

**MALAYSIAN SUSTAINABLE PALM OIL
3rd ANNUAL SURVEILLANCE ASSESSMENT (ASA3)
Public Summary Report**

Palmgroup Holdings Sdn Bhd (795938-M)
Client company Address: Level 25, Wisma Sanyan No. 1, Jalan Sanyan, 96000 Sibu Sarawak, Malaysia
Certification Unit: Palmgroup Palm Oil Mill Sdn. Bhd. Location of Certification Unit: Lot 2, Block 1, Arip Land District Sibu Division, Sarawak, Malaysia

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

Report Number: 3261391

Assessment Conducted by:
BSI Services Malaysia,
(DSM Accreditation Number: MSPO 09112018 CB 12)
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Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
Company Name	Palmgroup Palm Oil Mill Sdn. Bhd. (795938-M)		
Mill/Estate	MPOB License No.	Expiry Date	
	Palmgroup POM: 541881004000	31/8/21	
Address	Lot 2, Block 1, Arip Land District, Sibul Division, Sarawak, Malaysia		
Certification Unit	Palmgroup POM and Estate		
Contact Person Name	Wong Sie Chel		
Website	-	E-mail	siechel@mafrica.com.my
Telephone	019-8874155	Facsimile	-

1.2 Certification Information			
Certificate Number	MSPO 656803		
Issue Date	20/10/2017	Expiry date	19/10/2022
Scope of Certification	Production of Sustainable Palm Oil and Palm Oil Products		
Standard	MS 2530-4:2013 Part 4: General principles for palm oil mills		
Stage 1 Date	03/08/2016		
Stage 2 / Initial Assessment Visit Date (IAV)	16-19/01/2017		
Continuous Assessment Visit Date (CAV) 1	31/07/2018		
Continuous Assessment Visit Date (CAV) 2	31/07 - 01/08/2019		
Continuous Assessment Visit Date (CAV) 3	10/08/2020 (Remote) & 28 - 29/09/2020 (Onsite)		
Continuous Assessment Visit Date (CAV) 4	-		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
SGS-MSPO-SCCS-my20/1811030258	MSPO-SCCS	SGS	2912/2024
EU-ISCC-cert-DE100-75982020	ISCC	SGS	17/04/2021

1.3 Location of Certification Unit			
Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Longitude	Latitude

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Palmgroup POM	Lot 2, Block 1, Arip Land District, 96000 Sibul, Sarawak, Malaysia	112.635215	2.824353
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1.4 Certified Area					
Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
N/A					
TOTAL					

1.5 Plantings & Cycle							
Estate	Age (Years)					Mature**	Immature
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30		
N/A							
Total (ha)							

1.6 Certified Tonnage of FFB			
Estate	Tonnage / year		
	Estimated (Nov 19 - Oct 20)	Actual (Jul 19 - Aug 20)	Forecast (Sept 20 - Aug 21)
N/A			
Total			

Note:
Nil

1.7 Uncertified Tonnage of FFB			
Estate	Tonnage / year		
	Estimated (Nov 19 - Oct 20)	Actual (Jul 19 - Aug 20)	Forecast (Sept 20 - Aug 21)
N/A			

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Total			
Note: Nil			

1.8 Certified Tonnage			
	Estimated (Nov 19 - Oct 20)	Actual (Jul 19 - Aug 20)	Forecast (Sept 20 - Aug 21)
	FFB	FFB	FFB
Mill Capacity: 90 MT/hr	502,140.00	495,057.81	584,168.00
SCC Model: MB	CPO (OER: 18.56%)	CPO (OER: 19.03%)	CPO (OER: 19.03%)
	93,200.00	94,214.80	111,173.00
	PK (KER: 3.34%)	PK (KER: 3.70%)	PK (KER: 3.7%)
	16,752.00	18,325.34	21,623.00

1.9 Actual Sold Volume (CPO)					
CPO (MT)	MSP0 Certified	Other Schemes Certified		Conventional	Total
		ISCC	RSPO		
94,214.80	-	-	-	91,230.30	91,230.30

1.10 Actual Sold Volume (PK)					
PK (MT)	MSP0 Certified	Other Schemes Certified		Conventional	Total
		ISCC	RSPO		
18,325.34	-	-	-	17,148.50	17,148.50

Section 2: Assessment Process

BSI is a leading global provider of management systems assessment and certification, with more than 80,000 certified locations and clients in over 190 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems.

Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted from 10/08/2020 (remote) and 28-29/10/2020. The audit programme is included as Section 2.3. This remote audit has been conducted using Information and Communication Technologies including (Microsoft Teams, WhatsApp and phone call). The planned audit objectives have been achieved, there were no connectivity issues which adversely affected the audit. The approach to the audit was to treat the mill 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 2530-4:2013 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

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

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

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

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

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.

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

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)
Palmgroup POM	√	√	√	√	√

Tentative Date of Next Visit: October 5, 2021 - October 6, 2021

Total No. of Mandays: 3

2.1 BSI Assessment Team

Team Member Name	Role <i>(Team Leader or Team member)</i>	Qualifications <i>(Short description of the team members)</i>
Mohamed Hidhir Zainal Abidin	Lead Auditor	He holds Bachelor Degree in Chemical Engineering, graduated from National University of Malaysia on 2006. He has 7 years working experience in palm oil industry specifically on palm oil milling for 5 years. He also has the experiences as auditor for several standards including ISO 9001, ISO 140001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2012, Endorsed RSPO P&C Lead Auditor Course in 2013, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2015. He had been involved in RSPO auditing since May 2012 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices, safety and health, environmental and workers and stakeholders consultation.

2.2 Accompanying Persons

No.	Name	Role
	N/A	

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2.3 Assessment Plan

The Assessment plan was sent to the client prior to the assessment (attached assessment plan).

Remote Audit:

PRELIMINARY AGENDA				
Date	Time	Subjects	Hidhir	ICT Planned
Monday 3/8/2020	10.00 - 11.00	Test call/preparatory prior to audit	√	Webex/MS team/WhatsApp
Monday 10/8/20 Palmgroup POM	09.00 - 09.15	Opening Meeting via WebEx platform – confirmation of audit scope and remote audit process. <ul style="list-style-type: none"> • Opening Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan 	√	Webex/MS team/WhatsApp
	09.15 - 12.30	(MSP0 part 4), P1: Management commitment and responsibility, P2: Transparency P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition. P5: Environment, natural resources, biodiversity and ecosystem services P4: Social responsibility, health safety and employment condition, P6: Best practices *document review/interview via WebEx platform. other document sharing options such as google drive, drop box can be used.	√	Webex/MS team/WhatsApp
	12.30 - 13.30	Lunch	√	
	13.30 - 16.00	Continue with pre-lunch activity	√	Webex/MS team/WhatsApp
	16.00 - 1630	Interim closing	√	

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Onsite Audit:

PRELIMINARY AGENDA			
Date	Time	Subjects	Hidhir
Sunday 27/9/20	PM	Audit team travel to Bintulu via MH 2746 ETA 1935. Check in at Promenade Hotel, Bintulu	√
Monday 28/9/20	09.00 - 09.15	Opening Meeting – confirmation of audit scope and audit process. <ul style="list-style-type: none"> Opening Presentation by Audit team leader. Confirmation of assessment scope and finalize Audit plan 	√
Palm group POM	09.15 - 12.30	Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.	√
	12.30 - 13.30	Lunch	√
	13.30 - 15.00	Stakeholder interview	√
	15.00 - 16.00	(MSP0 part 4) P1: Management commitment and responsibility, P2: Transparency P3: Compliance to legal requirement	√
	16.00 - 16.30	Interim closing	√
	Tuesday 29/9/20	09.00 - 12.00	(MSP0 part 4) P4: Social responsibility, health safety and employment condition. P5: Environment, natural resources, biodiversity and ecosystem services P4: Social responsibility, health safety and employment condition, P6: Best practices
Palmgroup POM	12.30 - 13.30	Lunch	√
	13.30 - 16.00	Continue with pre-lunch activity	√
	16.00 - 16.30	Interim closing	√

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 1 Major & 3 Minor nonconformities and 3 OFI raised. The Palmgroup POM 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 Non-conformity(ies) has been verified for its effectiveness and closed accordingly.

Major Nonconformities:		
Ref: 1964342-202009-M1	Area/Process: Palmgroup POM	Clause: 4.3.1.1
	Issue Date: 29/9/2020	Due Date: 29/12/2020
Requirements:	Compliance with FMA 1967 and EQA 1974 were not effectively demonstrated.	
Statement of Nonconformity:	i) All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations ii) Factory Machinery Act 1967, section 19 (2) : Certificate of fitness iii) Jadual Pematuhan Lesen Perlanggaran, license no. 003402, ref: JPLP(UB)2019/003402	
Objective Evidence:	Based on written instruction by DOSH officer dated 15/9/20, certificate of fitness (CF) for all 13 Unfired Pressure Vessel and Steam Boiler are temporary suspended. Machine can't be operated until the calibration report accepted and approved. Based on compliance schedule stipulated under JPLP(UB)2019/003402; i) The frequency of monitoring is every 3 month or via i-remote - Only 6 monthly stack monitoring carried out on 6/8/19 (boiler no.1) and 17/4/19 (incinerator 1,2,3 & 4). For 2020, boiler stack monitoring was carried out in July 2020 and for incinerator 1,2,3 & 4 on 17/6/20. ii) Emission limit for boiler stack no. 383 mg/m3, INC 1: 387 mg/m3, INC 2: 388 mg/m3, INC: 384 mg/m3 and 395 mg/m3. Based on stack emission report for 2019 and 2020, INC 2 and 4 exceed the emission limit [2019: INC 2 - 389 vs 388 mg/m3 (limit), INC 4: 397 vs 395 mg/m3(limit), 2020: INC 4 - 391 vs 384 mg/m3 (limit)]	

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Corrections:	<p>Planned action to remove nonconformity, with deadline:-</p> <ul style="list-style-type: none"> i) Conduct calibration for Safety Valve & Pressure Gauge calibration by DOSH certified/ licensed party. ii) Submit all evidence of compliance to JKPP Bintulu to close out the issue and to get their approval. iii) Request quotation from ESI Sampling to do assessment for Stack Emission Boiler & Incinerator for the period Oct 2020-Dec 2020 <p>Planned verification of effectiveness of this action, with deadline:-</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>#</th> <th>Action Taken</th> <th>Responsible Person</th> <th>Completion Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Calibration certificate for Safety Valve & Pressure gauge</td> <td>Mr. Wong</td> <td>20/11/2020</td> <td>In progress</td> </tr> <tr> <td>2</td> <td>Reply letter to JKPP Bintulu and corrective action approval notice by JKPP Bintulu</td> <td>Mr. Wong & Tahir</td> <td>20/11/2020</td> <td>In progress</td> </tr> <tr> <td>3</td> <td>Quotation Stack Emission Boiler & Incinerator Oct20-Dec 20 (Signed)</td> <td>Yii Ann Na</td> <td>20/11/2020</td> <td>In progress</td> </tr> <tr> <td>4</td> <td>Conformation of Job Order from Assessor for the Quotation Stack Emission Boiler & Incinerator Oct20-Dec 20</td> <td>Yii Ann Na</td> <td>KIV</td> <td>KIV</td> </tr> <tr> <td>5</td> <td>Stack emission report from Assessor</td> <td>Yii Ann Na</td> <td>KIV</td> <td>KIV</td> </tr> </tbody> </table>	#	Action Taken	Responsible Person	Completion Date	Status	1	Calibration certificate for Safety Valve & Pressure gauge	Mr. Wong	20/11/2020	In progress	2	Reply letter to JKPP Bintulu and corrective action approval notice by JKPP Bintulu	Mr. Wong & Tahir	20/11/2020	In progress	3	Quotation Stack Emission Boiler & Incinerator Oct20-Dec 20 (Signed)	Yii Ann Na	20/11/2020	In progress	4	Conformation of Job Order from Assessor for the Quotation Stack Emission Boiler & Incinerator Oct20-Dec 20	Yii Ann Na	KIV	KIV	5	Stack emission report from Assessor	Yii Ann Na	KIV	KIV
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5	Stack emission report from Assessor	Yii Ann Na	KIV	KIV																											
Root cause analysis:	<ul style="list-style-type: none"> i) The monitoring and maintenance of Safety Valve and Pressure Gauge is only monitored and maintained to meet minimum requirement. ii) Mill Management not aware about the above requirements (DOE Law) regarding quarterly frequency monitoring of stack emission Boiler & Incinerator. 																														
Corrective Actions:	<ul style="list-style-type: none"> i) Continuously monitored and maintained Safety valve and Pressures Gauge for calibration, during annual main overhaul, before Annual DOSH Inspection ii) Create schedule for Quarterly Monitoring Stack Emission Boiler & Incinerator. <p>Planned verification of effectiveness of this action, with deadline:-</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>#</th> <th>Action Taken</th> <th>Responsible Person</th> <th>Completion Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Schedule Annual Maintenance for Calibration Safety Valve & Pressure Gauge</td> <td>Mr. Wong</td> <td>21/11/2020</td> <td>In Progress</td> </tr> <tr> <td>2</td> <td>Schedule Quarterly Monitoring Stack Emission Boiler & Incinerator</td> <td>Johnny</td> <td>20/11/2020</td> <td>In Progress</td> </tr> </tbody> </table>	#	Action Taken	Responsible Person	Completion Date	Status	1	Schedule Annual Maintenance for Calibration Safety Valve & Pressure Gauge	Mr. Wong	21/11/2020	In Progress	2	Schedule Quarterly Monitoring Stack Emission Boiler & Incinerator	Johnny	20/11/2020	In Progress															
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1	Schedule Annual Maintenance for Calibration Safety Valve & Pressure Gauge	Mr. Wong	21/11/2020	In Progress																											
2	Schedule Quarterly Monitoring Stack Emission Boiler & Incinerator	Johnny	20/11/2020	In Progress																											
Assessment Conclusion:	Evidence submitted was reviewed and found to be sufficient to close the NC on 4/12/2020. Continuous implementation will be further verified in the next audit.																														

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Minor Nonconformities:					
Ref: 1964342-202009-N1	Area/Process: Palmgroup POM		Clause: 4.5.3.2		
	Issue Date: 29/9/20		Due Date: In the next surveillance audit		
Requirements:	a) A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: Identifying and monitoring sources of waste and pollution b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products				
Statement of Nonconformity:	Waste management plan was not effectively implemented				
Objective Evidence:	Identification and monitoring of sources of waste and pollution for biomass waste/process waste was not included in the Environmental Continual Improvement Plan for 2020. Observed during site visit, leachate from EFF dumping flowing to the nearby drain near to incinerator, new tilting sterilizer and store/workshop area.				
Corrections:	Planned action to remove nonconformity, with deadline:- i) To collect all empty drums to the Schedule Waste Store for properly dispose as schedule waste items. Planned verification of effectiveness of this action, with deadline:-				
	#	Action Taken	Responsible Person	Completion Date	Status
	1	Progress Report of Remedial Action (Before and After)	Johnny	21/11/2020	In progress
	2.	Schedule Waste Inventory Report	Johnny	21/11/2020	In progress
Root cause analysis:	Monitoring activity is not consistently carry out result in lack of awareness on SOP.				
Corrective Actions:	i) Responsible person (Environment Officer) must ensure the inspection schedule is effectively follow all the times. ii) Conduct regular communication and awareness to employees and contractors regarding SOP Chemical Spillage. Planned verification of effectiveness of this action, with deadline:-				
	#	Action Taken	Responsible Person	Completion Date	Status
	1	Inspection Schedule on SOP implementation	Johnny	21/11/2020	In progress
	2	Notice Memo to Enforce Schedule Requirement Waste Compliance and understanding acknowledgment by responsible staff.	Johnny/ Manager	21/11/2020	In progress
	3	Training schedule for Schedule Waste Management Awareness	Johnny/ Manager	21/11/2020	In progress
	4	Briefing report on SOP Chemical Spillage Awareness to employees and contractors.	Johnny	21/11/2020	In progress
	5	Inspection record drum Oil Storage at workplace.	Johnny	21/11/2020	In progress

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Assessment Conclusion:	The corrective action is accepted. Effectiveness of corrective action taken will be further verified in the next assessment.
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Minor Nonconformities:																													
Ref: 1964342-202009-N2	Area/Process: Palmgroup POM		Clause: 4.5.3.3																										
	Issue Date: 29/9/2020		Due Date: In the next surveillance audit																										
Requirements:	The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.																												
Statement of Nonconformity:	Handling of scheduled waste was not in accordance with the established procedure																												
Objective Evidence:	Observed during site visit, empty oil lubricant drums were left at open area near to process area. Sighted trace of oil the nearby drain and soil contamination resulting from improper storage of empty oil lubricant drums.																												
Corrections:	i) To collect all empty drums to the Schedule Waste Store for properly dispose as schedule waste items. Planned verification of effectiveness of this action, with deadline:- <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>#</th> <th>Action Taken</th> <th>Responsible Person</th> <th>Completion Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Progress Report of Remedial Action (Before and After)</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> <tr> <td>2.</td> <td>Schedule Waste Inventory Report</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> </tbody> </table>				#	Action Taken	Responsible Person	Completion Date	Status	1	Progress Report of Remedial Action (Before and After)	Johnny	21/11/2020	In progress	2.	Schedule Waste Inventory Report	Johnny	21/11/2020	In progress										
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	5	Inspection record drum Oil Storage at workplace.	Johnny	21/11/2020	In progress
Assessment Conclusion:	The corrective action is accepted. Effectiveness of corrective action taken will be further verified in the next assessment.				

Minor Nonconformities:																									
Ref: 1964342-202009-N3	Area/Process: Palmgroup POM			Clause: 4.5.4.3																					
	Issue Date: 29/9/2020			Due Date: In the next surveillance audit																					
Requirements:	POME discharge limits and method was not in accordance with the Mill's Compliance Schedule																								
Statement of Nonconformity:	Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.																								
Objective Evidence:	Final discharge of POME was found exceed the limit of 20 mg/l for the following months; i) April 2020, Ref: ELS/Palmgroup/02/126/20, sample date 21/4/20 - BOD: 26 mg/l ii) August 2020, Ref: ELS/Palmgroup/02/130/20, sample date 1/8/20 - BOD: 23 mg/l																								
Corrections:	i) Monitor doses chemical at Polishing plant and check until result Final Discharge in order (below 20 mg/l) Planned verification of effectiveness of this action, with deadline:- <table border="1" data-bbox="448 1218 1463 1480"> <thead> <tr> <th>#</th> <th>Action Taken</th> <th>Responsible Person</th> <th>Completion Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Report of Chemical Mixing – Polishing Plant (picture before & after)</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> <tr> <td>2</td> <td>Latest Assessment report for Final discharge of POME after remedial action.</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> </tbody> </table>					#	Action Taken	Responsible Person	Completion Date	Status	1	Report of Chemical Mixing – Polishing Plant (picture before & after)	Johnny	21/11/2020	In progress	2	Latest Assessment report for Final discharge of POME after remedial action.	Johnny	21/11/2020	In progress					
#	Action Taken	Responsible Person	Completion Date	Status																					
1	Report of Chemical Mixing – Polishing Plant (picture before & after)	Johnny	21/11/2020	In progress																					
2	Latest Assessment report for Final discharge of POME after remedial action.	Johnny	21/11/2020	In progress																					
Root cause analysis:	The maintenance activity is not fully monitor before the assessment.																								
Corrective Actions:	i) Provide schedule monitoring chemical consumption and chemical pum. ii) Create Procedure and Process Flow Chart as standard references. Planned verification of effectiveness of this action, with deadline:- <table border="1" data-bbox="448 1720 1463 1980"> <thead> <tr> <th>#</th> <th>Action Taken</th> <th>Responsible Person</th> <th>Completion Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Schedule Monitoring Chemical Consumption at Polishing Plant</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> <tr> <td>2.</td> <td>Schedule Checking Chemical pump</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> <tr> <td>3.</td> <td>Process Flow Chart procedure for POME discharge activity.</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> </tbody> </table>					#	Action Taken	Responsible Person	Completion Date	Status	1	Schedule Monitoring Chemical Consumption at Polishing Plant	Johnny	21/11/2020	In progress	2.	Schedule Checking Chemical pump	Johnny	21/11/2020	In progress	3.	Process Flow Chart procedure for POME discharge activity.	Johnny	21/11/2020	In progress
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2.	Schedule Checking Chemical pump	Johnny	21/11/2020	In progress																					
3.	Process Flow Chart procedure for POME discharge activity.	Johnny	21/11/2020	In progress																					

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	4.	Inspection report of Monitoring Activity	Johnny	21/11/2020	In progress
Assessment Conclusion:	The corrective action is accepted. Effectiveness of corrective action taken will be further verified in the next assessment.				

Opportunity For Improvement		
Ref: 1964342-202009-I1	Area/Process: Palmgroup POM	Clause: 4.5.1.3
Objective Evidence:	To incorporate waste identification and management plan in one (1) master plan for ease of reference and monitoring.	

Opportunity For Improvement		
Ref: 1964342-202009-I2	Area/Process: Palmgroup POM	Clause:4.4.4.2 (d) (i)
Objective Evidence:	i) To carry out emergency drill as the last list was carried out last year in July 2019. ii) Minimum PPE requirement for be in lined with the recommendation by CHRA assessor.	

Opportunity For Improvement		
Ref: 1964342-202009-I3	Area/Process: Palmgroup POM	Clause:4.3.1.3
Objective Evidence:	The new OSHA Noise Exposure Regulation 2019 has yet to be included in the register	

Noteworthy Positive Comments	
1	Good cooperation and hospitality given by the HQ and site team.

3.3 Status of Nonconformities Previously Identified and OFI

Major/Minor Nonconformities:		
Ref: 1808649-201907-M1	Area/Process: Palmgroup POM	Clause:4.3.1.1
	Issue Date: 1/8/19	Due Date: 29/9/19
Requirements:	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.	
Statement of Nonconformity:	The compliance to applicable local, state, national and ratified international laws and regulations was inadequate	
Objective Evidence:	1. Latest audiometric test was done on 24 July 2019, from the Audiometric test report (GGOSH/PUA-MAFRICA/2018/01) done by Global Green OSH Services Sdn Bhd dated 2 August 2018. From the report, there were total of 78 workers with hearing impairment and 7 workers with Standard Threshold Shift (STS), found the recommendation of report as per below was not been followed:- a) Result: 78 workers hearing impairment, Recommendation: Need to examined by OHD b) Result: 7 STS, Recommendation: Need repeat test within 3 month to assess the reversibility of the condition.	

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	<ol style="list-style-type: none"> 2. The latest linesite inspection conducted on 15 July 2019 and previously conducted on May 2019. However, found that the linesite inspection was conducted on quarterly basis by the management which was not followed as per Minimum Housing and Amenities Act 1990. 3. The scheduled waste (SW 322) was not disposed properly 4. The competent person for AGT was not available at Palmgroup Palm Oil Mill
Corrections:	<ol style="list-style-type: none"> 1) Once the Audiometric Testing Report conducted on 15 July 2019 officially received by Site Mill, Tahir (safety In-Charge) will deal with Mr. Tony HQ Safety In Charge to book date with Global Green OSH doing re-test for workers under listed STS and book date doing examine with OHD Doctor Bintulu Medical Centre / Columbia Asia Hospital Bintulu for workers under listed Hearing Impairment. 2) To create weekly linesite inspection schedule and plan. The schedule shall discuss in committee meeting and appoint the responsible person to do inspection. 3) To manage SW 322 disposal responsibly according to Schedule Waste requirement and to ensure the latest inventory for the SW 322 is available. Review / amend SOP Handling Schedule Waste SW 322 4) Immediately looking for latest NIOSH AGT Course schedule and for registration. Bring this issue to SHC committee meeting and Chairman will assign the person go for course AGT Competent Person
Root cause analysis:	<ol style="list-style-type: none"> 1) The monitoring activity was not on regular schedule and not follow up date appointment with OHD Doctor. 2) The Facilities & Building Maintenance Committee was not aware with the requirement Minimum Housing and Amenities Act 1990 and lack of manpower to do weekly linesite inspection. 3) No proper storage provided at Schedule Waste Store for dispose Lab Schedule waste SW 322. 4) No monitoring activities carry out to review the adequacy of the information to follow the requirement
Corrective Actions:	<ol style="list-style-type: none"> 1) To have a SOP for Audiometric Testing and have periodically training on the SOP for person incharge. 2) Yii Ann Na (Chairman-Facilities & Building Maintenance Committee) will monitoring the Committee Member must do weekly inspection as per verified schedule and report to committee meeting for further actions. Report keep filing with proper documented. 3) To set up place and storage drum at Schedule Waste Store for SW 322 before disposal. And also conduct SOP training Schedule waste handling to person incharge. 4) Tahir and Johnny will go for Course Competent person AGT since they already competent person for AESP. They will assign to monitor Permit to work Confine Space and review the SOP to comply at workplace once get certified AGT
Assessment Conclusion:	<p>Palmgroup POM has established annual ESH plan which has incorporated related ESH compliance activities throughout the year. Related ESH monitoring was observed for audiometric testing, SW disposal and confined space entry programme. Based on document review, related programme was promptly carried out as per plan.</p>

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Verification Statement	No recurrence of issue noted however other legal non-compliance issue was observed. An NC related to legal non-compliance issue was raised.
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Major/Minor Nonconformities:	
Ref: 1808649-201907-N1	Area/Process: Palmgroup POM
	Clause:4.4.5.9
	Issue Date: 1/8/19
	NC Closure Date: 29/9/20
Requirements:	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.
Statement of Nonconformity:	Wages of work on rest day was not paid according to Labour Ordinance Sarawak (Act A1237), Section 105C, subsection (5)
Objective Evidence:	The wages of work on rest day for Feb 19 and Mar 19 were not paid according to Labour Ordinance Sarawak (Act A1237) for operators as follow: 1. MY00003962 2. MY00005646 3. MY00002834 4. MY00004126 5. MY00004785 6. MY00005944
Corrections:	To issue a memo reminder according to latest labour requirements & to compensate workers based on audit findings
Root cause analysis:	The monitoring activity was not in regular schedule
Corrective Actions:	1) To ensure that any relevant memo / circular is updated with the latest statutory requirement. 2) Senior HR Executive & HR Executive (2 persons) at Head Office will be assigned to assist in monitoring company internal policy (memo/circular,etc) and to inform the management if there any need for the policy to be reviewed to meet the latest statutory requirements on Labour Ordinance Sarawak (ACT A1237), Section 105C, subsection (5)
Assessment Conclusion:	Based on document review, related salary payment was done in orderly manner. Wages on normal day and rest day was paid as per Labour Ordinance Sarawak (Act A1237), Section 105C, subsection (5).
Verification Statement	No recurrence of issues sighted, thus the NC is closed effectively on 29/9/20.

Major/Minor Nonconformities:	
Ref: 1808649-201907-N2	Area/Process: Palmgroup POM
	Clause: 4.6.3.2
	Issue Date: 1/8/19
	NC Closure Date: 29/9/20
Requirements:	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.
Statement of Nonconformity:	Contract agreements with the CPO transporter and PK transporter were found expired
Objective Evidence:	1) PK transporter, Jin Piaw Construction Sdn Bhd refer to transporter agreement, effective 1st February 2016. Validity period: 3 years for the date of agreement

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	2) CPO transporter, Viva Master Sdn Bhd refer to transporter agreement, effective 1/2/2016. Validity period: 3 years for the date of agreement
Corrections:	Immediately to engage new assessor to monitor the validity contract and renewal progress for contract PK Transporter and CPO transporter.
Root cause analysis:	Tracking activity was not done on regular schedule and centralized since previous HQ Person Responsible to monitor, Mr. Lau Siong Mun had been resigned
Corrective Actions:	Michael Ngu has been assigned to keep record in HQ Sibul Official and will coordinate with Yii Ann Na – QC In Charge to set up monitoring schedule plan for keeping Mill Manager updated and informed. Arrangement to renew the contract will be made earlier before the expiry date. Once contract is successfully renew and valid, the verified copy shall be submitted to Yii Ann Na for Site Mill keep filing.
Assessment Conclusion:	Verified related contracts and found to be valid. QC has monitored the contract validity and included in the mill permit/license dashboard for continuous tracking.
Verification Statement	No recurrence of issues sighted, thus the NC is closed effectively on 29/9/20.



3.4 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1431235201701-M1	Major	9/1/17	Closed on 17/4/17
1431235201701-M2	Major	9/1/17	Closed on 17/4/17
1431235201701-M3	Major	9/1/17	Closed on 17/4/17
1431235201701-M4	Major	9/1/17	Closed on 17/4/17
1664969-201807-M1	Major	31/7/18	Closed on 18/9/18
1664969-201807-M2	Major	31/7/18	Closed on 18/9/18
1664969-201807-M3	Major	31/7/18	Closed on 18/9/18
1664969-201807-M4	Major	31/7/18	Closed on 18/9/18
1808649-201907-M1	Major	1/8/19	Closed on 29/9/19
1808649-201907-N1	Minor	1/8/19	Closed on 29/9/20
1808649-201907-N2	Minor	1/8/19	Closed on 29/9/20
1964342-202009-M1	Major	29/9/20	Closed on 4/12/20
1964342-202009-N1	Minor	29/9/20	"Open"
1964342-202009-N2	Minor	29/9/20	"Open"
1964342-202009-N3	Minor	29/9/20	"Open"

3.5 Issues Raised by Stakeholders

IS #	Description
1	Issues: Workers Representative (Indonesian and local Sarawakian) Good decent housing complex provided by the company. Electricity and water subsidise to all workers. Basic pay in accordance with Minimum Wages Order 2020 for RM1,200 per month.
	Management Responses: To continue comply with relevant laws and regulation
	Audit Team Findings: No further issue raised

Section 4: Assessment Conclusion and Recommendation

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment Palmgroup POM Certification Unit complies with the MS 2530-4:2013. It is recommended that the certification of Palmgroup POM Certification Unit is approved and/or continued.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: Raymond Nyian	Name: Mohamed Hidhir Zainal Abidin
Company name: Palmgroup Holdings Sdn Bhd	Company name: BSI (M) Sdn Bhd
Title: Manager, Sustainability	Title: Lead Auditor
Signature:  Date: 23/07/2021	Signature:  Date: 22 nd July 2021

Appendix A: Summary of the findings by Principles and Criteria

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

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	Policy for the implementation of MSPO shall be established. - Major compliance -	Palmgroup Palm Oil Mill Sdn Bhd has established a policy on sustainable palm oil production. Signed by MD, Mr Tiong Chiong Hee dated 20/4/16. Refer to MSPO Management Policy and Procedure, PGHSB/SOPP/014/2016(2019-05), version 5, dated 25/3/19. A few sessions of policy briefing carried out; i) 4/2/20 – mill workers ii) 10/2/20 – contractor iii) 9 & 13/5/20 – communities	Complied
4.1.1.2	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. - Major compliance -	The established policy has emphasized on the commitment for key legal, social and environmental consideration with the objective of improving the milling and estate operation.	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.	Internal audit was carried by Sustainability team on 26-28/6/2019 for Palmgroup Palm Oil Mill. Audit covered both documentation and field operation for the mill. Rating was given based on audit finding. Audit report was available with the summary of findings	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	for each respective work units. Total of 17 non-conformities raised by the internal auditor and closed on 10th August 2020.	
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. - Major compliance -	Palmgroup Palm Oil Mill Sdn Bhd has implemented Internal Audits Procedure under the established procedure, to MSPO Management Policy and Procedure, PGHSB/SOPP/014/2016(2019-05), version 5, dated 25/3/19 which prepared by Sustainability Manager, Mr Raymond Nyian. The procedure has incorporated the internal auditor competency requirement. By default, internal audit is planned once a year. No finding recorded in the last internal audit and only a few comments for improvement recorded in the report	Complied
4.1.2.3	Reports shall be made available to the management for their review. - Major compliance -	Internal audit report dated 13/07/2020 was made available for management review	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. - Major compliance -	The latest management review was carried out on 23/06/2020. The combined MSPO meeting was chaired by mill manager and attended by assistant manager and head of department. All pertinent elements in the standard has been discussed for effective implementation of MSPO towards continual improvement.	Complied
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.	Palmgroup Palm Oil Mill Sdn Bhd has established management plan on social, safety and health and environmental impact. The plan are documented and available for references. Verified the	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	management plan for 2020 dated 6/1/20 which covers social, environmental, safety and best practices as well as biodiversity aspect in palm oil mill operation. Monthly update will be presented via TQM management meeting in HQ.	
4.1.4.2	The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce. - Major compliance -	The mill manager will be responsible to monitor and improves practices of new information and techniques or new industry standards and technology to be implemented. CAPEX allocation as part of continuous improvement; i) Upgrading of capacity: 90 tonne/hr + 60 tonne/hr = 150 tonne/hr ii) Methane capture – flaring unit (GWP reduction)	Complied
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	The management shall communicate adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms. - Major compliance -	Palmgroup had continued to implement the Communication and Consultation Procedure (version 2) dated 15/4/2019. The procedure describe on the communication with the internal and external stakeholders. Mdm Pauline Anak Janin has been appointed as Mill Social and Legal Coordinator which will be responsible in implementation and maintain of Company’s Social and Legal Management System. The appointment letter dated 20/6/2019 which issued by Mill Manager in charge was sighted. Records of consultation and communication is available in following documents: a. ST 18- Register of Dispute	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		b. ST 19- Monitoring of request c. Complaint/ suggestion record d. Consultation records with community log book List of external stakeholders was available which included stakeholder from nearby village, contractors, FFB suppliers, government bodies, internal stakeholders. The list was last update on 11/6/2020.	
4.2.1.2	The management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. - Major compliance -	Palmgroup POM holds copies of each of the management documents that were required to be publicly available. Copies of the document such as documents related to environmental and social issues, plans for pollution prevention, records of complaints and grievances were available upon request. The memo was displayed on the information notice board. For external stakeholder, communication will be done by email and set of documents will be provided for acknowledgement. Sighted document dated 5 th August 2020 for external stakeholders (Bintule Edible Oil – BEO, SK Sg Anak etc).	Complied
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders. - Major compliance -	Palmgroup had continued to implement the Communication and Consultation Procedure (version 2) dated 15/4/2019. The procedure describe on the communication with the internal and external stakeholders.	Complied
4.2.2.2	The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i> . - Minor compliance -	Mdm Pauline Anak Janin has been appointed as Mill Social and Legal Coordinator which will be responsible in implementation and maintain of Company’s Social and Legal Management System. The	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		appointment letter dated 20/6/2019 which issued by Mill Manager in charge was sighted.	
4.2.2.3	A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained. - Major compliance -	List of external stakeholders was available which included stakeholder from nearby village, contractors, FFB suppliers, government bodies, internal stakeholders. The list was last update on 11/6/2020.	Complied
Criterion 4.2.3 – Traceability			
4.2.3.1	The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability. - Major compliance -	Supply Chain Procedures (Mill) Mass Balance, PGHSB/SOPP/001/2017 version 1 dated November 2016 describes the procedure for monitoring and to ensure accuracy of sustainable and non-sustainable receipts, dispatches and stock balance to conform to the requirement of RSPO/MSPO. These include: a. Certificate number b. Name of certificate owner and estate name c. Date d. Weighbridge ticket ID e. Transporter Name f. Source Location g. FFB Weight and etc h. Traceability identification The traceability procedure has covered the procedure for external supplier which including the pre and post traceability. All the FFB	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		suppliers are registered with MPOB with a valid license of selling FFB to the mill. Licenses of the FFB supplier are sighted during the audit. All the licenses are still valid. The weighbridge ticket will be issued during the delivery of FFB from the estate to mill as well as delivery of CPO and PK from mill.	
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	Daily production report and sales & stock movement (MT) are available for 2020 to date. The mass balance sheet template was used to monitor incoming and outgoing of FFB and palm product (CPO and PK). The balance sheet has segregated the certified and non-certified FFB and palm product (CPO and PK). Stock balance as at 29/9/20 as follows: CPO: 947.70 mt PK: 308.72 mt	Complied
4.2.3.3	The management shall identified and assign suitable employees to implement and maintain traceability system. - Minor compliance -	Ms. Yii Ann Na has been appointed in charge of traceability. Refer to appointment letter dated 20/6/2019.	Complied
4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained. - Major compliance -	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel were maintained at the mill. Example of records evidence are as below: a. Daily production Record dated 29 th September 2020 b. Sales and stock movement report dated 29 th September 2020	Complied
4.3 Principle 3: Compliance to legal requirements			

Criterion / Indicator	Assessment Findings	Compliance											
Criterion 4.3.1 – Regulatory requirements													
4.3.1.1	<p>All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>Compliance with applicable local, state, national and ratified international laws and regulations were demonstrated. Among permits and licenses checked:</p> <ul style="list-style-type: none"> i) Compliance schedule, license no.2 (JPKKS SibU/2020/005542A) valid until 30th June 2021. BOD limit is 20 mg/l for waterway discharge. ii) Approval certificate and written approval for upgrading of effluent treatment system with 150 mt/hr processing capacity. Refer to AS(SWK)(B):31/152/000/057 Jld.7 (04A) dated 6th March 2020. iii) Contravene of License (CL), license no. 003402 for Palmgroup POM with the stipulate limit; <table border="1" data-bbox="1146 944 1753 1195"> <thead> <tr> <th>Equipment</th> <th>TPM limit</th> <th>Opacity limit</th> </tr> </thead> <tbody> <tr> <td>Boiler no.1</td> <td rowspan="5">400 mg/m3</td> <td rowspan="5">40 %</td> </tr> <tr> <td>Incinerator 1</td> </tr> <tr> <td>Incinerator 2</td> </tr> <tr> <td>Incinerator 3</td> </tr> <tr> <td>Incinerator 4</td> </tr> </tbody> </table> <ul style="list-style-type: none"> iv) MPOB license no. 541881004000 with the processing capacity of 450,000 mt per year and valid until 31/8/2021. v) Overtime permit approval from Sarawak Labour Department, serial no. JTKSWK/HKLM/001/17/(MUKAH) with the maximum of 156 jam effective from 28th March 2017. 	Equipment	TPM limit	Opacity limit	Boiler no.1	400 mg/m3	40 %	Incinerator 1	Incinerator 2	Incinerator 3	Incinerator 4	<p>Major Non-compliance</p>
Equipment	TPM limit	Opacity limit											
Boiler no.1	400 mg/m3	40 %											
Incinerator 1													
Incinerator 2													
Incinerator 3													
Incinerator 4													

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Criterion / Indicator	Assessment Findings	Compliance
	<p>vi) Deduction permit approval from Sarawak Labour Department, serial no. JTKSWK/PG/008/17/(SBU) effective from 13th March 2017 for sundry shop deduction owned by company.</p> <p>vii) Certificate of fitness for Unfired Pressure Vessel (UPV) and Steam Boiler (SB) are still pending for issuance by DOSH. Latest inspection was carried out on 15/9/20 for 1 steam boiler and 31 UPVs registered. Among inspected SB and UPVs;</p> <ul style="list-style-type: none"> - SW PMD1036 (steam boiler) - SW PMT 4275 (vertical sterilizer) - SW PMT 7072 (vertical sterilizer) - SW PMT 4279 (vertical sterilizer) - SW PMT 4267 (steam receiver) - SW PMT 4823 (steam separator) <p>Based on written instruction by DOSH officer dated 15/9/20, certificate of fitness (CF) for all 13 Unfired Pressure Vessel and Steam Boiler are temporary suspended. Machine can't be operated until the calibration report accepted and approved.</p> <p>Based on compliance schedule stipulated under JPLP(UB)2019/003402;</p> <p>i) The frequency of monitoring is every 3 month or via i-remote</p> <ul style="list-style-type: none"> - Only 6 monthly stack monitoring carried out on 6/8/19 (boiler no.1) and 17/4/19 (incinerator 1,2,3& 4). For 2020, boiler stack monitoring was carried out in July 2020 and for incinerator 1,2,3& 4 on 17/6/20. <p>ii) Emission limit for boiler stack no. 383 mg/m3, INC 1: 387</p>	

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Criterion / Indicator		Assessment Findings	Compliance
		mg/m3, INC 2: 388 mg/m3, INC: 384 mg/m3 and 395 mg/m3. Based on stack emission report for 2019 and 2020, INC 2 and 4 exceed the emission limit [2019: INC 2 - 389 vs 388 mg/m3 (limit), INC 4: 397 vs 395 mg/m3(limit), 2020: INC 4 - 391 vs 384 mg/m3 (limit)]. Thus, a major NC was raised.	
4.3.1.2	The management shall list all relevant laws related to their operations in a legal requirements register. - Major compliance -	All operating units have Legal & Other Requirements Register (LORR) covering all the necessary regulatory requirements. Refer to legal register, OT05 dated 9/7/2020. Sustainability department have reviewed and updated the applicable and relevant legal in the register.	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 -	Tracking system to ensure any changes in the relevant regulation been well implemented through communication from the Group Head Office to the mill management. 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 OFI - The new OSHA Noise Exposure Regulation 2019 has yet to be included in the register.	OFI
4.3.1.4	The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements.	The person in charge is Mdm. Pauline Anak Janin. Refer to the appointment letter dated 20 June 2019 (PPOM/SL/Int/001).	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	Job description established for the Social and Legal Coordinator : -To ensure compliance with relevant statutory and meet sustainable standard - Update all documents and records - Monitor and update register of Social and Legal Improvement or CA	
Criterion 4.3.2 – Lands use rights			
4.3.2.1	The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users. - Major compliance -	Based on the results of documentations, site visit and stakeholder consultation, no evidence that the oil palm milling activities diminished the land use rights of others.	Complied
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land. - Major compliance -	Memorandum of sublease between Palmcol Sdn Bhd and Palmgroup POM Sdn Bhd dated 19/11/2007 is available. There is no issue on land use claims evidence during the audit	Complied
4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	The map of the land portion is provided together with the land title. The map has provided the coordinated demarcation.	Complied
4.3.2.4	Where there are, or haven been disputes, documented proof of legal acquisition of land and fair compensation that have been or are being made to previous owners and occupants; shall made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	There is not land dispute recorded. This was verified with stakeholders’ consultation.	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 evidence that the land on which the Mill is situated is encumbered by customary rights. Therefore, this Indicator is not applicable.	N/A
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -	There is no evidence that the land on which the Mill is situated is encumbered by customary rights. Therefore, this Indicator is not applicable.	N/A
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - Major compliance -	There is no evidence that the land on which the Mill is situated is encumbered by customary rights. Therefore, this Indicator is not applicable.	N/A
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	The Social Impact Assessment (SIA) was conducted on 5-9/10/2015 by WildAsia including consideration of feedbacks from the stakeholder engagement meeting. Below are the details of the reviewed SIA: - Introduction - Site Location and Size - Land Use - Human Environment - List of Stakeholders Nearby the Site - Survey Methodology	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> - Identify Direct and Indirect Potential Impacts from operation - Mitigation Plan - Monitoring and Review <p>The SIA included mitigation plan for the identified negative impacts and also the monitoring and review of the impacts. The timeframe and responsible person to for SIA management plan has been incorporated in the latest plan, Social Mitigation Plan, dated 6/1/20</p>	
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	<p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>- Major compliance -</p>	<p>Palmgroup Holdings had continued to implement Complaint and Grievance Procedures with Doc. No. PGHSB/SOPP/002/2015 dated 21/12/2015 to enable internal and external stakeholder to complaints. According to the procedure, all the complaints and grievances will be recorded in each individual form.</p> <p>The forms can be filling and drop into the suggestion box at the office or send to PIC. Complaints form available for internal workers as well as external stakeholders (stage 1 & stage 2 to 3). All cases of complaints were reported to the mill management. Complaint forms and details were sighted in the Complaint and Grievances file (ST 19).</p>	Complied
4.4.2.2	<p>The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties.</p> <p>- Major compliance -</p>	<p>Complaint/Suggestion records for Internal and External Stakeholders was implemented. Seen the complaint forms and found most of the complaints were related to house damage issues. All cases of complaints were reported to the mill</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		management. Complaint forms and details were sighted in the Complaint and Grievances file (ST 19).	
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints. - Minor compliance -	The complaint form was available at the office. Besides, suggestion box was available in the office area where the stakeholders were able to lodge complaint or suggestion at any time.	Complied
4.4.2.4	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time. - Minor compliance -	Interviewed with internal and external stakeholder during stakeholder consultation found that they were aware of the complaint procedure and 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 -	The mill maintained its records of complaint in a complain file. Records for more than 24 months ago were still kept in the file.	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 -	Contribution during this COVID19 pandemic was observed: Donation – SK Sg Anak (PPE for COVID19) – 3000 pieces mask, face shield (47 pieces), sanitizer alcohol-gel (9 bottles) and non-contact infrared thermometer.	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	A revised Occupational Safety & Health Policy dated 1st January 2019 signed by Managing Director is available and been displayed	Complied

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Criterion / Indicator	Assessment Findings	Compliance
Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented. - Major compliance -	at prominent location in the mill compound and office.	

<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; d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements. g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept 	<ul style="list-style-type: none"> a) Occupational Safety & Health Policy dated 1/1/2019 signed by Managing Director is available and been displayed at prominent location in the mill compound and office. Policy briefing for workers was carried out on 12/2/2020 and 10/2/2020 for contractor. b) HIRARC register has been reviewed which include the new activity such as mill extension. For year 2020 there are 4 accident occurred including 1 fatal accident and reviewed accordingly. Training and awareness programme included in the OSH plan FY2020. SDS sampled found to be valid (still within 5 years from document date) and verified during site visit at store area. c) PPE and CHRA requirements was verified and based on CHRA recommendation. Respirator with 6003 filter, HIRARC only cotton mask CHRA was last assessed on CHRA done on 10 April 2017 by Thong Cia Ming (HQ/16/ASS/00/33) from ESI Sampling Sdn Bhd. Refer to CHRA report HQ/16/ASS/00/33-2017/001. d) SOP established for laboratory and chemical handling – SOP on Chemical Storage and Handling for PPOM. Latest training for laboratory personnel was carried out on 23/7/2020 e) At the Mill, there is a designated OSH Coordinator who is responsible for organising safety training, meetings and investigation and reporting of accidents and Incidents. SHC Chairman - Wong Sie Chel, appointment on 1/4/2019 SHC Secretary/coordinator – Tahir Anak Geling, appointment on 20/1/20. Verified based on SHC organization char for 2020, dated 24/2/20 f) Quarterly SHC meeting was carried out as per below: 	<p>OFI</p>
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	<p>ant the concerns of employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<table border="1" data-bbox="1137 363 1800 512"> <thead> <tr> <th>Date of meeting</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>16/03/2020</td> <td>No pending issues</td> </tr> <tr> <td>24/07/2020</td> <td></td> </tr> </tbody> </table> <p>g) The Mill has site specific Plans including maps showing assembly areas and up-to-date lists of emergency contacts with training conducted to communicate the Plan. Interviews of Mill staff and workers confirmed understanding of emergency response procedures. Emergency response team has been established for fire fighter, first aider, spillage and accident investigation. Drill for 2020 yet to be carried out.</p> <p>h) Employees trained in First Aid shall be present at all mill operations. 5 trained first aider under mill. Internal training was done on 10/3/ 2020 for mill workers by trained first aider.</p> <p>i) JKKP 8 – 4 accident with 1 fatal accident for total of 6037 lost time accident.</p> <p>OFI:</p> <p>i) To carry out emergency drill as the last list was carried out last year in July 2019.</p> <p>ii) Minimum PPE requirement for be in lined with the recommendation by CHRA assessor.</p>	Date of meeting	Remarks	16/03/2020	No pending issues	24/07/2020		
Date of meeting	Remarks								
16/03/2020	No pending issues								
24/07/2020									
<p>Criterion 4.4.5: Employment conditions</p>									
<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</p>	<p>Palmgroup continued to implement Human Rights Policy dated 5/5/2017 signed by Managing Director. The company was</p>	<p>Complied</p>						

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	<p>shall be signed by the top management and communicated to the employees.</p> <p>- Major compliance -</p>	<p>committed to ensure every individual were treated with fairness, dignity and respect. The company will respect the rights of every individual as expressed in the Code of Conduct for Industrial Harmony. Training of the policy was conducted on 13/7/2020 by the mill administration of Palmgroup POM. Seen the training attendance list where all the workers from different stations were participated in the training, photo evident and training materials. Besides, the policy was publicly displayed at the information notice board inside, outside the office and in the mill.</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>The top management of Palmgroup is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the "Human Rights Policy". There were no evidences of any form of discrimination based on race, national origin, religion, gender, union and political affiliation and is covered in the policy as well. Interview with workers indicates that there is no such discrimination occurs in the workplace.</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 an employment contracts for staff and workers. Pay and conditions were documented and found above the Minimum Wage Order 2020. Sampled of employment contracts confirmed that terms and conditions were clearly outlined and signed by the worker. Sampled of the payslips (Aug 20 [peak], Jan 20 [low] and December 19 [normal]) confirmed that the workers were paid in accordance with Minimum Wage Order 2018.</p> <ol style="list-style-type: none"> 1. MY00005465 2. MY00004163 3. MY00003382 4. MY00005228 5. MY00006934 	<p>Complied</p>

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		6. MY00006947 7. MY00006637 8. MY00004124 9. MY00005462	
4.4.5.4	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>There was a permanent contractor available in the mill, work. Palmgroup Palm Oil Mill Sdn Bhd arranges contracts for packing of bunch ash. The contract dated 1/1/2020 between Palmgroup POM and Sibiyu Engineering Services and Trading clearly stated that the contractor must strictly follow all applicable national and ratified international laws. Sighted the contractors' worker agreement, Pay and conditions were documented and found above the Minimum Wage Order 2018. All the workers permit for Sibiyu Engineering Services and Trading were found valid.</p> 2. B2433533 3. B2200186	Complied
4.4.5.5	<p>The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>All the recruited workers were registered in the Labour Registration Record where personal details such as name, nationality, next of kin, education standard, date of employed, job description, wage rate, date of birth and etc was stated in the registration card. Sampled of the Labour Registration Card as below:</p> 1. MY00005465 2. MY00004163 3. MY00003382 4. MY00005228 5. MY00006934 6. MY00006947	Complied

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		7. MY00006637 8. MY00004124 9. MY00005462	
4.4.5.6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records. - Major compliance -	Employment contracts were acknowledged and kept a copy by the workers verified through interviewed with the workers. The terms and conditions were clearly stated in the contract such as salary, annual leaves and public holiday entitlement, rate of work on rest day, overtime and etc. Sampled of employment contracts as below: 1. MY00005465 2. MY00004163 3. MY00003382 4. MY00005228 5. MY00006934 6. MY00006947 7. MY00006637 8. MY00004124 9. MY00005462	Complied
4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers. - Major compliance -	Palmgroup POM has established a time recording system (scan card system) for all employees. Time recording system has been implemented by scan card system for all mill employees. The working hours for all employees has been clearly documented in the Employment Contract and displayed in the office to ensure transparent for both employees and employer.	Complied
4.4.5.8	The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective	From the overtime transaction of the workers, noted that some of the workers exceeded the OT limit of 104 hours per month. There was permit obtained from labour Department for such	Complied

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	<p>agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable.</p> <p>- Major compliance -</p>	<p>issues. The permit (JTKSWK/HKLM/001/17/(MUKAH)) dated 28/3/2017 was sighted.</p>	
4.4.5.9	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p>- Major compliance -</p>	<p>Documented payslip was distributed to individual workers on the day of payment. Wages and overtime were paid according to the time recording system (scan card system). Total hours of overtime and daily attendance were recorded in the time card for the sample workers;</p> <ol style="list-style-type: none"> 1. MY00005465 2. MY00004163 3. MY00003382 4. MY00005228 5. MY00006934 6. MY00006947 7. MY00006637 8. MY00004124 9. MY00005462 	
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>Palmgroup POM has provided yearly bonus, monthly incentive which are paid according to staff's performances Apart from that, the management also provides free housing facilities with water and electricity. In addition, employees will be sent to nearby clinic and the cost is reimbursable</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>In order to ensure living quarters habitable and have basic amenities and facilities, quarters inspection was carried out by safety coordinator on monthly basis. Latest inspection was done</p>	Complied

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		on 20/9/20. Result of inspection recorded under facilities inspection checklist.	
4.4.5.12	The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace. - Major compliance -	The management continued to implement the policy and guidelines to prevent all forms of sexual harassment and violence of work place, namely "Sexual Harassment Policy" which was established by the management of Palmgroup Holdings on 22/2/2016. The latest gender committee meeting was carried out on 25/5/20.	Complied
4.4.5.13	The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. - Major compliance -	Palmgroup has continued to implement Policy on Freedom of Association and Collective Bargaining dated 21/3/2016. The company was committed and allowed their stakeholders such as employees, clients, business partner to form or join any association. Interviews of staff and workers confirmed Palmgroup POM supports freedom of association and collective bargaining. Although there were no Labour Unions, workers and staff are represented in Joint Consultative Committee (JCC). Members are elected from representatives of every division including foreign workers. The latest meeting was held on 2/3/2020 and 2/6/2020 attended by the elected members and mill management. Frequency of meeting is every 3 month.	Complied
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 -	Palmgroup was continued to implement Child Labour Policy which was signed by Senior Human Resource Manager dated 22/2/2016. No workers below than 18 years old will be recruited. Document verified on the Employee Master List confirmed that all the workers employed were above 18 years old.	Complied
Criterion 4.4.6: Training and competency			

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<p>4.4.6.1</p>	<p>All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.</p> <p>- Major compliance -</p>	<p>Palmgroup POM has prepared an Annual Training Plan 2020/2021 for workers and contractors that lists the internal and external training courses scheduled for the year. Training plan and records for 2020 as follows:</p> <ol style="list-style-type: none"> 1) MSPO management policy and procedure (13/5/20) 2) Complaint and grievance procedure (20/2/20) 3) Safety and Health Policy Training (10/2/20) 4) ERP (16/1/19) 5) Training for operator at Press Station (16/1/19) 6) Safety training for section engine room (14/3/19) 7) Confine space training (19/3/19) 8) Working at height (21/3/19) 9) Training SSOP Oil Room (27/3/19) 10) Basic first aid (9/7/19) 	<p>Complied</p>
<p>4.4.6.2</p>	<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>Palmgroup POM has prepared an Annual Training Plan 2019 based on the training needs. This includes the internal and external training courses scheduled for the year.</p>	<p>Complied</p>
<p>4.4.6.3</p>	<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>Continuous training programme is planned and implemented covering all employees and contractors as per the documented training procedure. Refresher training on SOP is emphasised for all operator to ensure safety and standard practices being followed for consistent implementation.</p>	<p>Complied</p>

4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services

Criterion 4.5.1: Environmental Management Plan

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<p>4.5.1.1</p>	<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. - Major compliance -</p>	<p>Palmgroup POM has established an environmental policy and environmental management plan with relevant to the applicable laws and regulations. Policy was signed by managing director on 6/1/2014. Interviews of staff and workers found that the policy has been implemented and communicated regularly through morning briefing and displayed on notice board.</p>	<p>Complied</p>
<p>4.5.1.2</p>	<p>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 -</p>	<p>Environmental management plan (EMP) documented under Environmental Continual Improvement Plan 2020 (PPOM/2020/03/13/V1). 11 environment impacts identified and being monitored as per stipulated frequency. Environmental schedule plan dated 2020/2021 was verified.</p>	<p>Complied</p>
<p>4.5.1.3</p>	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored. - Major compliance -</p>	<p>The continuous monitoring was implemented on timely basis where the planned programs which derived from list of significant environmental aspect. Results of the programs that were monitored will determine operational changes whether have positive or negative environmental Aspect and impacts FY2020. OFI - To incorporate waste identification and management plan in one (1) master plan for ease of reference and monitoring.</p>	<p>OFI</p>
<p>4.5.1.4</p>	<p>A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -</p>	<p>Palmgroup POM environmental improvement programme also includes continual improvement plans. For example, a new project on methane capturing is beneficial for company and environment as to reduce the GWP @ global warming potential.</p>	<p>Complied</p>
<p>4.5.1.5</p>	<p>An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives. - Major compliance -</p>	<p>Annual training programme of the mill includes environmental awareness and compliance related trainings to the executives, staffs and workers. Site observation by interviews of staff and workers found that the policy has been implemented and communicated regularly through morning briefing and displayed on notice board.</p>	<p>Complied</p>

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<p>4.5.1.6</p>	<p>The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.</p> <p>- Major compliance -</p>	<p>Environmental related matters were discussed during morning briefing and safety meeting. Workers interview reveal that they are encouraged to discuss environmental issues with the management. In addition, quarterly environmental meeting was last conducted on 29th June 2020. All pertinent environmental matters were discussed during the meeting</p>	<p>Complied</p>
<p>Criterion 4.5.2: Efficiency of energy use and use of renewable energy</p>			
<p>4.5.2.1</p>	<p>Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period</p> <p>- Major compliance -</p>	<p>Consumption of non-renewable energy has been optimized and closely monitored with the established baseline values and trends from the previous year.</p>	<p>Complied</p>
<p>4.5.2.2</p>	<p>The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.</p> <p>- Major compliance -</p>	<p>Palmgroup POM has estimation of total energy required. This estimation was compared to the actual usage by monthly and reported to the head office for monitoring.</p>	<p>Complied</p>
<p>4.5.2.3</p>	<p>The use of renewable energy should be applied where possible.</p> <p>- Minor compliance -</p>	<p>Utilization of fossil fuels (diesel for genset) was monitored and control through stores stocks and materials checking reported on monthly basis. Effective maintenance plan and productive operation plan for genset including regular servicing of gensets as well as efficient operation of FFB process to fully utilize the free source of fuel i.e. biomass (fiber and shell) were implemented. The quantity of biomass also monitored to achieve the expected percentage of fiber (60 – 70%) and shell (30%) @ renewable energy (RE) produced and quantities being consumed.</p>	<p>Complied</p>

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		consumption of RE is correlative with kWh of turbine operation as per the following figure: i)Turbine kWh generation for 2018: 7,913,353 kWh ii)Turbine kWh generation for 2019: 3,476,446 kWh.	
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 -	Management already establish manual for waste management such as Method of scheduled waste handling was documented under Scheduled Waste Handling and Storage Guidance, PGHSB/SOPP/014/2016, version 1 dated 21/11/16. Based on documented pollution prevention plan dated June 2019, among the waste products identified and documented including general waste and scheduled waste. Sources of waste were from the mill and housing area. Common waste identified including domestic waste and scheduled waste. Other specific type of waste generated by the mill is organic (biomass) waste which is also a source of renewable energy consists of fibres, shells, empty fruit bunches, boiler ashes and decanter solids. Other specific activities such as mill maintenance and estate vehicle workshop generate few categories of scheduled waste such as SW 305, SW 102 and SW 410	Complied
4.5.3.2	A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products. - Major compliance -	Documented pollution prevention plan dated 2020 was emphasized in the pollution prevention plan where the site visit confirmed that the practice of reduce, reuse and recycle of materials has been implemented throughout the company mill and estates. Process waste from production is being recycle back for operation. For example: Kernel and fibre was using back as fuel for turbine to generate electricity.	Minor Non-compliance

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		Identification and monitoring of sources of waste and pollution for biomass waste/process waste was not included in the Environmental Continual Improvement Plan for 2020. Observed during site visit, leachate from EFF dumping flowing to the nearby drain near to incinerator, new tilting sterilizer and store/workshop area. Thus a minor NC was issued.	
4.5.3.3	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 - Major compliance -	Designated storage area was constructed at Palmgroup POM with adequate mitigation measure such as spill kits and containment bunds. However, the mill currently build new schedule waste store. Scheduled waste were labelled and stored at designated area. Scheduled waste handling Kian Sang Metal (9/7/20): SW305 – 790 kg (CN no. 202007140939LBIX) SW410 – 57 kg (CN no. 2020071407TDNHE) SW102 – 47 kg (CN no. 202007140939LBIX) Observed during site visit, empty oil lubricant drums were left at open area near to process area. Sighted trace of oil the nearby drain and soil contamination resulting from improper storage of empty oil lubricant drums. Thus, a minor NC was raised.	Minor Non-compliance
4.5.3.4	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse. - Minor compliance -	Method of handling the domestic/general wastes are segregation at the collection point from offices and housing area before being disposed to the nearby approved landfill at Balingian District. Collection done by contractor twice per week.	Complied
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.	Based on the assessment of all polluting activities as of the Form 1: Identification and significant determination of environmental aspect and setting objectives and targets, version 1 (Oct 2016)/SU, identified significant source of air pollution was from	Complied

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	<p>- Major compliance -</p>	<p>boiler and incinerator chimney. Current monitoring was through online boiler smoke density and alarm and six-monthly boiler and incinerator stack monitoring of dust particulate.</p> <p>2nd half of 2020: Report ref# PGPOM/ST-B1/2019/1 dated 7/3/2019. Dust emission load: 0.322 g/Nm³, dry @ 12% CO₂ vs 0.4 g/Nm³, dry @ 12% CO₂</p> <p>1st half of 2020: Report ref# PGPOM/ST-B1/2019/1 dated 7/3/2019. Dust emission load: 0.322 g/Nm³, dry @ 12% CO₂ vs 0.4 g/Nm³, dry @ 12% CO₂</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>Palmgroup pollution prevention plan has been integrated into environmental improvement plan which is being reviewed on yearly basis. Based on pollution prevention plan dated March 2014, main source of significant pollutants and greenhouse gas (GHG) identified was methane (CH₄) emission through POME treatment. The company are in process of obtaining proposals to construct methane capture facilities in POME treatment pond. Other less significant GHG emissions identified including CO_x, SO_x and NO_x from various sources including fossil fuel, chemical and fertilizer consumptions. GHG emission calculated using and ISCC GHG template. Total emission reported; 924.47 kgCO₂eq/dry tonne CPO</p>	<p>Complied</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 in accordance with the respective state and national policies and regulations.</p> <p>- Major compliance -</p>	<p>Monitoring of POME discharge conducted on monthly basis through sample analysis by external laboratory.</p> <p>Final discharge of POME was found exceed the limit of 20 mg/l for the following months;</p> <p>i) April 2020, Ref: ELS/Palmgroup/02/126/20, sample date 21/4/20 - BOD: 26 mg/l</p> <p>ii) August 2020, Ref: ELS/Palmgroup/02/130/20, sample date 1/8/20 - BOD: 23 mg/l</p>	<p>Minor Non-compliance</p>

Criterion 4.5.5: Natural water resources			
4.5.5.1	<p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> a) Assessment of water usage and sources. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill’s current activities. c) Ways to optimize water and nutrient usage and reduce wastage (<i>e.g.</i> having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). <p>- Major compliance -</p>	<p>Water management plan, incorporated under environmental monitoring plan dated June 2020 which includes water consumption management and availability of water for mill processing and domestic use. The rainfall data collected to monitor the availability of water.</p>	Complied
4.5.5.2	<p>Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.</p> <p>- Major compliance -</p>	<p>Based on DOE license, ref: 001691; validity 1/7/2020 to 30/6/2021, method of POME discharge is water course and the BOD limit is below 50 ppm. Quarterly report submitted via OER “Online Environmental Reporting”.</p>	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Mill Management			
4.6.1.1	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<p>The mill processing system is documented in the Sustainability Plantation Management System MQMS/SQM/08 v 1 dated 01/11/2008 which includes the mill SOP, and Mill Quality Management Manual v.1 2008/MQMS/QMM/08. These documents provide guidelines and standards in the mill</p>	Complied

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		operations. The Standard Operating procedure (SOP) described details from the reception, sterilisation, threshing, pressing, clarification, depericarping (nut polishing) station, effluent, laboratory, workshop, despatches etc. In addition, there are also manuals available within the industry and MPOB that are used as guidelines.	
4.6.1.2	All palm oil mills shall implement best practices. - Major compliance -	The monitoring of the mill process is made through the shift supervision headed by an Assistant Engineer and the Mill Assistant. All process parameters are documented and summarized in a daily report. The external monitoring is made through visits by the CEO/General Manager and also technical personnel from the Head Office. DOSH performed the annual UPV machinery inspection. The last mill advisory visit was done on 2-3 July 2019. In addition, there are audits by PSQM and GCAD. This is to ensure compliance to Policies, procedures in relation mill operations, financial, OSH, welfare among others.	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 2 years prepared as guidance for future planning. The business plan contains FFB yield, CPO, OER, and KER, costs of production, etc. It also includes environment, social (workers and staffs welfare), and health and safety component and associated capital expenditure (CAPEX) for 2020 as per the following: i) 150 mt/hr mill upgrading ii) Methane capture project	Complied

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Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	Pricing mechanisms for the products and other services has been documented and effectively implemented. Palmgroup POM has prepared a standard contract for all the contractors. The signed copy of the contract available at the mill. Verified sample of contract with both party agreement for; 1) CPO transporter (VIVA Master Sdn Bhd, dated 1/2/2019 and valid for 3 years.	Complied
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	Palmgroup POM has prepared a standard contract for all the contractors. The signed copy of the contract available at the mill. Verified sample of contract with both party agreement for; 1) CPO transporter (VIVA Master Sdn Bhd, dated 1/2/2019 and valid for 3 years.	Complied
Criterion 4.6.4: Contractor			
4.6.4.1	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	Palmgroup POM has initiated the MSPO awareness to all its contractors. The mill has issued a memo to all the contractors dated 12/1/2017 regarding the implementation of MSPO in the mill. Briefing for new contractor at Palmgroup POM was carried out on 10/2/2020.	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Palmgroup POM has prepared a standard contract for all the contractors. The signed copy of the contract available at the mill.	Complied
4.6.4.3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required. - Minor compliance -	Palmgroup POM has no objection to allow BSI auditors to verify the assessment through physical inspection if required.	Complied

Appendix B: List of Stakeholders Contacted

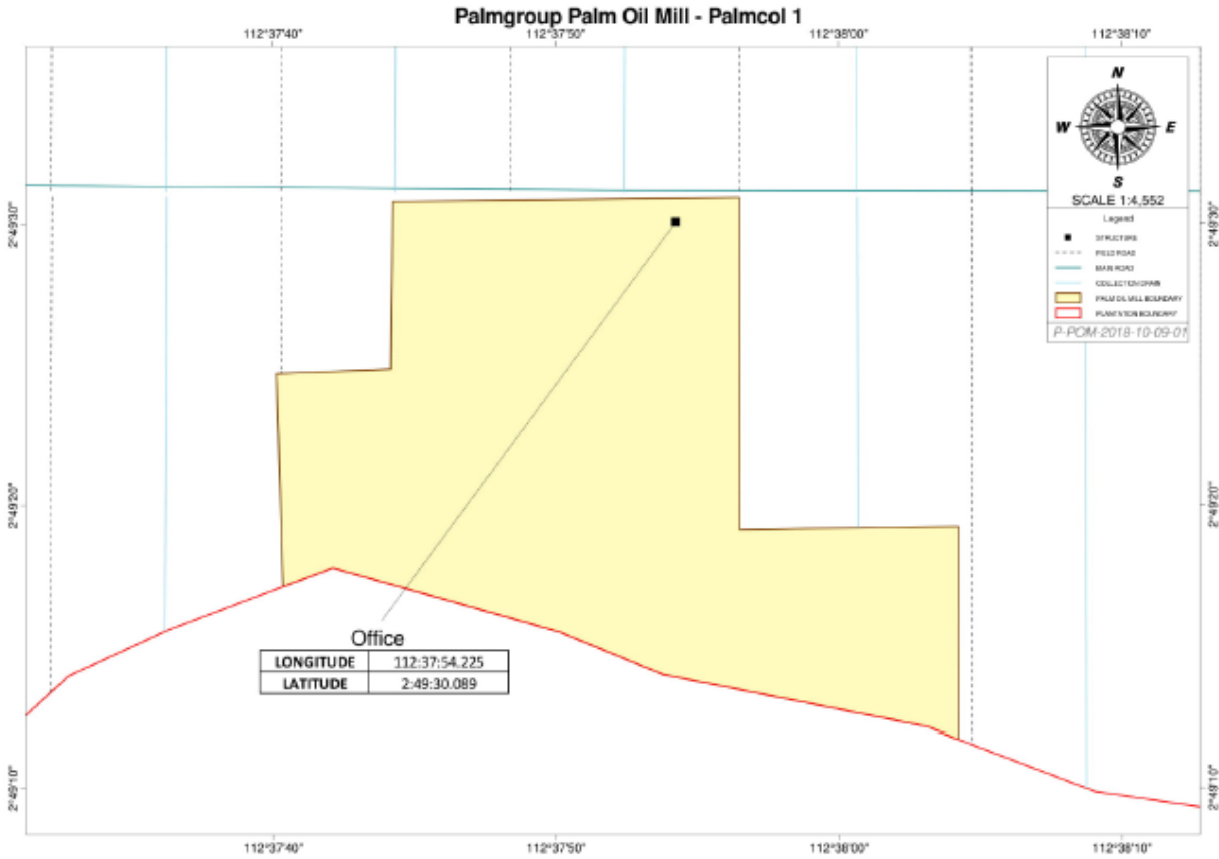
<p>Government Officer: Nil</p>	<p>Community/neighbouring village: Nil</p>
<p>Suppliers/Contractors/Vendors: Nil</p>	<p>Worker’s Representative/Gender Committee: Gender committee representative Worker’s representative by nationalities (Indonesian and local workers) JCC representative</p>

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Appendix C: Smallholder Member Details

No.	Smallholder		Location of Planted Area (District)	GPS Coordinates	Certified Area (ha)	Planted Area (ha)
	Name	MPOB License Number				
	N/A					

Appendix D: Location and Field Map



Appendix E: 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