpet” grass grown in the kindergarten which might be the habitat for the animals such as snake and rats. Action Plan: The management will observed and take action accordingly. Status: The management has sent backhoe to the kindergarten to clear the grass on 19/9/2019 and photo evidence was sighted. 	
<p>Criterion 4.4.2: Complaints and grievances</p>		

Criterion / Indicator		Assessment Findings	Compliance
4.4.2.1	<p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>- Major compliance -</p>	<p>The company 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.</p> <p>Sime Darby Plantation Berhad has developed Standard Operation Manual (SOM) – Procedure for External Communication, Appendix 5.5.3.2, version 1 dated 1/11/2018 to put in place a system to effectively communicate with external interested parties on matters pertaining to performance of the mill. Timeframe for external communication to provide feedback 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 requiring investigation.</p>	Complied
4.4.2.2	<p>The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.</p> <p>- Major compliance -</p>	<p>Melalap Estate has implemented Complaint/ Suggestion Form to Improve Form and Internal & External Complaint Book to record complaints and requests reported by the stakeholders. The complaints or grievances were resolved within the time frame.</p>	Complied
4.4.2.3	<p>A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.</p> <p>- Minor compliance -</p>	<p>Melalap Estate and Sapong Estate has implemented Complaint/ Suggestion Form to Improve Form and Internal & External Complaint Book to record complaints and requests reported by the stakeholders. Sampled of the complaints as below:</p> <ul style="list-style-type: none"> i. House No.: 42 dated 25/9/2019 Issue: Ceiling is going to collapse, toilet seat and toilet door was broken. 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p>Action: Site visit to the house found that issue has yet to be resolved for the ceiling and toilet door. The repairing is still in progress.</p> <p>ii. House No.: C2 dated 11/3/2019 Issue: Zinc roof was leakage. Action: Seen the invoice# IV-17215 dared 12/3/2019 for the purchase of zinc sheets. The repair work has carried out on 15/3/2019.</p>	
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>Interviewed with the internal and external stakeholders during stakeholder consultation found that they were aware of the complaint procedure and they were briefed by the management during stakeholder meeting.</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>Record review found that previous complaints and requests from Year 2016 were still available.</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>The estates have offered job opportunity to the local communities by verified through the employee master list and interviewed with the representatives from villages. Besides, the company has provided assistance to the local communities such as maintaining road, borrow machineries and grass cutting in the kindergarten.</p>	Complied
Criterion 4.4.4: Employees safety and health			

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Criterion / Indicator	Assessment Findings	Compliance
<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>Sime Darby has established the Group Policy on Health and Safety signed by the Managing Director on Jan 2015. The policy has been communicated to the workers through induction training for new workers, morning briefing and displayed at various notice board within the estates.</p> <p>The estates visited has established Safety and Health Plan and documented in Environmental Safety and Health Program FY 2019. Sighted the implementation of the management plan as follows:</p> <p>ME</p> <p>i. The estate has conducted medical surveillance on annually basis. Latest medical surveillance was conducted on 19/112/2018. 17 workers were sent for surveillance and found fit to work as chemical handlers.</p> <p>ii. The estate conducted inspection for first aid kit on monthly basis. Sighted the inspection records for the month of May, June, July and August 2019 recorded in Monthly Inspection for First Aid log book.</p> <p>SE</p> <p>i. Workplace inspection was conducted on quarterly basis prior to OSH Committee meeting. Sighted the inspection records dated 6/9/2019. The results of the inspection were discussed during OSH Committee meeting.</p> <p>ii. The estate conducted inspection for first aid kit on monthly basis. Sighted the inspection records for the month of May, June, July and August 2019 recorded in Monthly Inspection for First Aid log book.</p> <p>iii. The estate conducted medical screening for workers exposed with chemical on monthly basis conducted by the MA. Sighted the medical screening records for workers with employee id no. 74494, 33687 and 48046.</p>	<p>Complied</p>

Criterion / Indicator	Assessment Findings	Compliance
<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 d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements. 	<p>Sime Darby has established the Group Policy on Health and Safety signed by the Managing Director on Jan 2015. The policy has been communicated to the workers through induction training for new workers, morning briefing and displayed at various notice board within the estates.</p> <p>The estates visited has assessed all risk in the estates main and support operations and documented in HIRARC register. The HIRARC was reviewed on annually basis or during accident occur.</p> <p>ME The HIRARC was review on 26/1/2019 due to accident occur on 25/1/2019 in harvesting operation. The latest HIRARC annual review was conducted on 10/7/2019.</p> <p>SE The HIRARC was review on 10/7/2019 due to accident occur on 15/6/2019 in harvesting operation.</p> <p>The estates visited continue to provide training for all employee especially those who exposed to pesticides. The training has been included in the annual training program. The training was given by the Manager, Asst. Manager, SQM Executives and chemical/equipment supplier with knowledge in chemical handling. Sighted the training records as follows:</p> <p>ME</p> <ul style="list-style-type: none"> i. IPM Rat Baiting training dated 29/8/2019 ii. Refresher for Manuring training dated 7/6/2019 iii. Refresher for Sprayer training dated 22/5/2019 	<p>Complied</p>

Criterion / Indicator	Assessment Findings	Compliance
<p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee’s health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>SE i. Refresher sprayer training dated 24/7/2019 ii. Refresher for Manuring training dated 12/3/2019 iii. Refresher sprayer training dated 11/3/2019</p> <p>Additionally, the estate conducted medical surveillance for the employee on annually basis.</p> <p>The estates visited provided appropriate PPE to all workers according to the job type. The PPE given as per HIRARC and Pictorial Safety Standard (PSS) dated 17/3/2008.</p> <p>ME Noted during site visit and interview with woman sprayers, it was noted that they were provided with safety google, respirator, nitrile glove, and apron and wellington boots. Noted during interview, the understanding of importance of PPE is satisfactory. Sighted the PPE issuance records for employee no. 33548, 62281, 33505 and 33534.</p> <p>SE Noted during interview with fertiliser applicator, they were provided with PPE such as face mask, nitrile glove, apron and wellington as per HIRARC and PSS. Sighted the PPE issuance records the month of July, August and September 2019.</p> <p>Noted during interview with woman workers at both estates visited, the understanding on prohibition of pregnant or breast feeding woman to handle chemical was also satisfactory.</p>	

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	<p>Procedures of chemical handling is presented in several documents, such Document No. SD/SDP/SQM(ESH)/001-1 Sime Darby Plantation Environment, Safety, and Health Management System (ESHMS) Manual dated July 1st, 2012 and Pictorial Safety Standard (PSS) Estate dated 17/3/2008.</p> <p>Estate Manager was appointed by the Sime Darby management to be the Chairman of OSH Committee at the estates as per letter signed by the Regional General Manage. Estate management has appointed Safety Committee Member consist of OSH Coordinator, Secretary, employer representatives and employee representative's appointment letter by the Mill Manager. The OHS Chairman and Secretary are in coordination with PSQM Head Quarter Officer for any update national regulations and collective agreements.</p> <p>The management conducted OSH committee meeting on quarterly basis. In the meeting discussed issue on employees' safety, health and welfare such as mill safety and health achievement report, safety compliance by contractors, workplace audit report, legal compliance, safety and health training and etc.</p> <p>ME Latest OSH committee was conducted on 18/9/2019, 7/6/2019 and 14/3/2019</p> <p>SE Latest OSH committee was conducted on 6/9/2019, 7/6/2019 and 7/3/2019</p>	

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Criterion / Indicator	Assessment Findings	Compliance
	<p>Accident of emergency procedure is presented in Estate Quality Management System Standard Operation manual (EQMS SOM) dated November 1st, 2008. Flowchart of emergency handling presented in Appendix 5.5.3.3.</p> <p><u>ME</u> Noted during interview with sprayers and storekeeper, noted the understanding on ERP at housing and store area is satisfactory. The housing area were equipped with fire extinguisher.</p> <p><u>SE</u> Noted during interview with fertilizer applicator and storekeeper, noted the understanding on ERP at housing and store area is satisfactory. The housing area were equipped with fire extinguisher. Latest fire drill and accident drill was conducted on 5 and 10/10/2018. Latest ERP briefing was conducted on 11/6/2019 during muster. First aider were present at the field operations. Mandore for each gang were trained and appointed as the first aider and bring the first aid kit daily to the field.</p> <p><u>ME</u> Noted during interview with the spraying gang mandore shows the knowledge of first aid kit. Sighted the refresher first aid training dated 7/6/2019.</p> <p><u>SE</u> First aid kit were provided at the field operation and all work station. Sighted and inspect the first aid kit at spraying mandore and chemical</p>	

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Criterion / Indicator		Assessment Findings	Compliance
		<p>store founded that the item is adequate. Noted during interview with the spraying gang mandore shows the knowledge of first aid kit. First aid kit inspection was conducted on monthly basis. Sighted the monthly inspection records for the month of May, June, July and August 2019 recorded in Monthly Inspection for First Aid log book.</p> <p>The estates visited recorded all accidents reports and reported to HQ using the OSH Monthly Performance Report. Sighted the reports for the month of August and September 2019. The accident occurred was reviewed on quarterly basis during OSH committee meeting. In the report included the LTI calculations.</p>	
Criterion 4.4.5: Employment conditions			
4.4.5.1	<p>The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantation Berhad has developed Social and Humanity Management policy covers the necessary aspects of human rights. Employees are aware of their rights and workers and staff union monitor to ensure no violations. Briefing of policies were given to the workers on 25/9/2019 in Melalap Estate and 18/9/2019 in Sapong Estate during muster call. Seen the training attendance list of the workers, training materials and photo evident.</p> <p><u>Melalap Estate:</u></p> <p>Document reviewed on the Gang No.: 51 – Piece rated (Loose Fruit Labour – Main Div) for September 2019 found that the quantity of loose fruits collected were abnormal. Crosschecked with the Mandore’s record logbook found that the abnormal quantities of loose fruits are due to add up with few loose fruit collectors as recorded in the logbook. However, the name of the loose fruit collectors recorded in the logbook were not found in the Employee Master Listing and beside the name</p>	Major non-compliance

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Criterion / Indicator		Assessment Findings				Compliance																									
		<p>of these workers have stated the name of the checkroll workers (Employee No.: 126291 and 142580).</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Employee No. of Loose Fruit Collector (in Employee Master List)</th> <th>Quantity that recorded in the SAP system</th> <th>Quantity recorded in the Mandore Logbook</th> </tr> </thead> <tbody> <tr> <td rowspan="2">22/9/2019</td> <td>142580</td> <td>1187</td> <td>561</td> </tr> <tr> <td>126291</td> <td>641</td> <td>307</td> </tr> <tr> <td rowspan="2">23/9/2019</td> <td>142580</td> <td>1245</td> <td>485</td> </tr> <tr> <td>126291</td> <td>860</td> <td>404</td> </tr> <tr> <td rowspan="2">24/9/2019</td> <td>142580</td> <td>1328</td> <td>568</td> </tr> <tr> <td>126291</td> <td>1062</td> <td>379</td> </tr> </tbody> </table> <p>This has indicate that the identity of the loose fruit collectors (not in checkroll system) could not be verify and therefore rights of the loose fruits collectors that not in the Employee Master Listing could not be respected and protected with fair treatment in accordance with the policy.</p>				Date	Employee No. of Loose Fruit Collector (in Employee Master List)	Quantity that recorded in the SAP system	Quantity recorded in the Mandore Logbook	22/9/2019	142580	1187	561	126291	641	307	23/9/2019	142580	1245	485	126291	860	404	24/9/2019	142580	1328	568	126291	1062	379	
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Criterion / Indicator		Assessment Findings	Compliance
		Thus, a major non-compliance was raised.	
4.4.5.2	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantation Berhad has implemented Social Policy, Social & Humanity Management Policy dated January 2015 where the management is committed to treat all employees fairly in terms of recruitment, progression, terms and conditions of work and representation regardless of race, caste, nationality, gender, sexual orientation, union membership, political view, religion and/or age. Interviewed with the workers found that no discrimination has occurred in the estates. They were allowed to change any workstation if they found not fit or capable on the job offered by the management.</p>	Complied
4.4.5.3	<p>Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p>	<p>There was employment contracts for staffs and workers. Pay and conditions are documented and above the Minimum Wage Order 2018. Sampled of employment contracts confirmed that terms and conditions are clearly outlined as per SPIEU collective agreement with effective from 1/1/2017 – 31/12/2019 and have been signed by the worker. Sampled of payslip for January 2019, August 2019 and September 2019 as below:</p> <ul style="list-style-type: none"> i. Employee No.: 72222 (ME) ii. Employee No.: 85522 (ME) iii. Employee No.: 35536 (ME) iv. Employee No.: 117761 (ME) v. Employee No.: 85508 (ME) vi. Employee No.: 72222 (SE) vii. Employee No.: 85508 (SE) viii. Employee No.: 117761 (SE) ix. Employee No.: 33536 (SE) 	Complied

Criterion / Indicator	Assessment Findings	Compliance
<p>4.4.5.4 Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>Sampled of the payslips of contractor’s workers for February 2019 to August 2019 as below:</p> <ul style="list-style-type: none"> i. I/C No.: 691025-12-XXXX ii. I/C No.: 950102-12-XXXX iii. I/C No.: 950829-12-XXXX iv. I/C No.: 920807-12-XXXX v. I/C No.: 960803-12-XXXX vi. I/C No.: 901119-12-XXXX <p>All the workers have achieved the Minimum Wage Order 2018.</p> <p>The contractor (Tamin Budiman) has yet to make contribution of EPF, SOCSO and EIS to the local workers employed by him. Total 13 worker in Melalap Estate and 6 workers in Sapong Estate (2 workers sharing between Melalap Estate and Sapong Estate). This has been verified through document review of payslips and interviewed with the contractor.</p> <p>Besides, the contractor informed that the payment of salary to the workers usually carried out on 10th – 13th of the following month due to waiting of payment from Sime Darby Plantation Berhad. Crosscheck with the payslips found that date of payment of salary was carried out within the said period.</p> <p>In Sapong Estate, the contractor, Jutamas Kekal Sdn Bhd has yet to make contribution of EPF, SOCSO and EIS to the local workers as verified through the payslips from July 2019 to September 2019. Thus, a minor non-compliance was raised.</p>	<p>Minor Non-compliance</p>
<p>4.4.5.5 The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records</p>	<p>The estates’ management has registered all their workers into Employee Master Details Listing in SEMUA system where personal details such as full name, gender, date of birth, date join company,</p>	<p>Complied</p>

Criterion / Indicator	Assessment Findings	Compliance
<p>should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>race, designation and wages. Sampled of the employee master details listing as below:</p> <ul style="list-style-type: none"> i. Employee No.: 66688 (ME) ii. Employee No.: 68841 (ME) iii. Employee No.: 119368 (ME) iv. Employee No.: 149837 (ME) v. Employee No.: 139398 (ME) vi. Employee No.: 132378 (SE) vii. Employee No.: 33759 (SE) viii. Employee No.: 33828 (SE) ix. Employee No.: 102106 (SE) x. Employee No.: 48045 (SE) <p>Besides, contractors have provided the records of employees to the management to maintain.</p>	
<p>4.4.5.6 All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>The employees that recruited by the estates are from local, Philippines and Indonesian. They are all under direct employment to the estates. All of them have signed on the employment contract prior to work and extension contract where the original contract has expired. Terms and conditions were according to Sabah Labour Ordinance and SPIEU Collective Agreement. Sampled of employment contracts as below:</p> <ul style="list-style-type: none"> i. Employee No.: 66688 (ME) ii. Employee No.: 68841 (ME) iii. Employee No.: 119368 (ME) iv. Employee No.: 149837 (ME) v. Employee No.: 139398 (ME) vi. Employee No.: 143110 (SE) vii. Employee No.: 132378 (SE) viii. Employee No.: 106910 (SE) 	<p>Major Non-compliance</p>

Criterion / Indicator		Assessment Findings	Compliance
		<p>ix. Employee No.: 87454 (SE)</p> <p>The contractors (Tamin Budiman and Jutamas Kekal Sdn Bhd) have signed employment contract with the workers in Melalap Estate. However, the employment contract was incomplete where terms and conditions such as rest day, work on rest day, annual leave and public holiday entitlement, medical leave, maternity leave and etc were not included in the contract. Besides, the statement in Clause 9 was inappropriate as it stated "Kontrak ini adalah kontrak bebas di mana pekerja dan syarikat tidak terikat dengan hubungan pekerja-majikan.". However, the contractor informed that they are employer-employee's relationship. Therefore, this statement is not applicable.</p> <p>Besides, the contractor workers (Contractor: Tamin Budiman) have yet to sign employment contract with the contractor in Sapong Estate. Thus, a major non-compliance was raised.</p>	
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>Seen the Estate Daily Attendance Report for monthly basis where it recorded the number of days work and hours of overtime work. The data was transferred from the checkroll record book for the workers to the SAP system.</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>Interviewed with the workers confirmed that they have rest time in between of the working hours. Overtimes were paid according to the rate stated in the agreement and regulatory requirements. The overtime offered upon mutually agreement.</p>	Complied

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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>Wages and overtime were paid according to the Daily Attendance Report and productivity reports. Total hours of overtime and daily attendance has recorded in the SAP system and the payslips. Refer to indicator 4.4.5.3.</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>All the workers are provided with free medical facilities. The workers are entitled with the phone allowance of RM 5 for every month. Free housing facilities were provided to all the workers and their families with free water supply. Employee with children will be given RM 100/ year of schooling allowance.</p>	Complied						
4.4.5.11	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.</p> <p>- Major compliance -</p>	<p>The estates' management has provided free housing facilities to all the workers. Basic amenities such as water and electricity were provided to the workers. Interviewed with the workers confirmed that they did not have any complain or grievance related to housing to be reported. If there is any breakdown or defect, they will report to the office. Linesite inspection was carried out on weekly basis by using the Housing Complex/ Creche/ Community Hall Inspections checklist. However, the inspection did not carry out for all buildings on weekly basis but alternate week for different linesite. The last inspection was carried out as table below:</p> <table border="1" data-bbox="1048 1193 1870 1340"> <thead> <tr> <th>Estate</th> <th>Division</th> <th>Date of Inspection</th> </tr> </thead> <tbody> <tr> <td>Melalap</td> <td>Main</td> <td>12/9/2019, 26/9/2019,</td> </tr> </tbody> </table>	Estate	Division	Date of Inspection	Melalap	Main	12/9/2019, 26/9/2019,	Minor Non-compliance
Estate	Division	Date of Inspection							
Melalap	Main	12/9/2019, 26/9/2019,							

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Criterion / Indicator		Assessment Findings			Compliance
				30/9/2019 and 4/10/2019	
			Pegalan	5/9/2019 and 19/9/2019	
		Sapong	Main	22/8/2019, 21/9/201 and 27/9/2019	
			Sentang	14/8/2019, 29/8/2019 and 12/9/2019	
		Thus, a minor non-compliance was raised.			
4.4.5.12	The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace. - Major compliance -	Sime Darby Plantation Berhad has implemented Social Policy and Social & Humanity Management Policy dated January 2015 where the management is committed to develop and apply a policy to prevent sexual harassment and other forms of violence against women and to protect their reproductive rights. Gender Committee was established in Melalap Estate to monitor if there is any case of sexual harassment reported. The last meeting was carried out on 6/9/2019 with total 9 participants. Interviewed with the female workers found that no sexual harassment or violence case reported so far. The committee has organized activities such as "Workshop on Responding to Gender – Based Violence" to female workers on 10-13/7/2019.			Complied
4.4.5.13	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	Sime Darby Plantation Berhad has implemented Social Policy dated January 2015 where the management is committed and respect the rights of all personnel to form and join trade unions of their choice and to bargain collectively. The management allowed their workers to form			Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>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>or join any association such as Sabah Plantation Industries Employee Union (SPIEU). A combined SPIEU meeting (Melalap POM, Melalap Estate and Sapong Estate) was conducted on 28/8/2019 between the workers' representatives and management representatives to discuss issues related to workers. Seen the meeting minutes and found properly filed. Issues were recorded in the meeting minutes and incorporated into the Action Plan for SIA.</p>	
4.4.5.14	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education programmes. Children shall not exposed to hazardous working conditions.</p> <p>- Major compliance -</p>	<p>The company has developed Child Protection policy dated January 2015. Operating units are complied with the minimum age requirement. No employees below the age of 18 were sighted through verified the Employee Master Listing and interviewed with the workers.</p>	Complied
Criterion 4.4.6: Training and competency			
4.4.6.1	<p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p> <p>- Major compliance -</p>	<p>ME</p> <ul style="list-style-type: none"> i. Briefing for contractor's workers management procedure with MSPO Supply Chain dated 13/12/2018 ii. IPM Rat Baiting training dated 29/8/2019 iii. Refresher on Company Policy and 3R (Reduce, Reuse, Recycle) training dated 25/9/2019 iv. MSPO Supply Chain training dated 17/9/2019 v. Safe and Defensive Riding Course dated 18-19/7/2019 vi. HCV and COBC training dated 29/8/2019 vii. Refresher for Manuring training dated 7/6/2019 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p>viii. Refresher for Sprayer training dated 22/5/2019 ix. Refresher first aid training dated 7/6/2019</p> <p>SE</p> <p>i. MSPO SCCS training dated 17/9/2019 ii. Safety townhall 7.0 dated 16/4/2019 iii. Fertiliser Mulch training dated 19/7/2019 iv. Replanting contractors briefing dated 8/7/2019 v. Harvesting refresher training dated 5/6/2019 vi. First Aid refereshers training dated 9/8/2019</p>	
4.4.6.2	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p>- Major compliance -</p>	<p>ME</p> <p>The estate has conducted training need analysis for all employee, management and contractors. The need analysis was conducted base on the job designation and training required by the job type. 29 training were analysis identified as required.</p> <p>SE</p> <p>The estate has conducted training need analysis for all employee, management and contractors. The need analysis was conducted base on the job designation and training required by the job type. 27 training were analysis identified as required.</p>	Complied
4.4.6.3	<p>A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.</p> <p>- Minor compliance -</p>	<p>The estate has training program which updated annually. The annual internal audit by PSQM and management review does review the effectiveness of the training plan and its execution.</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance	
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented. - Major compliance -	Sime Darby has established Environmental Policy signed by the Managing Director on January 2015. The environmental management plan has been established to monitor the identified significant activities that give impacts on environment. A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented.	Complied
4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. - Major compliance -	The estate visted has established the environmental plan based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The management plan was established for the activity which give significant impact for the environment. The EAI and EIE were reviewed annually basis by the EAI/EIE review team. According to Sabah ordinance under Environment Protection (Prescribed Activities) (Environmental Impact Assessment) Order 2005, the estate required to conduct Environmental impact Assessment for replanting activities and submitted to Sabah Environmental Protection Department. Both estates visted has conducted the Environmental impact Assessment by registered consultant. However the Environmental Management Plan Established not covers the Environmental impact Assessment conducted. Thus, a major non-compliance was raised.	Minor Non-compliance

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Criterion / Indicator		Assessment Findings	Compliance
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 estates visited has established the environmental plan based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The management plan was established for the activity which give significant impact for the environment and documented in Environmental Improvement/Pollution Prevention Plan. The EAI and EIE were reviewed annually basis by the EAI/EIE review team.	
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	The management plan also include a program to promote positive impact and documented in the Environmental Improvement Plan. The program to promote the positive impacts as follows: ME i. To promote awareness on #R program at all division ii. Encourage workers to made compost by their kitchen waste iii. Bufferzone at 20m shall be maintained at both side of the river bank SE i. Recycle waste water from chemical mixing. ii. Used oil tray to prevent leakage of used oil.	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 -	The estate visited continue provided training to ensure the awareness regarding the environmental policy among the employee. The estates management has established annual training program which covers the environmental awareness and compliance related trainings to the executives, staffs and workers.	Complied
4.5.1.6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.	The issue regarding environmental quality were discussed during Environmental, Safety and Health committee meeting.	Complied

Criterion / Indicator		Assessment Findings	Compliance																											
- Major compliance -																														
Criterion 4.5.2: Efficiency of energy use and use of renewable energy																														
4.5.2.1 Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period. - Major compliance -	The estates visited maintains records of energy usage, which is reported monthly to head office through SAP system.. The monitoring of non-renewable energy usage was conducted on monthly basis. Sighted the sampled monitoring records for diesel usage for FY 2019 as follows: <table border="1" data-bbox="1048 759 1870 1351"> <thead> <tr> <th></th> <th>Melalap</th> <th>Sapong</th> </tr> </thead> <tbody> <tr> <td>Jan</td> <td>3.33</td> <td>0.57</td> </tr> <tr> <td>Feb</td> <td>2.46</td> <td>0.74</td> </tr> <tr> <td>Mar</td> <td>3.29</td> <td>0.38</td> </tr> <tr> <td>Apr</td> <td>3.27</td> <td>0.45</td> </tr> <tr> <td>May</td> <td>2.79</td> <td>2.22</td> </tr> <tr> <td>Jun</td> <td>2.53</td> <td>1.57</td> </tr> <tr> <td>Jul</td> <td>3.18</td> <td>3.26</td> </tr> <tr> <td>Aug</td> <td>4.38</td> <td>0.81</td> </tr> </tbody> </table>			Melalap	Sapong	Jan	3.33	0.57	Feb	2.46	0.74	Mar	3.29	0.38	Apr	3.27	0.45	May	2.79	2.22	Jun	2.53	1.57	Jul	3.18	3.26	Aug	4.38	0.81	Complied
	Melalap	Sapong																												
Jan	3.33	0.57																												
Feb	2.46	0.74																												
Mar	3.29	0.38																												
Apr	3.27	0.45																												
May	2.79	2.22																												
Jun	2.53	1.57																												
Jul	3.18	3.26																												
Aug	4.38	0.81																												

Criterion / Indicator		Assessment Findings			Compliance
		Sept		3.60	
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 nonrenewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations inclusive of fuel use by contractors, including all transport and machinery operations was available in the respective estate yearly budgets.			Complied
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	No renewable energy use at the estates visited.			Complied
Criterion 4.5.3: Waste management and disposal					
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	<p>The estates visited has identified the waste products and source pollution and documented in waste management action plan FY 2019. The waste has been identified as follows:</p> <p>ME</p> <ul style="list-style-type: none"> i. Scheduled waste – Used oil, used batteries, used filters, contaminated rags, empty pesticides containers ii. Industrial waste – EFB, iii. Domestic waste – Rubbish, used paper, plastic bottle, glass bottle, scrap iron, sewage iv. Clinical waste – Expired medicine, syringe <p>SE</p> <ul style="list-style-type: none"> i. Scheduled waste – Used oil, used batteries, used filters, contaminated rags, empty pesticides containers, clinical waste 			Complied

Criterion / Indicator		Assessment Findings	Compliance
		ii. Industrial waste – EFB, iii. Domestic waste – Rubbish, sewage Records on the usage and disposal were well recorded and documented. Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained.	
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>Estates visited has established Waste management Plan base on the identification and source of pollutions and the plan were available for review.</p> <p>ME</p> <p>The estate has established Waste management Plan base on the identification and source of pollutions and documented in waste management action plan. Sighted the implementation of the management plan as follows:</p> <p>i. Sighted during site visit, the empty pesticides containers were triple rinse and puncture and kept in designated store under locked and key. The empty container were disposed by approved contractors.</p> <p>ii. Domestic waste were collected three times a week. Sighted the domestic waste collection records available for review. The domestic waste were disposed in designated landfill located in field P02M.</p> <p>iii. 3R collection center were provided at the linesite area. The estate continue to provide awareness on 3R to the employee through training and briefing. Latest training was conducted on 25/9/2019.</p> <p>iv. EFB were disposed in the estate as nutrient cycle program. Sighted the EFB application records for September 2019 at 465.66 mt and August 2019 at 624.69 mt</p> <p>SE</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p>i. Domestic waste were collected three times a week. Sighted the domestic waste collection records available for review. The domestic waste were disposed in designated landfill located in field P00P.</p> <p>ii. EFB were disposed in the estate as nutrient cycle program. Sighted the EFB application records for September 2019 at 720.75 mt, August 2019 at 796.97 mt and July 2019 at 623.27 mt.</p>	
4.5.3.3	<p>The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.</p> <p>- Major compliance -</p>	<p>Procedure for Scheduled Waste Management was established (SD/SDP/PSQM (ESH)/203-EN1 dated 26/2/2016. Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers.</p> <p>Both estates visited also have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. Stores for scheduled waste were inspected at both estate visited and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>Observed during workers interview with storekeeper shows the understanding the proper disposal for waste as all used lubricant and contaminated spill kit will be collected as Scheduled Waste and stored in designated storage area.</p> <p>All the records were found adequate as per required by EQ (Scheduled Waste) Regulations 2005.</p> <p>Inventory for all scheduled waste generated were recorded and reported to DOE through E-SWISS. Sighted the sampled scheduled waste disposal records:</p> <p>ME</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		i. 19/9/2019, SW 102, C/N no. A033444 ii. 19/9/2019, SW 409, C/N no. A033443 iii. 19/9/2019, SW 416, C/N no. A033440 iv. 19/9/2019, SW 410, C/N no. A033442 v. 19/9/2019, SW 305, C/N no. A033438 SE i. 19/9/2019, SW 102, C/N no. A033425/201909201015FDXS ii. 19/9/2019, SW 409, C/N no. A033445/2019092011TYCZ31 iii. 19/9/2019, SW 410, C/N no. A033424/2019092010AFJS89 iv. 19/9/2019, SW 305, C/N no. A033423	
4.5.3.4	Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers. - Major compliance -	The estates visited has identified empty pesticides container as recycle waste in the waste identification. The empty container was triple rinse and use back as premix chemical container or puncture and stored at designated storage area before sent to licensed contractors for disposal.	Complied
4.5.3.5	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses. - Minor compliance -	ME Domestic waste were collected three times a week. Sighted the domestic waste collection records available for review. The domestic waste were disposed in designated landfill located in field P02M. SE Domestic waste were collected three times a week. Sighted the domestic waste collection records available for review. The domestic waste were disposed in designated landfill located in field P00P.	Complied

Criterion / Indicator		Assessment Findings	Compliance														
Criterion 4.5.4: Reduction of pollution and emission																	
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	The estates visited has conducted the assessment of all polluting activities during Environmental Aspects identification, Environmental Impact Evaluation and Waste identification.	Complied														
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	The action plan to reduce the identified significant impact has been documented in several action plan i.e Pollution Prevention/Environmental management Plan and Waste management Plan. The managements Plan were available for review.	Complied														
Criterion 4.5.5: Natural water resources																	
4.5.5.1	The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: 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.).	Documented in Sime Darby Slope and River Protection Policy dated 15/1/2015 signed by the Managing Director stated that buffer zone shall be maintained on both side of the river banks. <table border="1" data-bbox="1048 1007 1794 1313"> <thead> <tr> <th>River width</th> <th>Buffer zone</th> </tr> </thead> <tbody> <tr> <td>> 40 meters</td> <td>50 meters</td> </tr> <tr> <td>20 to 40 meters</td> <td>40 meters</td> </tr> <tr> <td>10 to 20 meters</td> <td>20 meters</td> </tr> <tr> <td>5 to 10 meters</td> <td>10 meters</td> </tr> <tr> <td>< 5 meters</td> <td>5 meters</td> </tr> <tr> <td>* > 3 meters</td> <td>20 meters</td> </tr> </tbody> </table> * For Sabah Plantations only	River width	Buffer zone	> 40 meters	50 meters	20 to 40 meters	40 meters	10 to 20 meters	20 meters	5 to 10 meters	10 meters	< 5 meters	5 meters	* > 3 meters	20 meters	Complied
River width	Buffer zone																
> 40 meters	50 meters																
20 to 40 meters	40 meters																
10 to 20 meters	20 meters																
5 to 10 meters	10 meters																
< 5 meters	5 meters																
* > 3 meters	20 meters																

Criterion / Indicator	Assessment Findings	Compliance
<p>d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</p> <p>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p>- Major compliance -</p>	<p>ME The estate has established water management plan and focusing on management of waste water, reduce usage of fresh water and contingency plan during water shortage. Sighted the sampled implementation of the management plan as follows:</p> <ul style="list-style-type: none"> i. Sighted the rain water harvesting tank at the Surau, store and Post Guard. ii. Noted during site visit, the waste water from chemical mixing and PPE washing area were collected in collection sump and reused for chemical mixing. iii. The estate conducted water sampling for domestic use on monthly basis. Sighted the sampled water sampling result as follows: <ul style="list-style-type: none"> a. Report no. ML462/2019, results conforms with NSDWQ for domestic use b. Report no. ML380/2019, results conforms with NSDWQ for domestic use c. Report no. ML333/2019, results conforms with NSDWQ for domestic use <p>Sighted at the riparian bufferzone at Sg. Makinatn in P19, 3 lines of palms were left out during replanting as demarcation of riparian bufferzone. The palm were marked with red colour ring. Noted during interview with sprayers, the understanding on prohibition of chemical application at riparian bufferzone is satisfactory.</p> <p>SE The estate has established water management plan and focusing on management of waste water, reduce usage of fresh water and contingency plan during water shortage. Sighted the sampled implementation of the management plan as follows:</p>	

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Criterion / Indicator		Assessment Findings	Compliance
		i. Sighted the water catchment from Sg. Bunut has been deepen and all the debris has been removed to ensure no water shortage. ii. Noted during site visit, the waste water from chemical mixing and PPE washing area were collected in collection sump and reused for chemical mixing. iii. Sighted the rain water harvesting tank at the housing area and chemical store. iv. The estate conducted water sampling for domestic use on monthly basis and river water on quarterly basis Sighted the sampled water sampling result as follows: a. Report no. ML446/2019, results conforms with NSDWQ for domestic use b. Report no. ML391/2019, results conforms with NSDWQ for domestic use c. Report no. IE719/2019, results not conforms to Class IIA/IIB NWQS for natural waterways. Investigation was conducted on 23/7/2019. d. Report no. PL560/2019, results pesticides non-detected.	
4.5.5.2	No construction of bunds, weirs and dams across main rivers or waterways passing through an estate. - Minor compliance -	No bunds were sighted across main rivers and waterways in both estates.	Complied
4.5.5.3	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). - Minor compliance -	The practice water harvesting of water from road-side drains being directed and stored in conservation road side pits was observed in both estates.	Complied
Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value			

Criterion / Indicator	Assessment Findings	Compliance
<p>4.5.6.1 Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p> <ul style="list-style-type: none"> a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities. b) Conservation status (<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>- Major compliance -</p>	<p>SOU 27 Melalap has conducted HCV Re-Assessment by the PSQM Department as per Final Report (ver. III) dated January 2016. 7 HCV were identified in SOU 27. No RTE species were identified as per report established.</p>	<p>Complied</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> <ul style="list-style-type: none"> a) Ensuring that any legal requirements relating to the protection of the species are met. b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts. <p>- Major compliance -</p>	<p>No RTE species were identified as per report established. The estates visited continue to provide awareness on the RTE species to the workers.</p> <p>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 utilized as part of creating awareness among employees and maintain HCVs.</p>	<p>Complied</p>

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Criterion / Indicator		Assessment Findings	Compliance
4.5.6.3	A management plan to comply with Indicator 1 shall be established and effectively implemented, if required. - Major compliance -	No RTE species were identified as per report established. The estate visited has established HCV monitoring plan to ensure the HCV area are protected from encroachment. The monitoring was conducted on monthly basis and the monitoring records are available for review.	Complied
Criterion 4.5.7: Zero burning practices			
4.5.7.1	Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice. - Major compliance -	Zero open burning policy as per SOP Section B2 - Felling/Land Clearing & Land Preparation dated November 2008. Management complying with the Malaysian environmental law –EQA and Regulations 1974.	Complied
4.5.7.2	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop. - Major compliance -	No open burning noted based on the records on the land clearing and felling for the replanting at visited estates. Method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	Complied
4.5.7.3	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws. - Major compliance -	No controlled burning noted based on the records on the land clearing and felling for the replanting at visited estates. Method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.5.7.4	<p>Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.</p> <p>- Minor compliance -</p>	<p>Noted based on the records on the land clearing and felling for the replanting at visited estates, method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction as sighted during site visit at P19 at Melalap Estate</p>	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			
4.6.1.1	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<p>SOP was established for the Estates. & Agricultural Manual, Sustainability Plantation Management System and EQMS (Estate Quality Management System) were distributed to all operating units under SOU27 as a guidance document to conduct estate operation. The SOP covers land preparation, planting material, upkeep, harvesting, FFB transportation and etc.</p> <p>Sime Darby has established mechanism to monitor the implementation of their procedure by Plantation Advisor Visit, Performance Monitoring Visit and Agronomist Visit. The visit focusing on Yield Improvement, Crop Recovery, Replanting and Immature Palms Maintenance and Mature Upkeep.</p>	Complied
4.6.1.2	<p>Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.</p>	<p>Sime Darby has established policy on slope protection and documented in Slope and River Protection Policy signed by the Managing Director in Jan 2015.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>The policy stated for slope more than 25 degree must be exclude from any new plantation development and replanting program. All the existing crop and vegetation shall be maintain accordingly.</p> <p>Landscapes of both estates visited are mostly flat. Sime Darby has established policy on slope protection and documented in Slope and River Protection Policy signed by the Managing Director in Jan 2015. The policy stated for slope more than 25 degree must be exclude from any new plantation development and replanting program. All the existing crop and vegetation shall be maintain accordingly.</p> <p>The policy was communicated to the employee during master briefing, townhall training and displayed in several notice board in the estate.</p>	
4.6.1.3	<p>A visual identification or reference system shall be established for each field.</p> <p>- Major compliance -</p>	Both Estates visited had a visual identification/reference system for each established field/block and maps established. Field numbers and hectare were marked on palms and in some areas on concrete slaps.	Complied
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	<p>A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.</p> <p>- Major compliance -</p>	SOU2 has continued its commitment to long term sustainability and improvements through a capital expenditure program. The management has forecasted 5 years business plan from FY 2019 – 2024 documented in MPLAN Budget system.	Complied
4.6.2.2	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.	<p>SOU27 estates have long range replanting program from FY 2019 - 2024. Replanting is planned for low yield field area, disease infected area, tall palm and older than 25 years old.</p> <p>ME 2019: 137.44 ha for field P02K and P02KA</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	2020: 121.21 ha for field P02MA 2021: 90.65 ha for field P02M 2022: 104.31 ha for field P00K and P02KB 2023: 110.97 ha for field P00P and P00PD SE 2019: 521.74 ha for field P00A, P02C, P02B1A, P02B2, P02B2A, and P02BA 2020: 317.31 ha for field P03A, P03A1, and P03A1A 2021: 181.16 ha for field P02AC and P03AA 2022: 128.82 ha for field P00P and P01P 2023: 271.60 ha for field P01P1, P01P1A and P01PA	
4.6.2.3	The business or management plan may contain: a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production : cost per tonne of FFB d) Price forecast e) e) Financial indicators : cost benefit, discounted cash flow, return on investment - Major compliance -	The budget provisions cover activities for upkeep, cultivation, harvesting & evacuation, welfare, capital expenditure, RSPO compliance etc. The budgets included projections on yield/ha, and total cost of production per MT & per ha. The document were available for review.	Complied
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.	Sime Darby has established a system to monitor the mill and estate operation. The Structured Oil Recovery Assessment (SORA) (for Mill) / Structured Crop Recovery Assessment (SCRA) (for estates) and	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	Planning and Monitoring Unit visited the operating units quarterly. Their reports covers on all aspect of operation.	
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 Estate and Sapong Estate has engaged contractors for varieties of works such as replanting, FFB transporter and maintenance works. Sampled of the agreement between company and the contractors as below: <ul style="list-style-type: none"> i. Company No.: 9572000 for transportation of FFB which valid until 31/10/2019. ii. Company Name: Tamin for transporting seedlings from nursery to field, planting oil palm seedlings and EFB mulching which valid until 31/12/2019. Pricing of the works/ services and mechanism were clearly stated in the agreement and agreed by the contractors. The contractors need to submit invoice within first week of every month for services in the preceding month and paid by the company within 30 days from date of receipt of invoice.	Complied
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	Payment terms were clearly stated in the agreement signed by the contractors. Verified the invoice submitted and payment records as below: <ul style="list-style-type: none"> i. INV# IV-00590 dated 31/7/2019; Payment made on 8/8/2019 ii. INV# IV-00601 dated 30/8/2019; Payment made on 18/9/2019 iii. INV# MLE.2019-07 dated 31/7/2019; Payment made on 8/8/2019 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		iv. INV# MLE.2019-08 dated 31/8/2019; Payment made on 6/9/2019 Besides, interviewed with contractors also confirmed that payment was made promptly.	
Criterion 4.6.4: Contractor			
4.6.4.1	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	The contractors engaged by the estates' management has signed on a letter regarding the compliance of RSPO/ MSPO/ ISCC. All the contractors need to follow the RSPO/ ISCC/ MSPO guideline in accordance with Sime Darby Plantation of EQMS. Briefing of MSPO was given to the contractors in Melalap Estate and Sapong Estate on 13/12/2018. Seen the training attendance list and training materials. Interviewed with the contractors confirmed that they were provided with training and have signed on the letter.	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Estates has engaged contractors for varieties of works such as replanting, FFB transporter and maintenance works. Sampled of the agreement between company and the contractors as below: <ul style="list-style-type: none"> i. Company No.: 9572000 for transportation of FFB which valid until 31/10/2019. ii. Company Name: Tamin for transporting seedlings from nursery to field, planting oil palm seedlings and EFB mulching which valid until 31/12/2019. iii. Company No.: 675906-U for land preparation and related works for oil palm replanting which valid until 15/10/2019. 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required. - Minor compliance -	Contractors have signed on the letter on RSPO/ ISCC/ MSPO awareness on 7/1/2019 and 4/7/2019 in Melalap Estate and 29/11/2017 in Sapong Estate. This letter was sighted and has stated that all Contractors need to follow RSPO/ISCC/MSPO guideline in accordance with the Sime Darby Plantation of Mill/ Estate Quality Management System.	Complied
4.6.4.4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted. - Major compliance -	All works performed at the estates are checked and verified by the estates personnel. Projects where tenders are issued by HQ are checked by representatives from HQ usually from the Engineering Dept.	Complied
4.7 Principle 7: Development of new planting - Sapong and Melalap Estate did not carry out any new plantings since January 2015. Therefore, Principle 7 is not applicable. The immature areas are replanted area.			

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

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	Policy for the implementation of MSPO shall be established. - Major compliance -	Sime Darby Plantation Berhad has issued an inter-office mail (Ref. No.: SQM.RSPO.1811/22.11) dated 23/11/2018 regarding the statement on commitment towards MSPO implementation by Head, Global Sustainability Operations, Mr. Tang Men Kon. Sime Darby Plantation Berhad is committed to comply and implement the MSPO certification to demonstrate our commitment towards the production of certified sustainable palm oil products.	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 -	Sime Darby Plantation Berhad has clearly emphasized to achieve commitment towards a systematic approach in ensuring continuous improvement in the operation, compliance to statutory, legal and other regulatory requirements and establishment of traceability within the supply chain in the above-mentioned memorandum.	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 -	RSPO & MSPO Internal Audit for Y2019 for SOU 27 KKS Melalap was carried out on 18/9/2019 by Sustainability Unit, GSQM Department & RSQM. The audit was carried out based on the reference of MS 2530-3:2013, MS 2530-4:2013, RSPO P&C MYNI 2014, RSPO SCCS 2017 and MSPO SCCS 2018. Total 1 Major Non-conformity and 3 Opportunity for Improvement raised for MSPO.	Complied

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<p>4.1.2.2</p>	<p>The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantation Berhad has developed Internal Audit Procedure, Doc. No.: SD/SDP/PSQM/IAP, Rev. 2 dated 1/11/2017. The frequency of the internal audit shall be carried out at least once a year.</p> <p>Total 1 Major Non-conformity and 3 Opportunity for Improvement raised for MSPO. Root causes and corrective action were identified in the corrective action plan. All the non-conformities were closed effectively.</p>	<p>Complied</p>
<p>4.1.2.3</p>	<p>Reports shall be made available to the management for their review.</p> <p>- Major compliance -</p>	<p>The internal audit report has distributed to the mill's management. The Management Representative has acknowledged on the acceptance of the Internal Audit Report on 18/9/2019. Management review meeting was conducted to review the findings of the internal audit.</p>	<p>Complied</p>
<p>Criterion 4.1.3 – Management Review</p>			
<p>4.1.3.1</p>	<p>The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.</p> <p>- Major compliance -</p>	<p>The latest management review meeting was carried out on 25/9/2019 where the input such as results of audit system and assessment, objectives/ management program, customer feedback/ complaints, corrective action plan for the internal audit and other matters were discussed as per the Standard Operating Manual (SOM), Sec. 5 Management Responsibility, Sub-sec. 5.6 Management Review dated 1/11/2008. Improvement plan and timeline for implementation of the corrective action plan was clearly identified.</p>	<p>Complied</p>
<p>Criterion 4.1.4 – Continual Improvement</p>			
<p>4.1.4.1</p>	<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>Mill has developed the Kaizen Charter projects, for instance: - i. To reduce purchasing cost of clayon by change supplier from RM 1.12/ton FFB to RM 1.06/ton FFB</p>	<p>Complied</p>

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	- Major compliance -	<p>ii. To reduce cost of lab sample courier from RM 2000/mth to RM 600/mth</p> <p>iii. To increase KER percentage from 5.32% to 5.50%</p> <p>iv. To initiate online desludging using Roto Pump to reduce cost of annual desludging</p> <p>v. To install safety rail at Kernel Bulking Silo</p>	
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 2019 was established. The training subjects identified among others include operations, understanding of MSPO/RSP0 requirements, human rights, company policies, health and safety etc. The FY2019 OPEX 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.</p>	Complied
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	<p>The management shall communicate adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantation Berhad has developed Standard Operation Manual (SOM) – Procedure for External Communication, Appendix 5.5.3.2, version 1 dated 1/11/2008 to put in place a system to effectively communicate with external interested parties on matters pertaining to performance of the mill. Timeframe for external communication to provide feedback 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 requiring investigation. Manager is responsible for address the communication and requests.</p>	Complied

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<p>4.2.1.2</p>	<p>The management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>The management has disseminate the information of the documents that made publicly available such as management plan, OSH plan, audit reports and land titles upon request during the stakeholder meetings. Besides, internal and external stakeholders could access to the company's website (http://www.simedarbyplantation.com/Sustainability.aspx) to obtain information such as policies, annual report and complaint procedures. Policies were displayed at the notice board in Melalap POM.</p>	<p>Complied</p>
<p>Criterion 4.2.2 – Transparent method of communication and consultation</p>			
<p>4.2.2.1</p>	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantation Berhad has developed Standard Operation Manual (SOM) – Procedure for External Communication, Appendix 5.5.3.2, version 1 dated 1/11/2008 to put in place a system to effectively communicate with external interested parties on matters pertaining to performance of the mill. Timeframe for external communication to provide feedback 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 requiring investigation.</p> <p>Besides, the company 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.</p>	<p>Complied</p>
<p>4.2.2.2</p>	<p>The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i>.</p> <p>- Minor compliance -</p>	<p>Mill Assistant of the Melalap POM has been appointed as Social Officer to handle any issue related to social in the mill. Seen the appointment letter dated 1/1/2019 issued by the Mill Manager.</p>	<p>Complied</p>

<p>4.2.2.3</p>	<p>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.</p> <p>- Major compliance -</p>	<p>A combine stakeholder meeting for Melalap POM and Melalap Estate was conducted on 19/8/2019 with the participation of stakeholders such as local communities, contractors and government authorities. Meeting minutes was sighted and issues raised during the meeting were responded immediately by the management.</p> <p>Besides, the last meeting with the OCP was carried out on 25/4/2019. The meeting was to share the best practice of Sime Darby Plantation Sdn Bhd with all the suppliers. Seen the record of meeting with attendance record.</p> <p>Stakeholder list was developed which included local communities, suppliers, contractors, government authorities and outsider crop parties. The list was last updated on 6/8/2019.</p>	<p>Complied</p>
<p>Criterion 4.2.3 – Traceability</p>			
<p>4.2.3.1</p>	<p>The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantation has developed Plantation Quality Management System – Standard Operating Procedure for Sustainable Supply Chain and Traceability, Doc. No.: Appendix 15, Version 2 dated April 2019. The procedure has clearly identified the supply chain contamination risk points. Procedure of incoming of FFB and outgoing of CPO was explained in the procedure.</p> <p>Melalap POM has received FFB from own supplying estates (Melalap Estate and Sapong Estate) and outsider crops parties. Sampled of the weighbridge tickets/ FFB Consignment Note from own supply estates and outsider crops parties with information as below:</p> <ul style="list-style-type: none"> i. Estate: Sapong Estate dated 17/9/2019 C/N No.: SE 33349 	<p>Complied</p>

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		<p>Division & Field: Sentang, 02C1 Weight: 13,960 kgs</p> <p>ii. Estate: Melalap Estate dated 17/9/2019 C/N No.: ME 42917 Division & Field: Pegalan, P00P Weight: 9,570 kgs</p> <p>iii. OCP: EHK Enterprise dated 20/9/2019 Despatch Slip No.: 019767 Product: FFB Weight: 16,070 kgs</p> <p>iv. OCP: Ladang Cepat – KPD Sdn Bhd dated 3/10/2019 Daily FFB Despatch Chit No.: 27028 Product: FFB Weight: 24,280 kgs</p>	
<p>4.2.3.2</p>	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>- Major compliance -</p>	<p>According to the Plantation Quality Management System – Standard Operating Procedure for Sustainable Supply Chain and Traceability, Doc. No.: Appendix 15, Version 2 dated April 2019, mill shall verify the information on supply estates based on the Table 2: Information for Verification. Supply chain contamination risk points were identified. The mill is using Sime Weigh System to trace the supply chain.</p>	<p>Complied</p>
<p>4.2.3.3</p>	<p>The management shall identified and assign suitable employees to implement and maintain traceability system.</p> <p>- Minor compliance -</p>	<p>The Head of Operating Unit has the overall responsibility for the implementation of the Standard Operating Procedure for Sustainable Supply Chain and Traceability which is the Mill Manager. Besides, the Mill Manager has appointed Mill Assistant as the person-in-charge for Environmental/ Quality Management Systems which inclusive of SCCS. Role and responsibilities have clearly stated in the appointment letter dated 2/4/2019.</p>	<p>Complied</p>

<p>4.2.3.4</p>	<p>Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.</p> <p>- Major compliance -</p>	<p>The records of CPO and PK sales has been verified. The despatch of the CPO are determine by HQ Sales & Marketing and will be entered into the Sime Weigh System. The weighbridge operator will check the system before releasing the despatch.</p> <p>Sampled of the despatch weighbridge ticket as below:</p> <p><u>CPO:</u></p> <ul style="list-style-type: none"> i. Despatch Ticket No.: 006475 dated 2/10/2019 Nett Weight: 40,760 kgs Customer: KB – Kunak SDP Sabah ii. Despatch Ticket No.: 006476 dated 2/10/2019 Nett Weight: 40,080 kgs Customer: KB – Kunak SDP Sabah <p><u>PK:</u></p> <ul style="list-style-type: none"> i. Despatch Ticket No.: 006461 dated 20/9/2019 Nett Weight: 28,960 kgs Customer: Sandakan Edible Oils Sdn Bhd ii. Despatch Ticket No.: 006462 dated 20/9/2019 Nett Weight: 31,350 kgs Customer: Sandakan Edible Oils Sdn Bhd 	<p>Complied</p>
<p>4.3 Principle 3: Compliance to legal requirements</p>			
<p>Criterion 4.3.1 – Regulatory requirements</p>			

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<p>4.3.1.1</p>	<p>All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>Melalap POM has obtained permits from Jabatan Tenaga Kerja Sabah as below:</p> <ul style="list-style-type: none"> i. Serial No.: 600-1/2/12/1(11/TNM/2018-0138) valid from 24/4/2018 – 23/4/2020 for deduction of salary for electricity, ASNB saving and advanced. ii. Serial No.: 600-1/2/12/1(08/TNM/2018-012) valid from 9/2/2018 – 9/2/2020 for maximum hours of overtime is 120 hours. <p>SOU 27 had continued to comply with the legal requirements. Compliance to each applicable law and regulation is monitored by the operating units and SQM sustainability team. SOU 18 had obtained and renewed license and permits as required by the law. Among others the licenses/permit viewed were:</p> <ul style="list-style-type: none"> i. MPOB License no 535146004000 for processing 96000 ton FFB. Valid from 1/1/2019 – 31/12/2019. ii. DOE License no. 003562. Valid from 1/7/2019 – 30/6/2020 iii. Competent Person <ul style="list-style-type: none"> a. AESP for Confined Space <ul style="list-style-type: none"> - NW-NSBH-AE-R-0240-P valid till 15/2/2021 - NW-NSBH-AE-R-0242-P valid till 15/2/2021 b. CePSWam – cert no. CePSWam/197226 valid from 29/4/2019 – 28/4/2020 c. CePPOME – cert. no.CePPOME/197881 valid from 30/9/2019 – 29/9/2019 	<p>Complied</p>
<p>4.3.1.2</p>	<p>The management shall list all relevant laws related to their operations in a legal requirements register.</p> <p>- Major compliance -</p>	<p>Documented procedure has been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>The mill has established list of all relevant laws and requirement and documented in Legal and Requirement Register. The list were updated</p>	<p>Complied</p>

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		on annually basis or new updates on the register. Latest updated was done on 1/3/2019 with addition Occupational Safety and Health (Noise Exposure) Regulations 2019.	
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>A mechanism to ensure compliance to legal and other requirement has been documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU1. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites as well as from MAPA circulars.</p>	Complied
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>Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites as well as from MAPA circulars.</p>	Complied
Criterion 4.3.2 – Lands use rights			

<p>4.3.2.1</p>	<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>Melalap POM is located inside of the land of Melalap Estate. The land is belongs to Sime Darby Plantation Sdn Bhd. Sighted the copy of the land title and the original keep at the headquarters. There is no issue on land use claims evidence during the audit.</p>	<p>Complied</p>
<p>4.3.2.2</p>	<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>Melalap POM is located inside of the land of Melalap Estate. The land is belongs to Sime Darby Plantation Sdn Bhd. Sighted the copy of the land title and the original keep at the headquarters. There is no issue on land use claims evidence during the audit.</p>	<p>Complied</p>
<p>4.3.2.3</p>	<p>Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.</p> <p>- Major compliance -</p>	<p>The mill located in the sister estate. The land title was under Melalap Estate. The mill boundary was clearly demarcated with fences.</p>	<p>Complied</p>
<p>4.3.2.4</p>	<p>Where there are, or haven been disputes, documented proof of legal acquisition of land and fair compensation that have been or are being made to previous owners and occupants; shall made available and that these should have been accepted with free prior informed consent (FPIC).</p> <p>- Minor compliance -</p>	<p>There is no land dispute in the Melalap POM at the time of audit. The land belongs to Sime Darby Plantation Berhad and land ownership documents verified.</p>	<p>Complied</p>
<p>Criterion 4.3.3 – Customary rights</p>			
<p>4.3.3.1</p>	<p>Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.</p> <p>- Major compliance -</p>	<p>There is no customary land or negotiated agreements within the Melalap POM land area.</p>	<p>Complied</p>

<p>4.3.3.2</p>	<p>Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -</p>	<p>The right to use the land is not disputed and there were no customary land within the Melalap POM.</p>	<p>Complied</p>
<p>4.3.3.3</p>	<p>Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - Major compliance -</p>	<p>There is no land dispute or customary rights issues in the mill.</p>	<p>Complied</p>
<p>4.4 Principle 4: Social responsibility, health, safety and employment condition</p>			
<p>Criterion 4.4.1: Social Impact Assessment (SIA)</p>			
<p>4.4.1.1</p>	<p>Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -</p>	<p>Social Impact Assessment was carried out by Social & Environment Projects Unit, PSQM Department on 19 – 21/5/2015 which covered for whole SOU 27 Melalap. The method of assessment was through interview, field observation and documentation review. The assessment has involved the participation of relevant stakeholders such as local authorities, workers’ representatives, contractors and local communities.</p> <p>Action Plan for Social Impact Assessment was developed and monitored by the mill management. The issues were abstracted from the stakeholder meeting, SPIEU meeting and complaint book. The latest management plan for FY2019 dated 4/9/2019 and 14/9/2019 was sighted. For eg:</p> <ul style="list-style-type: none"> i. Issue: <i>Jabatan Bomba Tenom</i> wanted to know the status of installation of system of fire control in the mill since last meeting. Action Plan: Contractor has been appointed to install the system of fire control and monitor by the <i>Bomba Daerah Keningau</i>. 	<p>Complied</p>

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		Status: The installation of system of fire control has been completed and inspected by the authorities on 4/9/2019. Payment was made to the authority on 30/9/2019 and waiting for the certificate from authority.	
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 -	The company 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. Sime Darby Plantation Berhad has developed Standard Operation Manual (SOM) – Procedure for External Communication, Appendix 5.5.3.2, version 1 dated 1/11/2018 to put in place a system to effectively communicate with external interested parties on matters pertaining to performance of the mill. Timeframe for external communication to provide feedback 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 requiring investigation.	Complied
4.4.2.2	The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties. - Major compliance -	The mill has implemented Defect Complaint Form and Suggestion to Improve Form to record complaints and requests reported by the stakeholders. The complaints or grievances were resolved within the time frame.	Complied
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.	The mill has implemented Defect Complaint Form and Suggestion to Improve Form to record complaints and requests reported by the stakeholders. Sampled of the complaints as below:	Complied

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	- Minor compliance -	i. House No.: A4 dated 15/3/2019 Issue: Menthols in the bedrooms were malfunction. Action: Seen the Store Issue Note# 001722 where the menthols were issued to be replaced at the house. The complainant has acknowledged after action taken.	
4.4.2.4	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time. - Minor compliance -	Interviewed with the internal and external stakeholders during stakeholder consultation found that they were aware of the complaint procedure and they were briefed by the management during stakeholder meeting.	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 -	Record review found that previous complaints and requests from Year 2013 were still available.	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	Palm oil miller should contribute to local development in consultation with the local communities. Where the mill is an integral part of plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation. - Minor compliance -	The Mill Management has made contribution to local communities such as borrowed the backhoe machine to the worker and local communities for personal use and supplied 300 kgs of belt press to the school as fertilizer. Contribution to the school's activities upon request by the stakeholders was made. Besides, schooling allowance of RM 100 was given to the parents at the end of the year.	Complied
Criterion 4.4.4: Employees safety and health			
4.4.4.1	An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and	Sime Darby has established the Group Policy on Health and Safety signed by the Managing Director on Jan 2015. The policy has been communicated to the workers through induction training for new	Complied

	<p>Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>workers, morning briefing and displayed at various notice board within the mill.</p> <p>The mill has established Safety and Health Plan and documented in Environmental Safety and Health Program KKS Melalap FY 2019. Sighted the implementation of the management plan as follows:</p> <ul style="list-style-type: none"> i. Internal LEV Inspection was conducted on monthly basis. Sighted the inspection recoded in Verification of Fume Hood log book. ii. Latest CHRA was conducted on 30/4/2019 as per report no. HQ/10/ASS/00/277-2019/39 dated 12/8/2019. iii. Latest medical surveillance was conducted on 15/4/019by certified OSH doctor. Refer reg. no. HQ/08/DOC/00/695. 32 workers were sent for surveillance and found fit to work. iv. Latest audiometric test was conducted on 15/4/2019 as per report no HQ/14/PEB/00/128-2019/05 dated 29/4/2019. 35 workers attend the test with 1 workers were found with STS. The workers have been sent for retest as recommended. 	
<p>4.4.4.2</p>	<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; 	<p>Sime Darby has established the Group Policy on Health and Safety signed by the Managing Director on Jan 2015. The policy has been communicated to the workers through induction training for new workers, morning briefing and displayed at various notice board within the mill.</p> <p>The mill has conducted assessment for risk on all the operations and documented in Hazard Identification, Risk Assessment, and Risk Control (HIRARC). The assessment cover all main operations and support operations such as security, office, store, weighbridge, fruit handling, threshing and etc. The assessment also covers working type, job step, hazard, effect, existing control, type, probability, etc.</p>	<p>Complied</p>

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	<p>d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept 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>The HIRARC was reviewed on annually basis or during accident occur by the Safety and Health Committee. Latest review was conducted on 19/9/2019 for the accident occur at the boiler station.</p> <p>The mill has established training program for employees exposed to chemicals used to ensure the continuous awareness to the employee. The training was conducted by the Mill Manager, Asst. Manager, and other competent person on the training subject to the supervisors and operators. Sighted the training records as follows:</p> <ul style="list-style-type: none"> i. Chemical handling training dated 26/4/2019 iii. CHRA briefing dated 30/4/2019 iii. ETP assessment training dated 8-9/7/2019 iv. Sample quartering (fibre cyclone) competency test for Lab Attendant training dated 20/7/2019 v. Chemical Handling training by Qwatso dated 27/8/2019 vi. Chemical spillage training dated 29/8/2019 <p>The mill provided appropriate PPE to all workers according to the job type. The PPE given as per HIRARC and Pictorial Safety Standard (PSS) Palm Oil Mill dated 17/3/2008. Sighted during site visit at the workshop, workers using welding set were provided with leather gloves, welding mask and safety shoes. The PPE issued base on the job type. All recipients must signed the PPE issue form and return used PPE to be disposed as scheduled waste. Sighted at the PPE issuance records for employee no. 79810, 34779, 90038 and 58439.</p> <p>Procedures of chemical handling is presented in several documents, such Document No. SD/SDP/SQM (ESH)/001-1Sime Darby Plantation Environment, Safety, and Health Management System (ESHMS) Manual dated July 1st, 2012.</p>	
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		<p>Mill Manager was appointed by the Sime Darby management to be the Chairman of OSH Committee at the mill as per letter signed by the Regional General Manager. Mill management has appointed Safety Committee Member consist of OSH Coordinator, Secretary, seven representatives from Employer and ten representatives from Employee as per appointment letter by the Mill Manager. The OSH committee discussed regarding the safety and health of the workers on quarterly basis during the OSH committee meeting. The OHS Chairman and Secretary are in coordination with PSQM Head Quarter Officer for any update national regulations and collective agreements.</p> <p>The OSH committee meeting was conducted on quarterly basis. In the meeting discussed issue on workplace inspection report, firefighting inspection report, First aid inspection records, review on OSH performance, accident/near miss report, unsafe Act/unsafe condition, legal compliance, HIRARC review, assessment report from PSQM, compliance of safety by contractors, training, DOSH visit, OSH program and medical surveillance.</p> <p>employees' safety, health and welfare such as mill safety and health achievement report, mill security, safety compliance by contractors, workplace audit report, legal compliance, safety and health training and etc. Sighted the minutes meeting for OSH committee dated 3/7/2019, 5/4/2019 and 8/1/2019.</p> <p>Accident of emergency procedure is presented in Mill Quality Management System Standard Operation manual (MQMS SOM) dated November 1st, 2008. Flowchart of emergency handling was presented in Appendix 5.5.3.3. Sighted during site visit, the emergency handling flowchart was available at the workshop, store and press station. The workstation also equipped with fire extinguisher and first aid kit. Noted during interview with storekeeper and boiler man shows the understanding regarding accident and emergency procedures.</p>	
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		<p>Firefighting equipment inspection were conducted on quarterly basis prior to OSH committee meeting. The inspection results were discussed in the meeting.</p> <p>Latest ERP training was conducted on 4/10/2019 in collaboration with Tenom Fire Department.</p> <p>First aider present at various work station at the mill. The first aider responsible for first aid box at each workstation. During the interview with the storekeeper and workshop fitter, shows the awareness regarding the emergency procedure if accident occur, person responsible of every first aid box and the location of the nearest first aid box.</p> <p>Person trained with first aider were present at the estate. Sighted the certificate for Basic occupational First Aid, CPR and AED training. Refer certificate no. FA17249/17/25865, FA17254/17/25870 and FA12148/17/18720. The refresher training were conducted on annually basis. Latest training was conducted on 19/8/2019, 4/10/2019. The First aid inspection was conducted on quarterly basis prior to OSH committee meeting. Sighted the inspection records dated 8/1/2019, 13/4/2019 and 25/6/2019.</p> <p>The mill recorded all accidents reports and reported to HQ using the OSH Monthly Performance Report. Sighted the reports for the month of August and September 2019. The accident occurred was reviewed on quarterly basis during OSH committee meeting. The latest meeting was conducted on 3/7/2019.</p>	
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Criterion 4.4.5: Employment conditions

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<p>4.4.5.1</p>	<p>The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantation Berhad has developed Social and Humanity Management policy covers the necessary aspects of human rights. Employees are aware of their rights and workers and staff union monitor to ensure no violations. Briefing of policies were given to the workers on 15/8/2019 and 7/10/2019. Seen the training attendance list of the workers.</p>	<p>Complied</p>
<p>4.4.5.2</p>	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantation Berhad has implemented Social Policy, Social & Humanity Management Policy dated January 2015 where the management is committed to treat all employees fairly in terms of recruitment, progression, terms and conditions of work and representation regardless of race, caste, nationality, gender, sexual orientation, union membership, political view, religion and/or age. Interviewed with the workers found that no discrimination has occurred in the mill. They were allowed to change any workstation if they found not fit or capable on the job offered by the management.</p>	<p>Complied</p>
<p>4.4.5.3</p>	<p>Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p>	<p>There was employment contracts for staffs and workers. Pay and conditions are documented and above the Minimum Wage Order 2018. Sampled of employment contracts confirmed that terms and conditions are clearly outlined as per SPIEU collective agreement with effective from 1/1/2017 – 31/12/2019 and have been signed by the worker. Sampled of payslip for January 2019, August 2019 and September 2019 as below:</p> <ul style="list-style-type: none"> i. Employee No.: 34811 ii. Employee No.: 76964 iii. Employee No.: 143783 iv. Employee No.: 147900 v. Employee No.: 114378 	<p>Complied</p>
<p>4.4.5.4</p>	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the</p>	<p>The contractor (Entabuan Quarry) has signed on the contract agreement prior commencement of work in the mill area. In the</p>	<p>Minor Non-compliance</p>

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	<p>employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>agreement, it was clearly stated that the contractors should ensure compliance according to legal requirements.</p> <p>Sampled of the payslips of contractor’s workers for June 2019 to September 2019 as below:</p> <ul style="list-style-type: none"> i. I/C No.: 861010-49-5XXX ii. Passport No.: AU267074 <p>All the workers were paid above the Minimum Wage Order 2018.</p> <p>However, sampled the payslips found that the 2 contractor's workers (Entabuan Quarry) worked overtime were only paid single rate per hour instead of 1.5 times of single rate per hour.</p> <p>Thus, a minor non-compliance was raised.</p>	
<p>4.4.5.5</p>	<p>The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>The mill management has registered all their workers into Employee Master Details Listing in SEMUA system where personal details such as full name, gender, date of birth, date join company, race, designation and wages. Sampled of the employee master details listing as below:</p> <ul style="list-style-type: none"> i. Employee No.: 34811 ii. Employee No.: 134050 iii. Employee No.: 133180 iv. Employee No.: 114378 v. Employee No.: 143783 <p>Besides, contractors have provided the records of employees to the management to maintain.</p>	<p>Complied</p>
<p>4.4.5.6</p>	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>The employees that recruited by the mill are from local. They are all under direct employment to the mill. Besides, workers of contractor (backhoe) was sighted. All of them have signed on the employment contract prior to work. Terms and conditions were according to Sabah Labour Ordinance and SPIEU Collective Agreement. Sampled of employment contracts as below:</p>	<p>Major Non-compliance</p>

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		<ul style="list-style-type: none"> i. Employee No.: 76964 ii. Employee No.: 34811 iii. Employee No.: 134050 iv. Employee No.: 148458 v. Employee No.: 126197 <p>However, the employment contract signed by the contractor’s worker (I/C: 861010-49-5XXX) was found incomplete where the rate of overtime work, work on rest day rate and notice period of termination of employment were leave blank. Besides, terms and conditions such as annual leave and public holiday entitlement were not stated in the employment contract.</p> <p>Thus, a major non-compliance was raised.</p>	
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>All the daily attendance were recorded by punch card system on daily basis and overtime was recorded in the monthly checkroll form. Besides, the summary of Mill Daily Attendance Report for every month was developed and maintained as well.</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>Interview with workers and document reviewed on the punch card as well as payslip shown that the overtime payments are in accordance to law and workers are not forced to work overtimes. Melalap POM has obtained approval from <i>Jabatan Tenaga Kerja Sabah</i> (Serial No.: 600-1/2/12/1(08/TNM/2018-012)) valid from 9/2/2018 – 9/2/2020 to allow their workers to work not more than 120 hours of overtime per month. Verified the summary of Mill Daily Attendance Report found that the overtime does not exceeded 120 hours.</p>	Complied
4.4.5.9	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p>- Major compliance -</p>	<p>Wages and overtime were paid according to the “punch card system”. Total hours of overtime and daily attendance has recorded in Mill Daily Attendance Report. Sampled the payslip based on the crop summary for January 2019, August 2019 and September 2019 as below:</p> <ul style="list-style-type: none"> i. Employee No.: 34811 	Complied

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		<ul style="list-style-type: none"> ii. Employee No.: 76964 iii. Employee No.: 143783 iv. Employee No.: 147900 v. Employee No.: 114378 <p>All of them above have achieved the Minimum Wage 2018 and paid the overtime as per the rate of Sabah Labour Ordinance.</p>	
4.4.5.10	<p>Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings.</p> <p>- Minor compliance -</p>	<p>All the workers are provided with free medical facilities. The workers are entitled with the phone allowance of RM 5 for every month. Free housing facilities were provided to all the workers and their families with free water supply. Employee with children will be given RM 100/year of schooling allowance.</p>	Complied
4.4.5.11	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.</p> <p>- Major compliance -</p>	<p>The mill management has provided free housing facilities to all the workers. Basic amenities such as water and electricity were provided to the workers. Interviewed with the workers confirmed that they did not have any complain or grievance related to housing to be reported. If there is any breakdown or defect, they will report to the office.</p>	Complied
4.4.5.12	<p>The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.</p> <p>- Major compliance -</p>	<p>Sime Darby Plantation Berhad has implemented Social Policy and Social & Humanity Management Policy dated January 2015 where the management is committed to develop and apply a policy to prevent sexual harassment and other forms of violence against women and to protect their reproductive rights. Interviewed with the female workers found that no sexual harassment or violence case reported so far.</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</p>	<p>Sime Darby Plantation Berhad has implemented Social Policy dated January 2015 where the management is committed and respect the rights of all personnel to form and join trade unions of their choice and to bargain collectively. The mill management allowed their workers to form or join any association such as Sabah Plantation Industries Employee Union (SPIEU). SPIEU meeting was conducted on 28/8/2019</p>	Complied

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	collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. - Major compliance -	between the workers' representatives and management representatives to discuss issues related to workers. Seen the meeting minutes and found properly filed. Issues were recorded in the meeting minutes and incorporated into the Action Plan for SIA.	
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. - Major compliance -	The company has developed Child Protection policy dated January 2015. Operating units are complied with the minimum age requirement. No employees below the age of 18 were sighted through verified the Employee Master Listing and interviewed with the workers.	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 -	The mill has established training program for all employee and contractors based on training need analysis conducted. Sighted the training records as follows: i. First Aid training dated 4/10/2019 ii. ETP Operation and monitoring workshop for Asst. Engineer and Charge hand dated 15-16/7/2019 iii. Safe and defensive riding course dated 18-19/7/2019 iv. Safety Townhall 7.0 training dated 17/4/2019 v. Chemical handling training dated 26/4/2019 vi. CHRA briefing dated 30/4/2019 vii. ETP assessment training dated 8-9/7/2019 viii. Sample quartering (fibre cyclone) competency test for Lab Attendant training dated 20/7/2019 ix. Fire extinguisher training dated 24/7/2019 x. COBC training dated 1/8/2019 xi. LOTO, Confined Space and AESP training dated 10/8/2019 xii. Fire fighting and fire drill training dated 14/8/2019 xiii. Basic first aid training dated 14/8/2019	Complied

		<p>xiv. Chemical Handling training by Qwatso dated 27/8/2019</p> <p>xv. Chemical spillage training dated 29/8/2019</p> <p>xiv. Confined Space Rescue training dated 4/10/2019</p> <p>xiiv. First Aid training dated 4/101/2019</p>	
4.4.6.2	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p>- Major compliance -</p>	<p>The mill has conducted training need analysis for all employee, management and contractors. The need analysis was conducted base on the job designation and training required by the job type. 23 training were analysis and only 23 training identified as required.</p>	Complied
4.4.6.3	<p>A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.</p> <p>- Minor compliance -</p>	<p>The mill has training program which updated annually. The annual internal audit by PSQM and management review does review the effectiveness of the training plan and its execution.</p>	Complied
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	<p>An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>Sime Darby has established Environmental Policy signed by the Managing Director on January 2015. The environmental management plan has been established to monitor the identified significant activities that give impacts on environment. A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented.</p>	Complied
4.5.1.2	<p>The environmental management plan shall cover the following:</p> <p>a) An environmental policy and objectives;</p> <p>b) The aspects and impacts analysis of all operations</p>	<p>The mill has conducted Environmental Aspect Impact Identification and Environmental Impact Evaluation covers all operations in the mill. The EAI and EIE were reviewed by the EAI/IEI Review Team by annually basis or new changes in the mill operations. The latest review was conducted on 8/8/2019.</p>	Complied

	- Major compliance -	The environmental management plan was established base on Environmental Aspect Impact Identification and Environmental Impact Evaluation. The plan was implemented to monitor the effectiveness of the mitigation measures. The plan was reviewed on annually basis. Latest reviewed was done on 17/3/2019.	
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored. - Major compliance -	The environmental management plan was established base on Environmental Aspect Impact Identification and Environmental Impact Evaluation. The plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and is reviewed every year to reflect the results of monitoring operational changes that may have positive and negative environmental impacts. Sighted the implementation of the management plan as follows: i. The effluent water sampling was conducted on monthly basis. The report was submitted to DOE through Quarterly Return Form on quarterly basis. Sighted the report for 1st and 2nd Quarter of 2019. ii. EFB was sent to the sister estate to be disposed. Sighted the EFB disposal records for the month of July (1626.84), August (1351.51 ton) and September (1366.65 ton).	Complied
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	The management plan also include a program to promote positive impact and documented in the Environmental Improvement Plan. The program to promote the positive impacts as follows: i. The mill is in progress for Electrostatic Preceptor to improve boiler air emission and to comply with Environmental Quality Act (Clean Air) regulation 25. Sighted the minutes of Progress Meeting and Safety Report as at 17/9/2019.	Complied
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards	The mill continue provided training to ensure the awareness regarding the environmental policy among the employee. The mill management has established annual training program which covers the	Complied

	achieving objectives. - Major compliance -	environmental awareness and compliance related trainings to the executives, staffs and workers.															
4.5.1.6	The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed. - Major compliance -	Discussed during ESH committee meeting.	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 -	<p>The Mill maintains records of energy usage, which is reported monthly to head office through SAP system. The use of the steam turbine for electricity generation has been optimized in order to reduce the dependence on diesel fossil fuel. The monitoring of non-renewable energy usage was conducted on monthly basis. Sighted the sampled monitoring records for diesel usage for FY 2019 as follows:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Consumption</th> </tr> </thead> <tbody> <tr> <td>Jan</td> <td>2.02</td> </tr> <tr> <td>Feb</td> <td>0.91</td> </tr> <tr> <td>Mar</td> <td>1.25</td> </tr> <tr> <td>Apr</td> <td>1.51</td> </tr> <tr> <td>May</td> <td>0.92</td> </tr> <tr> <td>Jun</td> <td>0.73</td> </tr> </tbody> </table>	Month	Consumption	Jan	2.02	Feb	0.91	Mar	1.25	Apr	1.51	May	0.92	Jun	0.73	Complied
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		<table border="1"> <tr> <td>Jul</td> <td>0.88</td> </tr> <tr> <td>Aug</td> <td>1.09</td> </tr> <tr> <td>Sep</td> <td>0.53</td> </tr> </table>	Jul	0.88	Aug	1.09	Sep	0.53									
Jul	0.88																
Aug	1.09																
Sep	0.53																
4.5.2.2	<p>The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.</p> <p>- Major compliance -</p>	<p>The estimate for the direct usage of nonrenewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations inclusive of fuel use by contractors, including all transport and machinery operations was available in the respective estate yearly budgets.</p>	Complied														
4.5.2.3	<p>The use of renewable energy should be applied where possible.</p> <p>- Minor compliance -</p>	<p>The mill use the shell and fiber as boiler fuel. Sighted the records of renewable energy usage per CPO produce FY 2019 as follows:</p> <table border="1"> <tr> <td></td> <td></td> </tr> <tr> <td>Jan</td> <td>0.66</td> </tr> <tr> <td>Feb</td> <td>0.63</td> </tr> <tr> <td>Mar</td> <td>0.65</td> </tr> <tr> <td>Apr</td> <td>0.65</td> </tr> <tr> <td>May</td> <td>0.63</td> </tr> <tr> <td>Jun</td> <td>0.65</td> </tr> </table>			Jan	0.66	Feb	0.63	Mar	0.65	Apr	0.65	May	0.63	Jun	0.65	Complied
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Jul	0.64								
Aug	0.64								
Sep	0.66								
Criterion 4.5.3: Waste management and disposal									
4.5.3.1	<p>All waste products and sources of pollution shall be identified and documented.</p> <p>- Major compliance -</p>	<p>The mill has identified the waste products and source pollution and documented in waste management plan FY 2019. The waste has been identified as follows:</p> <ul style="list-style-type: none"> i. Scheduled waste – Spent lubricants, spent hydraulic oil, empty lubricants, grease, hydraulic oil containers, hexane, spent IPA, Empty chemical containers etc ii. Industrial waste – POME, EFB, <p>Records on the usage and disposal were well recorded and documented. Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained.</p>	Complied						
4.5.3.2	<p>A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for:</p> <ul style="list-style-type: none"> a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products. <p>- Major compliance -</p>	<p>The mill has established the waste management plan and the plan was reviewed on annually basis.</p> <p>The mill has identified all waste products and source of pollution and documented in the Waste Management Plan. In the management plan stated the type of waste, source of waste, mitigation plan and person responsible.</p> <p>During document review, it was noted that SW 410 was last disposed on 19/3/2019. As at 30/9/2019, balance of 15 kg recorded in the inventory log book and yet to be disposed. The storage period was</p>	Minor Non-compliance						

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		<p>more than 180 days without any approval letter from DOE. The waste management plan stated that the Scheduled waste disposal will be conducted as per Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974. Thus, a minor non-compliance was raised.</p>	
<p>4.5.3.3</p>	<p>The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005</p> <p>- Major compliance -</p>	<p>Procedure for Scheduled Waste Management was established (SD/SDP/PSQM (ESH)/203-EN1 dated 26/2/2016. Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers.</p> <p>The mill also have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. Stores for scheduled waste were inspected at both estate visited and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>Observed during workers interview with storekeeper shows the understanding the proper disposal for waste as all used lubricant and contaminated spill kit will be collected as Scheduled Waste and stored in designated storage area.</p> <p>All the records were found adequate as per required by EQ (Scheduled Waste) Regulations 2005.</p> <p>Inventory for all scheduled waste generated were recorded and reported to DOE through E-SWISS. Sighted the sampled scheduled waste disposal records:</p> <ul style="list-style-type: none"> i. 19/9/2019, SW 410, C/N no. 2019092612UMYIBP ii. 19/9/2019, SW 409, C/N no. 2019092613AN5PSR iii. 19/9/2019, SW 323, C/N no. 2019092613B8W1IY iv. 19/9/2019, SW 109, C/N no. 2019092613V4UNXM 	<p>Complied</p>

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<p>4.5.3.4</p>	<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 waste were manage by Melalap Estate</p>	<p>Complied</p>
<p>Criterion 4.5.4: Reduction of pollution and emission</p>			
<p>4.5.4.1</p>	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.</p> <p>- Major compliance -</p>	<p>The mill has conducted assessment of all polluting activities in the Environmental Aspect Impact and Environmental Impact Evaluation. A management plan has been established based on the significant aspect and DOE license compliance schedule which include scheduled waste storage and disposal record, POME final discharge BOD and boiler stack sampling.</p>	<p>Complied</p>
<p>4.5.4.2</p>	<p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p> <p>- Major compliance -</p>	<p>The mill has conducted assessment of all polluting activities in the Environmental Aspect Impact and Environmental Impact Evaluation. A management plan has been established based on the significant aspect and DOE license compliance schedule which include scheduled waste storage and disposal record, POME final discharge BOD and boiler stack sampling. The plan was reviewed on annual basis.</p> <p>During site visit at the boiler station, noted that the smoke density meter were not functional. Noted during document review, the Daily Continuous Emission Monitoring Minutes Report dated 3/10/2019 and 4/10/2019 stated that the Stack Emission data Chart was not complied with DOE requirement.</p> <p>Thus, a major non-compliance was raised.</p>	<p>Major Non-compliance</p>
<p>4.5.4.3</p>	<p>Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be</p>	<p>Treated POME discharge was regularly monitored as prescribed under "Jadual Pematuhan" 003562. Limit of Biochemical Oxygen Demand (BOD) discharge is 20 mg/l. Regular monitoring was done on monthly basis and every quarterly via "Borang Penyata Suku Tahun" to DOE for compliance.</p>	<p>Complied</p>

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	<p>in accordance with the respective state and national policies and regulations.</p> <p>- Major compliance -</p>	<p>Sighted the quarterly return form as follows:</p> <p>1st quarter</p> <table border="1" data-bbox="1048 459 1641 783"> <thead> <tr> <th></th> <th>Jan</th> <th>Feb</th> <th>Mar</th> </tr> </thead> <tbody> <tr> <td>Date</td> <td>8/1/2019</td> <td>27/2/2019</td> <td>17/3/2019</td> </tr> <tr> <td>pH</td> <td>9.20</td> <td>8.90</td> <td>8.90</td> </tr> <tr> <td>BOD</td> <td>16.00</td> <td>18.00</td> <td>19.00</td> </tr> <tr> <td>S. Solid</td> <td>87</td> <td>69</td> <td>106</td> </tr> </tbody> </table> <p>2nd quarter</p> <table border="1" data-bbox="1048 815 1641 1155"> <thead> <tr> <th></th> <th>Apr</th> <th>May</th> <th>Jun</th> </tr> </thead> <tbody> <tr> <td>Date</td> <td>3/4/2019</td> <td>8/5/2019</td> <td>19/6/2019</td> </tr> <tr> <td>pH</td> <td>8.7</td> <td>9.00</td> <td>8.600</td> </tr> <tr> <td>BOD</td> <td>19.00</td> <td>19.00</td> <td>17.00</td> </tr> <tr> <td>S. Solid</td> <td>137</td> <td>146</td> <td>147</td> </tr> </tbody> </table>		Jan	Feb	Mar	Date	8/1/2019	27/2/2019	17/3/2019	pH	9.20	8.90	8.90	BOD	16.00	18.00	19.00	S. Solid	87	69	106		Apr	May	Jun	Date	3/4/2019	8/5/2019	19/6/2019	pH	8.7	9.00	8.600	BOD	19.00	19.00	17.00	S. Solid	137	146	147	
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Criterion 4.5.5: Natural water resources

<p>4.5.5.1</p>	<p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p>	<p>The mill has established water management Plan and documented in Identification and management of waste Water FY 2019 and Action Plan to reduce fresh water usage FY 2019. In the plan stated, areas of concern, monitoring, contingency plan, mitigation plan, person responsible and time frame.</p>	<p>Minor Non-conformance</p>
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	<p>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> <p>- Major compliance -</p>	<p>The mill continue to monitor the water consumption. Sighted the records of water consumption as follows:</p> <table border="1" data-bbox="1048 459 1585 1074"> <thead> <tr> <th>Month</th> <th>Consumption L/FFB processed</th> </tr> </thead> <tbody> <tr> <td>Jan</td> <td>1.33</td> </tr> <tr> <td>Feb</td> <td>1.33</td> </tr> <tr> <td>Mar</td> <td>1.34</td> </tr> <tr> <td>Apr</td> <td>1.31</td> </tr> <tr> <td>May</td> <td>1.32</td> </tr> <tr> <td>Jun</td> <td>1.13</td> </tr> <tr> <td>Jul</td> <td>1.26</td> </tr> <tr> <td>Aug</td> <td>1.30</td> </tr> <tr> <td>Sep</td> <td>1.32</td> </tr> </tbody> </table>	Month	Consumption L/FFB processed	Jan	1.33	Feb	1.33	Mar	1.34	Apr	1.31	May	1.32	Jun	1.13	Jul	1.26	Aug	1.30	Sep	1.32	
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<p>4.5.5.2</p>	<p>Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.</p> <p>- Major compliance -</p>	<p>Treated POME discharge was regularly monitored as prescribed under "Jadual Pematuhan" 003562. Limit of Biochemical Oxygen Demand (BOD) discharge is 20 mg/l. Regular monitoring was done on monthly basis and every quarterly via "Borang Penyata Suku Tahun" to DOE for compliance.</p>	<p>Complied</p>																				
<p>4.6 Principle 6: Best Practices</p>																							



Criterion 4.6.1: Mill Management			
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored. - Major compliance -	<p>SOP available for the Palm Oil Mill and the Estates. Palm Mill holds two SOPs: sustainability Plantation Management System (MQMS/SOM/08 v.1 dated 1/11/2008) includes mill SOP and Mill Quality Management Manual v.1 2008/MQMS/QMM/08 as a guidance document to operate the mill.</p> <p>Sime Darby has established a system to monitor the mill operation. The Mill advisor, Structured Oil Recovery Assessment (SORA) and Planning and Monitoring Unit visited the operating units on timely basis. Their reports covers on all aspect of operation.</p>	Complied
4.6.1.2	All palm oil mills shall implement best practices. - Major compliance -	<p>The monitoring of the mill process is made through the shift supervision headed by an Engineer. All process parameters are documented and summarized in a daily report.</p> <p>The Mill advisor, Structured Oil Recovery Assessment (SORA) and Planning and Monitoring Unit visited the operating units on timely basis. Their reports covers on all aspect of operation.</p>	Complied
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	Annual business plan in the form of annual budget and the projection for 5 years prepared as guidance for future planning. The business plan for FY2019 contains FFB yield, CPO, OER, and KER, costs of production, milling utilization, FFB pricing etc. It also includes environment, social (workers and staff's welfare), and health and safety component and associated capital expenditure for improvement of smallholder schemes.	Complied
Criterion 4.6.3: Transparent and fair price dealing			

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<p>4.6.3.1</p>	<p>Pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p>- Major compliance -</p>	<p>Melalap POM has received and processed FFB from owned estates and outsider crops. Total 10 FFB suppliers from outside have delivered the FFB to Melalap POM. Sampled the contract agreements for the OCP as below:</p> <ul style="list-style-type: none"> i. Agreement No.: P/G/0119/FFB01368L which valid until 31/12/2019 ii. Agreement No.: P/G/0119/FFB01436L which valid until 31/12/2019. iii. Agreement No.: P/G/0119/FFB01367L which valid until 31/12/2019. <p>The terms and conditions were stated in the agreement and acknowledged by the OCP.</p>	<p>Complied</p>
<p>4.6.3.2</p>	<p>All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.</p> <p>- Major compliance -</p>	<p>There are two payments made for the OCP, Advanced Payment and Final Payment. The Advanced Payment is paid on weekly basis that the payment of 70% of the value equivalent to the total FFB delivered every 7 days or more during the delivery month at the time prior to the end of the week of the said month. For final payment, payment of remaining outstanding monthly purchase price shall be made on or before 10th day of the following month. Sampled of the payment records as below:</p> <ul style="list-style-type: none"> i. INV# G/ADVVCH-11565 dated 17/9/2019; Payment made for 11/9/2019 – 16/9/2019 on 26/9/2019. ii. INV# G/ADVVCH-11463 dated 11/9/2019; Payment made for 1/9/2019 – 10/9/2019 on 19/9/2019. <p>INV# G/ADVVCH-11628 dated 23/9/2019; Payment made for 17/9/2019 – 22/9/2019 on 3/10/2019.</p>	<p>Complied</p>

Criterion 4.6.4: Contractor			
4.6.4.1	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	The contractors engaged by the mill management has signed on a letter regarding the compliance of RSPO/ ISCC/ MSPO dated 30/11/2017. Briefing of sustainability were given to the workers and contractors on 2/5/2019 and 7/10/2019. Seen the training attendance list and training materials. Interviewed with the contractors confirmed that they were provided with training and have signed on the letter.	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Mill has engaged contractors for varieties of works such as machinery rental and transporters. Sampled of the agreement between company and the contractors as below: i. Company Name: Pengangkutan Bumi Sdn Bhd for transportation of CPO and PK which valid until 31/10/2020. Company Name: Entabuan Quarry for backhoe rental which valid 1/3/2020.	Complied
4.6.4.3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required. - Minor compliance -	A letter dated 30/11/2017 on RSPO/ISCC/MSPO awareness issued to all the contractors and suppliers in the mill. The letter has stated that all Contractors need to follow RSPO/ISCC/MSPO guideline in accordance with the Sime Darby Plantation of Mill Quality Management System.	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 Joni	Name: Hu Ning Shing
Company name: Sime Darby Plantation Berhad	Company name: BSI Services Malaysia Sdn Bhd
Title: Senior Manager	Title: Lead Auditor
Signature:  GUTHRIE INDUSTRIES MALAYSIA SENDIRIAN BERHAD MELALAP ESTATE JOHAMDAN BIN JONI @ JONI TELEI SENIOR MANAGER	Signature: 
Date: 16/01/2020	Date: 16/01/2020

Appendix A: Assessment Plan

Date	Time	Subjects	HNS	MF
Monday 07/10/2019	PM	Audit team travelling to Keningau	√	√
Tuesday 08/10/2019 Melalap POM	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). Verification on previous audit findings 	√	√
	0900 - 1300	Melalap POM FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, laboratory, weighbridge and palm product storage area, staff, workers and contractor interview, housing and facility inspection, clinic, etc.	√	√
	1000 - 1300	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	√	-
	1300 – 1400	Lunch	√	√
	1400 - 1630	Melalap POM Document Review P1 – P6 (part 4), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices	√	√
	1630 - 1700	Interim Closing Briefing	√	√
Wednesday 09/10/2019 Melalap Estate	0830 - 1300	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, Schedule waste management, worker housing, clinic, Landfill, etc.	√	√
	1300 -1400	Lunch	√	√
	1400 - 1630	Melalap Estate Document review P1 – P6 (part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting	√	√
	1630 - 1700	Interim Closing Briefing	√	√
Thursday 10/10/2019 Sapong Estate	0830 - 1300	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, Schedule waste management, worker housing, clinic, Landfill, etc.	√	√

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	1000 – 1300	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	√	-
	1300 - 1400	Lunch	√	√
	1400 - 1630	Sapong Estate Document review P1 – P6 (part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting	√	√
	1630 - 1700	Preparation of Closing Meeting	√	√
	1700 – 1800	Closing Meeting	√	√

Appendix B: List of Stakeholders Contacted

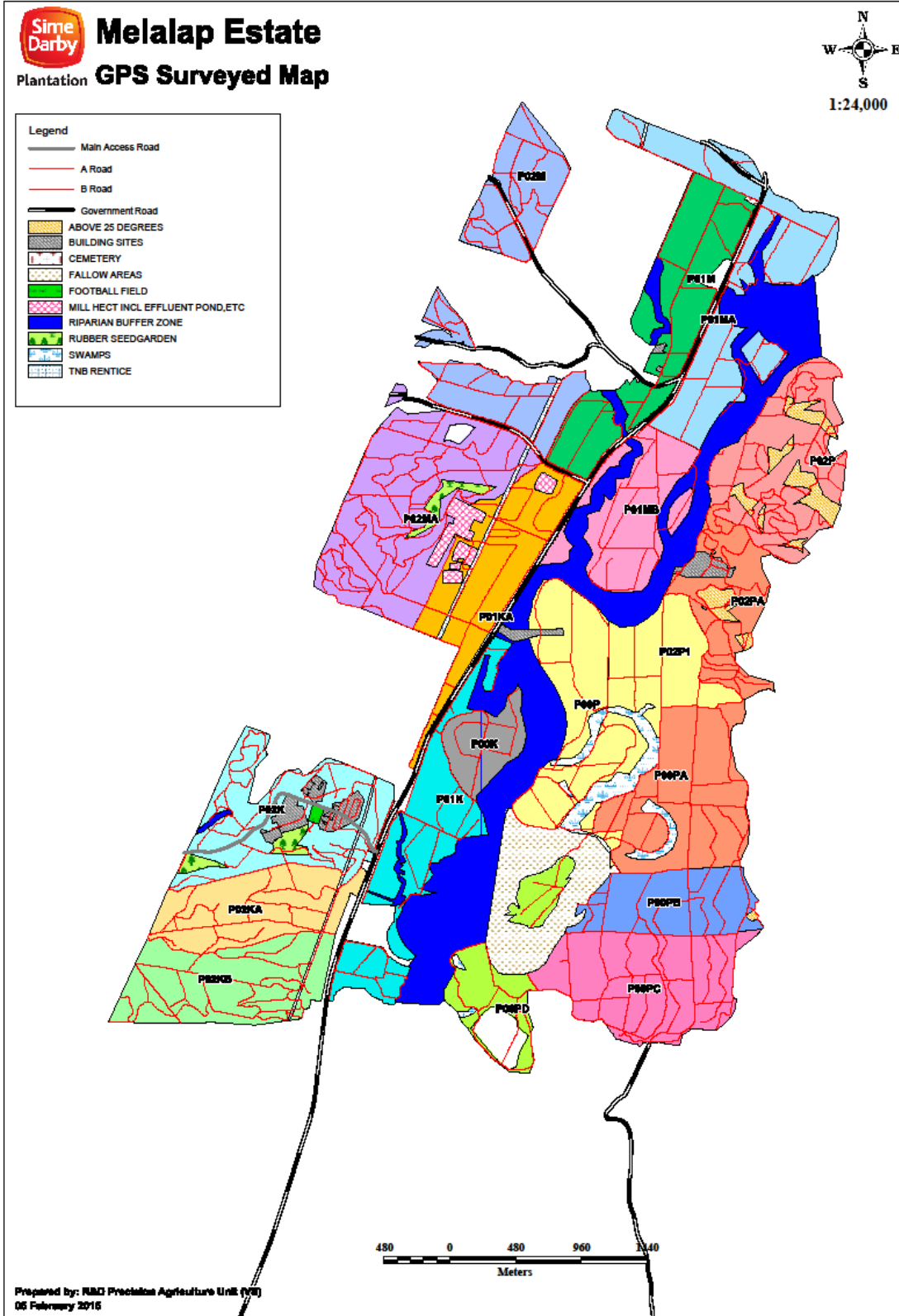
<u>Internal Stakeholders</u> Sprayers Harvesters Manurers Mill Operators Gender Committee Representatives Workers Union Representatives	<u>Union/Contractors/Local Communities</u> Contractors and suppliers Local communities (Kg. Makaniton, Kg. Paal, Kg. Sungai Api, Kg. Mansasoh) & Chairperson MPKK (Kg. Sapong, Kg. Napengging)
<u>Government Departments</u> Nil	<u>NGO</u> No complaint by NGO for Melalap CU. Therefore, NGO was not contacted.

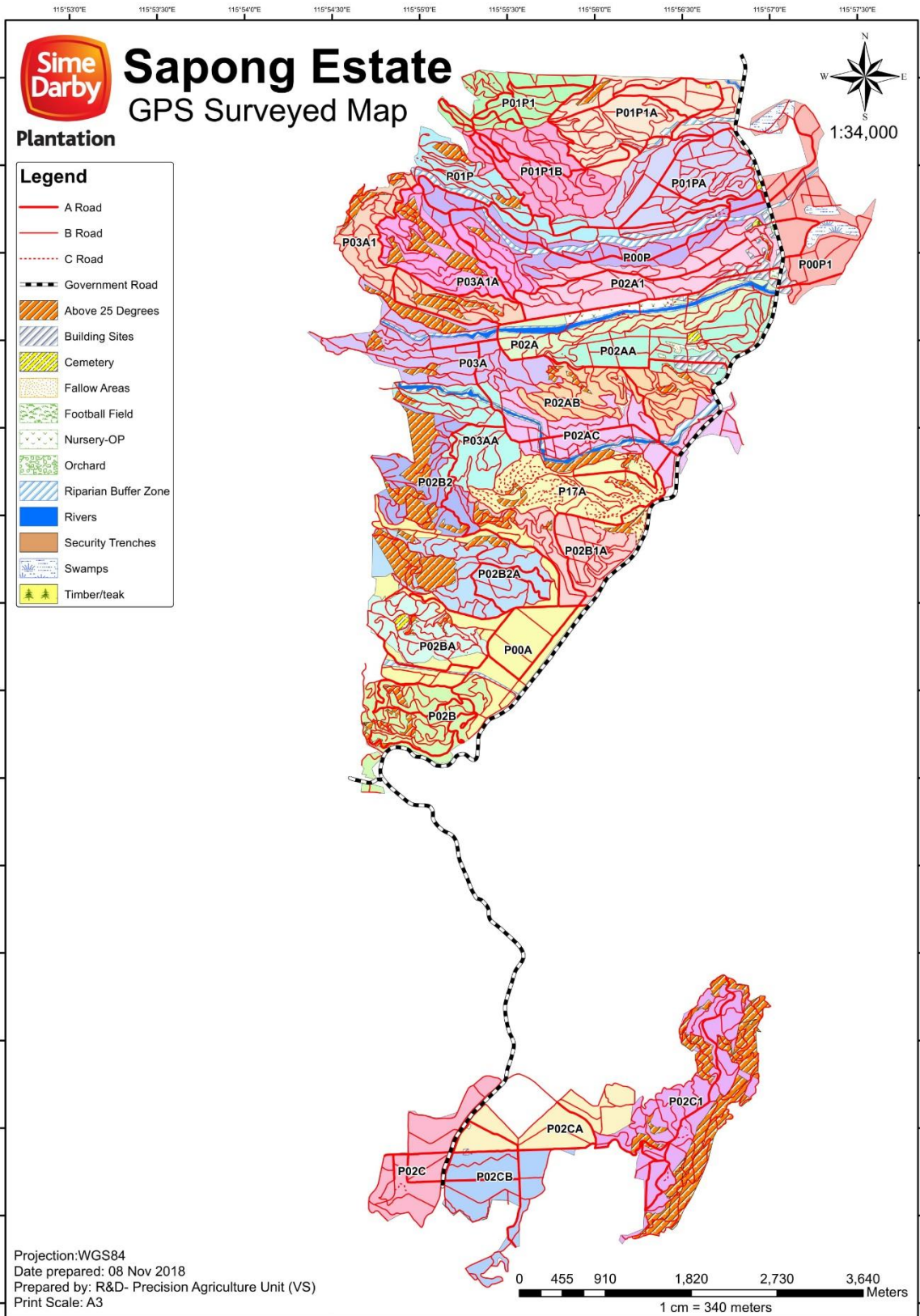
Appendix C: Smallholder Member Details

No	Name of smallholder	Year Planted	Land Area (ha)	Forecast FFB (Mt/ha/year)
1	Not applicable			

Appendix F: Location and Field Map







Appendix G: List of Abbreviations

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