

**MALAYSIAN SUSTAINABLE PALM OIL  
MSPO OPMC Public Summary Report**

- Initial Assessment**
- Annual Surveillance Assessment** (Choose an item.)
- Recertification Assessment (RA 1)**
- Extension of Scope**

<b>SIME DARBY PLANTATION BERHAD</b>
Client Company (HQ) Address: Level 11, Main Block, Plantation Tower No. 2, Jalan PJU 1A/7, 47301 Ara Damansara Selangor, Malaysia
Certification Unit: Strategic Operating Unit (SOU 26) - Sandakan Bay Palm Oil Mill & Segaliud Estate, Sentosa Estate, Tigowis Estate, Tun Tan Estate, and Tunku Estate
Date of Final Report: 24/12/2022

**Report prepared by:**  
**Valence Shem** (Lead Auditor)

**Report Number: 3717782**

**Assessment Conducted by:**  
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## Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
<b>Company Name</b>	Sime Darby Plantation Berhad		
<b>Mill/Estate</b>	<b>Certification Unit</b>	<b>MPOB License No.</b>	<b>Expiry Date</b>
	Sandakan Bay POM	508777804000	30/11/2022
	Segaliud Estate	528339002000	31/03/2023
	Sentosa Estate	530353002000	31/05/2023
	Tigowis Estate	528342002000	31/03/2023
	Tun Tan Estate	531250002000	31/07/2023
	Tunku Estate	528340002000	30/04/2023
<b>Address</b>	Head Office: Level 11, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7, 47301 Ara Damansara, Selangor, Malaysia		
<b>Management Representative</b>	Shylaja Devi Vasudevan Nair (Headquarters) Syahrul Saramlah (SOU Chairman)		
<b>Website</b>	www.simedarbyplantation.com	<b>E-mail</b>	shylaja.vasudevan@simedarb yplantation.com syahrul.saramlah@simedarb plantation.com
<b>Telephone</b>	603-78484379 (Head Office) 606-5291 302 (Mill)	<b>Facsimile</b>	603-78484363 (Head Office)

1.2 Certification Information			
<b>Certificate Number</b>	Mill: MSP0 682050 Estate: MSP0 689878	<b>Certificate Start Date</b>	24/12/2022
<b>Date of First Certification</b>	09/02/2018	<b>Certificate Expiry Date</b>	30/09/2027
<b>Scope of Certification</b>	<input checked="" type="checkbox"/> Mill: Production of Sustainable Palm Oil and Palm Oil Products <input checked="" type="checkbox"/> Estate: Production of Sustainable Oil Palm Fruits		
<b>Visit Objectives</b>	1) Determination of the conformity of the client's management system, or parts of it, with audit criteria 2) Evaluation of the ability of the management system to ensure the client organization meets applicable statutory, regulatory and contractual requirements		
<b>Standard</b>	<input type="checkbox"/> MSP0 MS 2530-2:2013 – General Principles for Independent Smallholders <input checked="" type="checkbox"/> MSP0 MS 2530-3:2013 – General Principles for Oil Palm Plantations and Organized Smallholders <input checked="" type="checkbox"/> MSP0 MS 2530-4:2013 – General Principles for Palm Oil Mills		
<b>Recertification Assessment Visit (RAV) 1</b>	01 - 05/08/2022		

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<b>Continuous Assessment Visit Date (CAV) 1_1</b>	-
<b>Continuous Assessment Visit Date (CAV) 1_2</b>	-
<b>Continuous Assessment Visit Date (CAV) 1_3</b>	-
<b>Continuous Assessment Visit Date (CAV) 1_4</b>	-

### 1.3 Other Certifications

Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
RSPO 537872	RSPO Principles & Criteria of Sustainable Palm Oil Production: 2018; Malaysian National Interpretation: 2019	BSI Services Malaysia Sdn Bhd	30/09/2023
MSPO 714122	MSPO Supply Chain Certification Standard (MSPO SCCS) 1 October 2018.	BSI Services Malaysia Sdn Bhd	05/11/2024

### 1.4 Location of Certification Unit

Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Latitude	Longitude
Sandakan Bay POM	KM 34, Off Jalan Sukau Kinabatangan, Suanlamba District, 90009 Sandakan, Sabah, Malaysia	5° 38' 26.26" N	118° 10' 3.01" E
Segaliud Estate	Jalan Sandakan - Lahad Datu, Batu 36, 90009 Sandakan, Sabah, Malaysia	5° 43' 33.75" N	117° 45' 20.36" E
Sentosa Estate	KM 34, Off Jalan Sukau Kinabatangan, Suanlamba District, 90009 Sandakan, Sabah, Malaysia	5° 36' 21.69" N	118° 10' 20.85" E
Tigowis Estate	KM 34, Off Jalan Sukau Kinabatangan, Suanlamba District, 90009 Sandakan, Sabah, Malaysia	5° 44' 57.08" N	118° 13' 2.81" E
Tun Tan Estate	KM 34, Off Jalan Sukau Kinabatangan, Suanlamba District, 90009 Sandakan, Sabah, Malaysia	5° 38' 28.80" N	118° 10' 46.20" E
Tunku Estate	KM 34, Off Jalan Sukau Kinabatangan, Suanlamba District, 90009 Sandakan, Sabah, Malaysia	5° 42' 30.91" N	118° 10' 48.27" E

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<b>1.5 Certified Area</b>					
<b>Estate</b>	<b>Total Planted (Mature + Immature) (ha)</b>	<b>HCV (ha)</b>	<b>Infrastructure &amp; Other (ha)</b>	<b>Total Area (ha)</b>	<b>% of Planted</b>
Segaliud Estate	4,252.75	261.19	306.19	4,820.13	88.23
Sentosa Estate	3,208.73	74.64	262.17	3,545.54	90.50
Tigowis Estate	1,879.99	9.93	184.10	2,074.02	90.64
Tun Tan Estate	2,775.05	4.74	363.44	3,143.23	88.29
Tunku Estate	2,891.48	30.00	281.57	3,203.05	90.27
<b>Total (ha)</b>	<b>15,008.00</b>	<b>380.50</b>	<b>1,397.47</b>	<b>16,785.97</b>	

<b>1.6 Plantings &amp; Cycle</b>							
<b>Estate</b>	<b>Age (Years)</b>					<b>Mature</b>	<b>Immature</b>
	<b>0 - 3</b>	<b>4 - 10</b>	<b>11 - 20</b>	<b>21 - 25</b>	<b>26 - 30</b>		
Segaliud Estate	973.20	1,878.39	979.51	421.65	-	3,279.55	973.20
Sentosa Estate	1,289.06	1,081.89	673.06	-	164.72	1,919.67	1,289.06
Tigowis Estate	558.23	1,166.71	155.05	-	-	1,321.76	558.23
Tun Tan Estate	469.17	1,689.45	102.39	-	514.04	2,305.88	469.17
Tunku Estate	1,028.95	1,163.11	165.17	4.00	530.25	1,862.53	1,028.95
<b>Total (ha)</b>	<b>4,318.61</b>	<b>6,979.55</b>	<b>2,075.18</b>	<b>425.65</b>	<b>1,209.01</b>	<b>10,689.39</b>	<b>4,318.61</b>

<b>1.7 Certified Tonnage of FFB</b>			
<b>Estate</b>	<b>Tonnage / year</b>		
	<b>Estimated (Nov 21 - Oct 22)</b>	<b>Actual (Jul 21 - Jul 22)</b>	<b>Forecast (Sep 22 - Aug 23)</b>
Segaliud Estate	64,527.80	56,578.82	76,732.01
Sentosa Estate	37,871.84	34,386.69	40,139.55
Tigowis Estate	25,111.76	30,795.64	37,664.81
Tun Tan Estate	41,493.77	34,644.59	60,423.00
Tunku Estate	33,527.80	36,397.88	38,000.00
Third parties	30,000.00	36,217.67	51,300.00
<b>Total (mt)</b>	<b>232,532.97</b>	<b>229,021.29</b>	<b>304,259.37</b>

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<b>1.8 Uncertified Tonnage of FFB</b>			
Estate	Tonnage / year		
	Estimated (Nov 21 - Oct 22)	Actual (Jul 21 - Jul 22)	Forecast (Sep 22 - Aug 23)
Nil	N/A	N/A	N/A
Total (mt)	N/A	N/A	N/A

<b>1.9 Certified Tonnage</b>			
Mill Capacity: 60 MT/hr  SCC Model: SG	Estimated (Nov 21 - Oct 22)	Actual (Jul 21 - Jul 22)	Forecast (Sep 22 - Aug 23)
	FFB	FFB	FFB
	232,532.97	229,021.29	304,259.37
	CPO (OER: 21.80%)	CPO (OER: 20.72%)	CPO (OER: 20.74%)
	50,692.19	47,457.06	63,093.00
	PK (KER: 5.00%)	PK (KER: 4.12%)	PK (KER: 4.42%)
	11,626.65	9,440.58	13,440.00

<b>1.10 Actual Sold Volume (CPO)</b>					
CPO (mt)	MSPO Certified	Other Schemes Certified		Conventional	Total
		ISCC	RSPO		
47,457.06	-	-	42,156.34	5,783.28	47,939.62

Note: Total sales were more than production because the mill has balance of unused credits carried forward from the month before (June 2021).

<b>1.11 Actual Sold Volume (PK)</b>					
PK (mt)	MSPO Certified	Other Schemes Certified		Conventional	Total
		ISCC	RSPO		
9,440.58	-	-	7,246.53	1,815.90	9,062.43

## Section 2: Assessment Process

BSI is a leading global provider of management systems assessment and certification, with more than 92,000 certified locations and clients in over 193 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 reassessment was conducted from 01-05/08/2022. The audit programme is included as Section 2.4. The approach to the audit was to treat the Sandakan Bay POM, Segaliud Estate, Sentosa Estate, Tigowis Estate, Tun Tan Estate and Tunku Estate as a MSPO Certification Unit. A public announcement was made at BSI website ([https://www.bsigroup.com/globalassets/localfiles/en-my/mspo/Public%20Notification/2022/07-2-mspo-public-notification\\_recertification\\_sime-darby\\_sou-26-sandakan-bay-pom--supply-base\\_english.pdf](https://www.bsigroup.com/globalassets/localfiles/en-my/mspo/Public%20Notification/2022/07-2-mspo-public-notification_recertification_sime-darby_sou-26-sandakan-bay-pom--supply-base_english.pdf)) prior to the assessment. 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 2530-2:2013, MS 2530-3:2013 and MS 2530-4:2013 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The Certification Unit was not using MSPO certification marks for any type of on- and off-product communication. The Certification Unit are compliance with the use of the MSPO Logo and related claims.

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 ( $1\sqrt{3} = 2$ ). The sampled smallholder listed in Appendix B.

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 Section 3.6.

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.

All the previous nonconformities are remains closed. The assessment findings from the reassessment is detailed in Section 4.2. Major non-conformities closed offsite as documentation were sufficient.

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This report was externally reviewed by MSP0 approved Peer Reviewer prior to certification and recertification decision by BSI. For Annual surveillance assessment, the report was internally reviewed and approved by BSI qualified certification reviewer.

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

<b>Assessment Program</b>					
<b>Name (Mill / Plantation / Group smallholders)</b>	<b>Year 1 (Recertification)</b>	<b>Year 2 (ASA 1_1)</b>	<b>Year 3 (ASA 1_2)</b>	<b>Year 4 (ASA 1_3)</b>	<b>Year 5 (ASA 1_4)</b>
Sandakan Bay POM	✓	✓	✓	✓	✓
Segaliud Estate	✓		✓	✓	
Sentosa Estate		✓	✓		✓
Tigowis Estate		✓		✓	✓
Tun Tan Estate	✓	✓		✓	
Tunku Estate	✓		✓		✓

**Tentative Date of Next Visit: July 31, 2023 - August 4, 2023**

**Total No. of Mandays: 15**

**2.1 BSI Assessment Team**

<b>Team Member Name</b>	<b>Role</b>	<b>Qualifications</b>
Valence Shem (VSH)	Team Leader	<p><b>Education:</b>            BTech (Hons) Bachelor’s Degree in Industrial Technology, University of Science Malaysia.</p> <p><b>Work Experience:</b></p> <ol style="list-style-type: none"> <li>1) 9 years working experience in oil palm plantation industry.</li> <li>2) Management system auditing since 2009 for various standards such as ISO 14001, RSPO P&amp;C, RSPO SCCS, MSP0 and SMETA.</li> </ol> <p><b>Training attended:</b></p> <ol style="list-style-type: none"> <li>1) ISO 14001 Lead Auditor Course</li> <li>2) ISO 9001 Lead Auditor Course</li> <li>3) Endorsed RSPO P&amp;C Lead Auditor Course</li> <li>4) Endorsed RSPO SCCS Lead Assessor Course</li> <li>5) MSP0 Awareness Training</li> <li>6) ISO 45001 Lead Auditor Course</li> </ol>

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		<p>7) SMETA Auditor training              8) HCV-HCS training              9) RSPO-endorsed RSPO ISH Standard 2019 Lead Auditors Course</p> <p><b>Aspect covered in this audit:</b>              Legal, social aspects, employees' welfare and stakeholders' consultations &amp; communications.</p> <p><b>Language proficiency:</b>              English and Bahasa Malaysia.</p>
Ahmad Rufi Bin Abu Talib Khan (ARK)	Team Member	<p><b>Education:</b>              Bachelor's Degree in mechanical engineering from Universiti Teknologi MARA Shah Alam, graduated in 2015.</p> <p><b>Work Experience:</b>              He started his career as Assistant Mill Manager at Tradewinds Plantations Bhd (TPB). managing the day-to-day mill operations. In his three years' experience at TPB, he has experience handling the certification of ISO 9001, OHSAS 18001, ISO 14001 as well as Malaysia Sustainable Palm Oil (MSPO). He is then moved to United Malacca Berhad to work as Mill Engineer where he assisted mill manager in daily mill operation and together with his team at the mill, started the ISCC initiatives to certify the mill and the supply bases with the scheme. He is a qualified Lead Auditor for MS 2530:2013 and has accumulated more than 300 audit days throughout his current career as the auditor for multiple disciplines covering all over Malaysia.</p> <p><b>Training attended:</b></p> <ol style="list-style-type: none"> <li>1) CQI – IRCA approved ISO 9001 Lead Auditor Course</li> <li>2) CQI – IRCA approved ISO 14001 Lead Auditor Course</li> <li>3) CQI – IRCA approved ISO 45001 Lead Auditor Course</li> <li>4) MSPO 2530:2013 Lead Auditor Course</li> <li>5) Endorsed RSPO P&amp;C Lead Auditor Course</li> <li>6) RSPO SCC Lead Auditor Course</li> </ol> <p><b>Aspect covered in this audit:</b>              Policy and commitment, internal audit, management review, occupational safety and health, HIRADC, trainings, mill and estate best practise.</p> <p><b>Language proficiency:</b>              Fluent in English and Bahasa Malaysia.</p>
Mohamad Fitri bin Mustafa (MFM)	Team member	<p><b>Education:</b>              Bachelor of Science Agribusiness, graduated from University Putra Malaysia in 2007.</p> <p><b>Work Experience:</b>              Started his career as research officer with Malaysian Agri Hi Tech Sdn Bhd, before servicing as agronomist at Tradewinds Plantations Berhad and FASSB. Accumulating his experience in sustainability when he serves as an auditor with Global Gateway Sdn Bhd since 2018.</p> <p><b>Training attended:</b></p>

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		<p>1) MSPO Lead Auditor Course 2) ISO 9001:2015 Lead Auditor Course in 2018 3) RSPO Lead Auditor Course in year 2019 4) SHO Course in 2022</p> <p><b>Aspect covered in this audit:</b> Legal, land use right, traceability, biodiversity, wastes management, and environment.</p> <p><b>Language proficiency:</b> Fluent in English and Bahasa Malaysia.</p>
Muhammad Sufyan Azmi	Peer Reviewer	<p><b>Education:</b> Master's in Business Administration (MBA) from Open University Of Malaysia and Bachelor Degree in Bioindustry from UPM in 2006.</p> <p><b>Work Experience:</b> He gained his working exposure in the plantation sector with 15 years' experience, currently serving as a Plantation Manager with TSH Resources Berhad and previously as an Audit Executive with Kulim Malaysia Berhad.</p> <p><b>Training attended:</b> He has attended MSPO Peer Reviewer 2 - 2017 by MPOCC.</p> <p><b>Expertise:</b> General management, auditing, environment and plantation management.</p>
Mohd Sabre Salim	Peer Reviewer	<p><b>Education:</b> Master's in Business Administration (MBA) from UiTM in 2006 and Bachelor Science Agribusiness from UPM in 1986.</p> <p><b>Work Experience:</b> He gained his working exposure in the plantation sector, serving as an Plantation Manager with Hap Seng Plantation Berhad and currently as consultant, free-lance lecturer, and trainer at MDV Management Sdn Bhd. He has more than 50 MSPO report that has been reviewed.</p> <p><b>Training attended:</b> He has completed Endorsed Lead Auditor Course and Endorsed MSPO Lead Auditor Course and MSPO Peer Review certificate by MPOCC. He has attended MSPO Peer Reviewer 1 - 2017 by MPOCC.</p> <p><b>Expertise:</b> General management, leadership &amp; financial management, occupational safety &amp; health management plantation (agriculture &amp; agribusiness) Management Malaysian Sustainable Palm Oil (MSPO).</p>

## 2.2 Impartiality and conflict of interest

During this assessment there was no circumstances or pressure that had influenced the independence or confidentiality of the assessment team.

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### 2.3 Accompanying Persons

No.	Name	Role
	Nil	

### 2.4 Assessment Plan

The assessment plan was sent to the client prior to the assessment.

Date	Time	Subjects	VSH	ARK	MFM
Monday 01/08/2022	0830 - 0900	Opening meeting: <ul style="list-style-type: none"> <li>Opening presentation by audit team leader</li> <li>Confirmation of assessment scope and finalize audit plan (including stakeholder's consultation)</li> </ul>	✓	✓	✓
	0900 - 1300	<b><u>Tun Tan Estate</u></b> 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, wastes management, workers housing, clinic, Landfill, etc. and stakeholder consultation	✓	✓	✓
	1300 - 1400	Lunch break	✓	✓	✓
	1400 - 1630	<b><u>Tun Tan Estate</u></b> Document review P1 – P7 (MSPO Part 3): General Documentation e.g., Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP, and implementation etc.	✓	✓	✓
	1630 - 1700	Interim closing briefing	✓	✓	✓
Tuesday 02/08/2022	0900 - 1300	<b><u>Tun Tan Estate</u></b> Continue with outstanding elements	✓	-	✓
		<b><u>Tunku Estate</u></b> Document review P1 – P7 (MSPO Part 3): General Documentation e.g., Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP, and implementation etc.	-	✓	-
	1300 - 1400	Lunch break	✓	✓	✓

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Date	Time	Subjects	VSH	ARK	MFM
	1400 - 1630	<b><u>Tunku Estate</u></b> Document review P1 – P7 (MSPO Part 3): General Documentation e.g., Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc.	✓	✓	✓
	1630 - 1700	Interim closing briefing	✓	✓	✓
Wednesday 03/08/2022	0900 - 1300	<b><u>Tunku Estate</u></b> 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, wastes management, workers housing, clinic, Landfill, etc. and stakeholder consultation	✓	✓	✓
	1300 - 1400	Lunch break	✓	✓	✓
	1400 - 1630	<b><u>Tunku Estate</u></b> Continue with outstanding elements	✓	-	-
		<b><u>Segaliud Estate</u></b> Document review P1 – P7 (MSPO Part 3): General Documentation e.g., Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc.	-	✓	✓
	1630 - 1700	Interim closing briefing	✓	✓	✓
Thursday 04/08/2022	0900 - 1300	<b><u>Segaliud Estate</u></b> 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, wastes management, workers housing, clinic, Landfill, etc. and stakeholder consultation	✓	✓	✓
	1300 - 1400	Lunch break	✓	✓	✓
	1400 - 1630	<b><u>Segaliud Estate</u></b> Document review P1 – P7 (MSPO Part 3): General Documentation e.g., Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP, and implementation etc.	✓	✓	✓

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	1630 - 1700	Interim closing briefing	✓	✓	✓
Friday 05/08/2022	0900 - 1300	<b><u>Sandakan Bay POM</u></b> Site visit, FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection, clinic, meeting stakeholders, etc. and stakeholder consultation	✓	✓	✓
	1300 - 1400	Lunch break	✓	✓	✓
	1400 - 1530	<b><u>Sandakan Bay POM</u></b> Document Review P1 – P6 (MSPO Part 4): SOPs, Review on SEIA documents and records, wage records, employee data, training records, legal permits, mill inspection and internal monitoring records, CIP & implementation, etc.	✓	✓	✓
	1530 - 1600	Interim closing briefing	✓	✓	✓
	1600 - 1630	Audit team discussion & preparation for closing meeting	✓	✓	✓
	1630 - 1700	Closing meeting	✓	✓	✓

### 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. The findings summary of the assessment by criteria are listed in Appendix A.

During the reassessment there were two (2) Major & two (2) Minor nonconformities and two (2) OFI raised. The Sime Darby Plantation Berhad SOU 26 Sandakan Bay Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the non-conformity 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. The below is the summary of the non-conformity raised during this assessment.

Non-Conformity Report			
<b>NCR Ref #:</b>	2233550-202207-M1	<b>Issue Date:</b>	05/08/2022
<b>Due Date:</b>	04/11/2022	<b>Date of Closure:</b>	19/10/2022
<b>Area/Process:</b>	Tun Tan, Tunku and Segaliud Estate	<b>Clause &amp; Category: (Major / Minor)</b>	MSPO 2530 Part 3: 4.6.4.1 Major
<b>Requirements:</b>	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.		
<b>Statement of Nonconformity:</b>	The monitoring of the contractors’ understanding on MSPO requirements was not satisfactorily demonstrated.		
<b>Objective Evidence:</b>	Based on interview with several workers and site visit, the groceries shop at Tun Tan, Tunku and Segaliud Estate have been storing the cooking liquid petroleum gas cylinders and distributing them to workers. However, there is no evidence that the shops have obtained legal permit from the relevant authority for this activity.		
<b>Corrections:</b>	<u>Segaliud Estate</u> The estate management had called the shop owner and informed on the requirement. As an immediate action, the shop owner is not allowed to keep and sell the LPG in the estate until they obtain the permit from authority.  <u>Tun Tan Estate</u>		

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	<p>Management have contacted the owner groceries at Tun Tan Estate and briefing regarding controlled goods (Cooking liquid petroleum gas) require a license and permit.</p> <p><u>Tunku Estate</u>          We not allowing any transaction related to gas barrels in Tunku Estate until we get a storage license.</p>
<p><b>Root cause analysis:</b></p>	<p><u>Segaliud Estate</u>          The estate shop has valid permit to operate and sell groceries but not the LPG. All the while, the shop did not store the LPG openly neither included in the list of goods which was submitted to the estate management on monthly basis and bring in upon request. The shop owner had been told to get the permits soonest possible whilst at the same time not allowed to sell the LPG in the premise until further notice.</p> <p><u>Tun Tan Estate</u>          Estate management was miss out checking legal compliance for cooking liquid petroleum gas cylinder due to improper checklist for groceries shop inspection.</p> <p><u>Tunku Estate</u>          The shop has permit but expired and the permit was not applied for Tunku Estate. Permit renewal application was on hold due MCO.</p>
<p><b>Corrective Actions:</b></p>	<p><u>Segaliud Estate</u>          Estate management will carry out spot check and regular inspection to ensure the shop owner comply with the regulations as well as to submit the copy of the permit to estate’s office for record and future reference.</p> <p><u>Tun Tan Estate</u>          Management has given memo for 77 Freshmart (Groceries shop) to stop selling cooking liquid petroleum gas cylinders and decided to purchase cooking liquid petroleum gas cylinders at groceries shop Sentosa Estate until we received the legal permit from the owner groceries shop. Estate management also will carry out spot check and regular inspection to ensure the shop owner comply with the regulations.</p> <p><u>Tunku Estate</u>          Estate Management has given memo for Kedai Runcit Hanap Buhay to request permit for Petroleum gas cylinders and will carry out inspection for ensuring shop owner comply with the regulations.</p>
<p><b>Assessment Conclusion:</b></p>	<p>Evidence verified:</p> <ol style="list-style-type: none"> <li>1) Notice from the estate managements dated 04/08/2022 (Segaliud), and 13/08/2022 (Tun Tan), that show the groceries shop owners are prohibited from storing and selling LPG in their premises.</li> <li>2) Supporting letter from the KPDNKK Sandakan to Fire and Rescue Department (FRD), dated 13/09/2022 (Segaliud) and 01/09/2022 (Tun Tan) that show the KPDNKK has requested the FRD to proceed the safety checking of grocery shops for storing LPG.</li> </ol>

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	<p>3) Letter from FRD dated 10/08/2022 [ref.: JBPM/SB/ZSD:700-5/1/6/175(3)] that shows the department has confirmed that the groceries shop at Tunku Estate is fit to store LPG. Application for permit to KPDNKK dated 16/08/2022 is then submitted for approval.</p> <p>The evidence was found to be adequate to close the NCR. Continuous effective implementation of the of correction and corrective action shall be verified in the next assessment visit.</p>
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Non-Conformity Report			
<b>NCR Ref #:</b>	2233550-202207-M2	<b>Issue Date:</b>	05/08/2022
<b>Due Date:</b>	04/11/2022	<b>Date of Closure:</b>	19/10/2022
<b>Area/Process:</b>	Sandakan Bay POM	<b>Clause &amp; Category: (Major / Minor)</b>	MSPO 2530 Part 4: 4.1.3.1 Major
<b>Requirements:</b>	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.		
<b>Statement of Nonconformity:</b>	The management review was not periodically conducted.		
<b>Objective Evidence:</b>	There is no evidence that management review at Sandakan Bay POM has been conducted for the year 2021 and this is also highlighted by the internal auditor during their assessment on 02/07/2022. A management review meeting was conducted thereafter on 25/07/2022, however based on the minutes, the period reviewed was only for the past 12 months. The period for 2021 was not covered.		
<b>Corrections:</b>	To re conduct management review meeting that discuss regarding issue on the FY2021 external audit.		
<b>Root cause analysis:</b>	Last year management review meeting was not conducted due to government movement control order (MCO). Nevertheless, SKM have conducted the management and staff meeting at the end of the year of 2021 and in August 2022. However, the discussion is based on 12-month previous performance and full year 2021 was not discussed since we are focusing on issue on the current year.		
<b>Corrective Actions:</b>	To conduct the management review meeting after report of the audit produced by the RSPO/MSPO auditors.		
<b>Assessment Conclusion:</b>	<p>Evidence verified:</p> <p>1) Minutes of MRM dated 12/09/2022 that shows the performance of 2021 has been discussed and followed up. The meeting was chaired by the Mill Manager and attended 22 key personnel of the mill.</p> <p>The evidence was found to be adequate to close the NCR. Continuous effective implementation of the of correction and corrective action shall be verified in the next assessment visit.</p>		

Non-Conformity Report			
<b>NCR Ref #:</b>	2233550-202207-N1	<b>Issue Date:</b>	05/08/2022
<b>Due Date:</b>	04/11/2022	<b>Date of Closure:</b>	19/10/2022

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<b>Area/Process:</b>	Tun Tan and Segaliud Estate	<b>Clause &amp; Category: (Major / Minor)</b>	MSPO 2530 Part 3: 4.4.1.1 Minor
<b>Requirements:</b>	Social impact should be identified, and plans are implemented to mitigate the negative impacts and promote the positive ones.		
<b>Statement of Nonconformity:</b>	Social impact for "Tamu Gaji" (night market) has yet to be conducted.		
<b>Objective Evidence:</b>	The "Tamu Gaji" (night market) have been organised by Tun Tan Estate and Segaliud Estate for the past 2 months. However, the risk assessments (e.g., on social impact, safety & health and environmental) has yet to be conducted.		
<b>Corrections:</b>	<p><u>Segaliud Estate</u> Estate management had temporarily closed the 'Tamu Gaji' for month of August 2022 and will resume only after risk assessments been conducted subject to the company's requirement.</p> <p><u>Tun Tan Estate</u> Tun Tan Estate will be conduct meeting/briefing (stakeholder) with representative of Tamu Gaji Group (night market) regarding the risk assessment such as safety &amp; health, environmental and social impact for night market to be record and monitoring.</p>		
<b>Root cause analysis:</b>	<p><u>Segaliud Estate</u> The risk assessment was yet to be conducted at time of the visit in August 2022. As of year, to-date, the Tamu Gaji only open for 1 day both in June and July respectively</p> <p><u>Tun Tan Estate</u> Estate management was lack to implement the procedure of risk assessment due to new activities was registered in the estate for the past 2 month.</p>		
<b>Corrective Actions:</b>	<p><u>Segaliud Estate</u> In Order to ensure Estate management, conduct the SIA for any new activities, OU will liaise with Group Sustainability in order to establish the SIA for any new activities. Training will be given to Estate Management and monitor by Group Sustainability.</p> <p><u>Tun Tan Estate</u> Tun Tan Estate will be established SOP "Tamu Gaji" night market and ensure estate are implement risk assessment as SIA plan.</p>		
<b>Assessment Conclusion:</b>	The correction and corrective action plan are accepted. The evidence of effective implementation shall be verified in the next assessment visit.		

Non-Conformity Report			
<b>NCR Ref #:</b>	2233550-202207-N2	<b>Issue Date:</b>	05/08/2022
<b>Due Date:</b>	04/11/2022	<b>Date of Closure:</b>	19/10/2022

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<b>Area/Process:</b>	Segaliud Estate	<b>Clause &amp; Category: (Major / Minor)</b>	MSPO 2530 Part 3: 4.5.1.3 Minor
<b>Requirements:</b>	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.		
<b>Statement of Nonconformity:</b>	Diesel spillage was found at the genset room at Pertama Division, Segaliud Estate.		
<b>Objective Evidence:</b>	Estate management has acknowledged and documented the activity at power station area (Genset Room). However, during the sight visit the audit team found diesel spillage at the Genset Room at Pertama Division, Segaliud Estate. The practice was not as per documented in their environment management plan and in their environmental aspect impact.		
<b>Corrections:</b>	Estate had immediately attended to the issue and clean up the spillage by using saw dust spill kit as well as tighten back the cap.		
<b>Root cause analysis:</b>	Evidence of diesel spillage from the 200 L drum at genset room due to untight drum cap during unloading from the trailer.		
<b>Corrective Actions:</b>	Conduct refreshment as well as regular training and briefing to the genset operator on the SOP at Genset Room.		
<b>Assessment Conclusion:</b>	The correction and corrective action plan are accepted. The evidence of effective implementation shall be verified in the next assessment visit.		

<b>Opportunity For Improvement</b>			
<b>Ref:</b>	2233550-202207I1	<b>Clause:</b>	MSPO 2530 Part 3: 4.6.4.1
<b>Area/Process:</b>	Segaliud Estate		
<b>Objective Evidence:</b>	The monitoring of PUSPAKOM Inspection Certificate of all the contractor's lorries used for transporting FFB from Segaliud Estate to Sandakan Bay POM can be further improved to ensure the certificates are valid at the time the lorries are in used.		

<b>Opportunity For Improvement</b>			
<b>Ref:</b>	2233550-202207I2	<b>Clause:</b>	MSPO 2530 Part 4: 4.6.1.1
<b>Area/Process:</b>	Sandakan Bay POM		
<b>Objective Evidence:</b>	The monitoring of the use of appropriate PPE at the kernel plant by the workers at the POM can be further improved.		

<b>Noteworthy Positive Comments</b>	
1	Good cooperation by management team/staff/sustainability team
2	Good documentation upkeep and retrieval
3	Good housekeeping at working places e.g., workshop, storage, mill operation areas, etc.

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**3.3 Status of Nonconformities Previously Identified and OFI**

Non-Conformity Report			
<b>NCR Ref #:</b>	2084744-202107-N1	<b>Issue Date:</b>	29/07/2021
<b>Due Date:</b>	05/08/2022	<b>Date of Closure:</b>	05/08/2022
<b>Area/Process:</b>	Tigowis Estate	<b>Clause &amp; Category: (Major / Minor)</b>	MSPO 2530 Part 3: 4.1.3.1 Minor
<b>Requirements:</b>	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.		
<b>Statement of Nonconformity:</b>	There was no evidence that management review has been conducted by Tigowis Estate for the year 2021.		
<b>Objective Evidence:</b>	Meeting minutes of management review for 2021 was not available. Last management review was conducted in July 2020.		
<b>Corrections:</b>	Tigowis Estate management will immediately conduct a Management Review meeting using suitable online and offline platform such as Microsoft Teams, WhatsApp Group and Feedback form. Input from the online platform will be compiled into a minute meeting.		
<b>Root cause analysis:</b>	Tigowis Estate management have planned to do a physical management review meeting after Internal Audit was completed in Jun 2021. However, the meeting was postponed due to extension of movement control order which prohibits any physical meeting. Management have also failed to assess the feasibility of conducting the meeting through other online and offline platforms.		
<b>Corrective Actions:</b>	Tigowis Estate will conduct a study and revise FY 2021 and FY 2022 ESH, RSPO and MSPO plan to identify all meetings including Management Review Meeting which can be conducted online and prepare a revised plan. The revised plan will be communicated with staff and workers involved.		
<b>Assessment Conclusion:</b>	The CAP is accepted, and the implementation of the CAP will be verified during next assessment.		
<b>Verification Statement:</b>	The management review has been conducted by Tigowis Estate, evidence sighted that the management review meeting was conducted on 29/7/2021. The meeting was chaired by the estate manager, En Ismail Bin Tahir, and attended by estate executive and staff. The meeting agenda is mainly discussing the internal audit result, as well as the customer feedback and operational matters. Thus, the non-conformity report is closed.		

Non-Conformity Report			
<b>NCR Ref #:</b>	2084744-202107-N2	<b>Issue Date:</b>	29/07/2021
<b>Due Date:</b>	05/08/2022	<b>Date of Closure:</b>	05/08/2022
<b>Area/Process:</b>	Tigowis and Segaliud Estate	<b>Clause &amp; Category: (Major / Minor)</b>	MSPO 2530 Part 3: 4.5.3.3 Minor
<b>Requirements:</b>	The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations		

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	(Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.
<b>Statement of Nonconformity:</b>	Inconsistencies in the implementation of the Waste Management Plan with regards to disposal of Scheduled Waste.
<b>Objective Evidence:</b>	It was verified that Sentosa Estate has managed to dispose all the scheduled waste to the licensed Scheduled Waste (SW) Contractor on 17/07/2021. Segaliud and Tigowis Estate's SW, generated in January 2021 has not been disposed to the licensed SW manager and thus exceeded the 180 days permitted by DOE as of June 2021. Efforts have been taken by the estate to obtain approval from DOE for extending the period of storage for the SW, but the request has not been approved yet as of the audit date. Nevertheless, as the estate are contracting the same SW contractor as Sentosa Estate for disposal of SW, inconsistencies were evident as Sentosa Estate has ensured the disposal of SW in the estate while the Segaliud and Tigowis Estate have not disposed the SW nor obtained approval from DOE for storage period extension.
<b>Corrections:</b>	Tigowis Estate and Segaliud Estate have contacted the scheduled waste transporter for immediate arrangement to collect scheduled waste at both premises. Estate will immediately notify to DOE once the scheduled waste is disposed.
<b>Root cause analysis:</b>	The issue exists due to negligence of person in charge to monitor disposal of schedule waste at operating units. The person in charge lack of knowledge on procedure to inform DOE once storage exceeded 180 days.
<b>Corrective Actions:</b>	SQM team will issue a reminder to all estates regarding storage and disposal of scheduled waste and conduct refresher training on scheduled waste to person in charge at operating units.
<b>Assessment Conclusion:</b>	The CAP is accepted, and the implementation of the CAP will be verified during next assessment.
<b>Verification Statement:</b>	Training record for the person in charge of schedule waste management and schedule waste disposal records were made available to the audit team. The auditor had reviewed and verified the corrective actions. Thus, the non-conformity is effectively closed.

Non-Conformity Report			
<b>NCR Ref #:</b>	2084744-202107-N3	<b>Issue Date:</b>	29/07/2021
<b>Due Date:</b>	05/08/2022	<b>Date of Closure:</b>	05/08/2022
<b>Area/Process:</b>	Tigowis and Segaliud Estate	<b>Clause &amp; Category: (Major / Minor)</b>	MSPO 2530 Part 3: 4.4.4.2 Minor
<b>Requirements:</b>	The occupational safety and health plan shall cover the following: g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded.		
<b>Statement of Nonconformity:</b>	Inconsistencies in the implementation of the OSH Plan with regards to OSH Committee Meetings.		

<b>Objective Evidence:</b>	Inconsistencies in the implementation of the OSH Plan was evident in the sampled estates. Sentosa Estate managed to conduct regular OSH Committee Meetings in accordance with the OSH Plan for 2020 and 2021 at fixed intervals. Tigowis Estate (Last conducted on 22/09/2020) and Segaliud Estate (Last conducted on 12/06/2020) have not conducted any OSH Committee Meeting or communicated with the employees on employees health and safety issues in the estate for the past 9 months and 12 months respectively.
<b>Corrections:</b>	SQM Department Sabah Region have issued an internal memo on conducting remote OSH Meeting in case physical meeting need to be postponed to all operating unit's on 28 July 2021. Tigowis Estate and Segaliud Estate management will immediately conduct OSH Committee meeting to discuss health, safety and welfare matters, using suitable online and offline platform such as Microsoft Teams, WhatsApp Group and feedback forms.
<b>Root cause analysis:</b>	Tigowis Estate and Segaliud Estate management have planned to do a physical OSH Committee Meeting for FY 2021. However, the meeting was postponed due to extension of movement control order which prohibits any physical meeting. Management have also failed to assess the feasibility of conducting the meeting through other online and offline platforms.
<b>Corrective Actions:</b>	Tigowis Estate and Segaliud Estate will conduct a study and revise FY 2021 and FY 2022 ESH, RSPO and MSPO plan to identify all meetings including OSH Committee Meetings which can be conducted online and prepare a revised plan. The revised plan will be communicated with staff and workers involved.
<b>Assessment Conclusion:</b>	The CAP is accepted, and the implementation of the CAP will be verified during next assessment.
<b>Verification Statement:</b>	The management has conducted the safety meeting, sighted the safety meeting was conducted on 28/12/2021 for Ladang Tigowis and 19/11/2021 for Ladang Segaliud. For the year 2022, Ladang Segaliud has conducted the safety meeting on 18/2/2022 and 18/5/2022 respectively. The minutes of meeting was sighted.

<b>Non-Conformity Report</b>			
<b>NCR Ref #:</b>	2084744-202107-N4	<b>Issue Date:</b>	29/07/2021
<b>Due Date:</b>	05/08/2022	<b>Date of Closure:</b>	05/08/2022
<b>Area/Process:</b>	Sentosa and Segaliud Estate	<b>Clause &amp; Category (Major / Minor)</b>	MSPO 2530 Part 3: 4.6.1.1 Minor
<b>Requirements:</b>	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.		
<b>Statement of Nonconformity:</b>	SOP: Water Quality Management System was inadequately implemented.		
<b>Objective Evidence:</b>	<p>Water Quality Management System</p> <p>Sime Darby Plantation Berhad; Plantation Quality Management System; Sustainable Plantation Management System; SOP for Water Quality Monitoring; 5.5 Evaluation of Laboratory Test Results.</p> <ul style="list-style-type: none"> <li>- Upon receiving the complete results, the Head of Operating Unit shall check whether it exceeds, or no not meet the related requirement. If the results are off limit, an investigation shall be initiated to solve the issue.</li> </ul>		

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	<ul style="list-style-type: none"> <li>- Investigation shall be recorded in Corrective/Preventive Action Report for Non-Conforming Water Analysis Results. Refer Appendix H; Form Code WQ-01/CPAR (1) to (3).</li> <li>- Arrangement for a re-sampling and analysis of the parameter of concern shall be done concurrently with the investigation and sent to the laboratory within 1 week of receiving the results.</li> </ul> <p><u>Sentosa Estate</u></p> <p>Based on the Water Analysis Test Report by Sime Darby Research Sdn. Bhd. (R&amp;D Centre) issued 03/05/2021 (Test Report No.: IE463/2021) does not conform with Class IIA/IIB pf NWQS for Natural Waterways. A corrective/preventive action report for non-conforming water analysis results was generated on 06/05/2021 to identify the root course for the non-conforming results. Arrangement for a re-sampling and analysis of the parameter of concern was not done concurrently with the investigation and sent to the laboratory within 1 week of receiving the results.</p> <p><u>Segaliud Estate</u></p> <p>Based on the Water Analysis Test Report by Sime Darby Research Sdn. Bhd. (R&amp;D Centre) issued 24/06/2021 (Test Report No.: IE591/2021) does not conform with Class IIA/IIB pf NWQS for Natural Waterways. A corrective/preventive action report for non-conforming water analysis results was generated on 30/06/2021 to identify the root course for the non-conforming results. Arrangement for a re-sampling and analysis of the parameter of concern was not done concurrently with the investigation and sent to the laboratory within 1 week of receiving the results.</p>
<b>Corrections:</b>	Segaliud Estate and Sentosa Estate have contact Sime Darby Research Sdn. Bhd. (R&D Centre) and made arrangement to send a re-sample immediately.
<b>Root cause analysis:</b>	The issue exists due to negligence of person in charge to monitor result of water sampling at operating units. The person in charge lack of knowledge to conduct re-sampling when the result does not confirm to the allowed limit.
<b>Corrective Actions:</b>	SQM team will issue a reminder to all estates regarding water sampling Standard Operating Procedure and conduct refresher training on water sampling to person in charge at operating units.
<b>Assessment Conclusion:</b>	The CAP is accepted, and the implementation of the CAP will be verified during next assessment.
<b>Verification Statement:</b>	Training record for the person in charge of water sampling and water analysis test records were made available to the audit team. The auditor had reviewed and verified the corrective actions. Thus, the non-conformity is effectively closed.

Non-Conformity Report			
<b>NCR Ref #:</b>	2084744-202107-N5	<b>Issue Date:</b>	29/07/2021
<b>Due Date:</b>	05/08/2022	<b>Date of Closure:</b>	05/08/2022
<b>Area/Process:</b>	Sandakan Bay POM	<b>Clause &amp; Category: (Major / Minor)</b>	MSPO 2530 Part 4: 4.1.3.1 Minor

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<b>Requirements:</b>	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.
<b>Statement of Nonconformity:</b>	There was no evidence that management review has been conducted by Sandakan Bay POM for the year 2021.
<b>Objective Evidence:</b>	Meeting minutes of management review for 2021 was not available. Last management review was conducted on 15/7/2020.
<b>Corrections:</b>	Sandakan Bay POM management will immediately conduct a Management Review meeting using suitable online and offline platform such as Microsoft Teams, WhatsApp Groups and feedback forms. The outcome of meeting will be compiled into a meeting minute.
<b>Root cause analysis:</b>	Sandakan Bay POM management have planned to do a physical management review meeting after Internal Audit was completed in Jun 2021. However, the meeting was postponed due to extension of movement control order which prohibits any physical meeting. Management have also failed to assess the feasibility of conducting the meeting through online platforms.
<b>Corrective Actions:</b>	Sandakan Bay POM will conduct a study and revise FY 2021 and FY 2022 ESH, RSPO and MSPO plan to identify all meetings which can be conducted online and prepare a revised plan. The revised plan will be communicated with staff and workers involved.
<b>Assessment Conclusion:</b>	The CAP is accepted, and the implementation of the CAP will be verified during next assessment.
<b>Verification Statement:</b>	The mill management has conducted the Management Review for the year 2022. The meeting was conducted on 28/7/2022. The meeting agenda was discussing the 2022 Internal audit findings and mill performance. However, the management is yet to discuss 2021 internal audit findings and performance. Hence, the NC is still open and escalated to Major.

<b>Opportunity For Improvement</b>		
<b>Ref:</b> 2084744-20210711	<b>Area/Process:</b> Sandakan Bay POM	<b>Clause:</b> MS 2530:2013 Part 4 4.4.5.8
<b>Objective Evidence:</b>	The punch card needs to be improved on its clocking of rest time among the mill workers to ensure working hours and breaks of the individual worker clearly demonstrates the compliance of clause 1.4 from overtime work permit (S/N: 600-1/2/13/79 (08/KBN/2020-0248).	
<b>Verification Statement:</b>	Generally, the punch card attendance recording has been effectively utilized. Employees use it to record the breaktime and therefore hours of working time are accurately reflected. Based on overtime claimed in the pay slips versus the records stated in the punch cards, the data were consistent. There was no breaching of the overtime work permit observed.	

**3.4 Summary of the Nonconformities and Status**

CAR Ref.	Clause & Category (Major / Minor)	Issued Date	Status & Date (Closure)
2233550-202207-M1	4.6.4.1 Part 3- Major	05/08/2022	Closed on 19/10/2022
2233550-202207-M2	4.1.3.1 Part 4-Major	05/08/2022	Closed on 19/10/2022
2233550-202207-N1	4.4.1.1 Part 3-Minor	05/08/2022	Open
2233550-202207-N2	4.5.1.3 Part 3-Minor	05/08/2022	Open

**3.5 Issues Raised by Stakeholders**

IS #	Description
1	<p><b>Issues:</b>  <u>Contractor and supplier (Ooi Trading, Syarikat Andiez and Global Link)</u>                      Relationship with the company has been good so far. The company has also regularly invited to attend stakeholder meeting as a channel to discuss any issues. No issues in term of pricing mechanism, contract award, and timing on payment so far. They were also made to understand the mechanism to lodge complaint or grievance should there be any.</p>
	<p><b>Management Responses:</b>                      No further issue.</p>
	<p><b>Audit Team Findings:</b>                      No further issue.</p>
2	<p><b>Issues:</b>  <u>Field workers (estates and mill)</u>                      The management has been very accommodative to the workers in term of welfare. Safety at the workplace is a top priority imposed by the management. Adequate trainings and free PPE were among the main needs given by the management. With regards to welfare, housing facilities, water &amp; electricity supply were always maintained in good conditions. Workers were also made to understand the mechanism to lodge complaint or grievance should there be any. There has been no issue with regards to delivering the terms &amp; conditions stipulated in the employment contract so far.</p>
	<p><b>Management Responses:</b>                      No further issue.</p>
	<p><b>Audit Team Findings:</b>                      No further issue.</p>
4	<p><b>Issues:</b>  <u>Gender committee representatives</u>                      Each of the operating unit has their own gender committee. Among the main objectives of the committee are:</p> <ul style="list-style-type: none"> <li>- To raise awareness, identify and address issues of concerns, opportunities, and areas for improvement for workers especially women</li> <li>- To create a safe community within operations where women can raise issues and concerns at work and in their lives with a focus on zero tolerance to sexual harassment and gender-biased violence</li> </ul>

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	<p>The committee is required to plan annual activities to achieve the objectives. Among the important activity planned were briefing/training to female workers/employees on understanding the meaning of sexual harassment and domestic violence and method of reporting should it happen. The management has also been very supportive with the programmes in term of financial, facilities and other resources. Since the last audit, there has been no sexual harassment case reported.</p>
	<p><b>Management Responses:</b>          No further issue.</p>
	<p><b>Audit Team Findings:</b>          No further issue.</p>

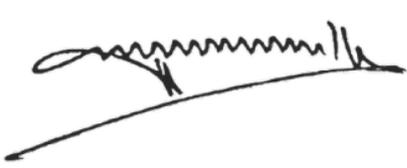
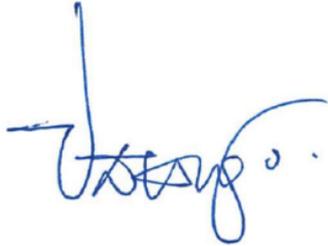
**3.6 List of Stakeholders Contacted**

<p><b>Government Officer:</b> -</p>	<p><b>Community/neighbouring village:</b> -</p>
<p><b>Suppliers/Contractors/Vendors:</b>          Ooi Trading          Syarikat Andiez          Global Link</p>	<p><b>Worker’s Representative/Gender Committee:</b>          Estates and Mill’s workers          Gender committee representatives</p>

**Section 4: Assessment Conclusion and Recommendation**

**Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings**

Based on the findings during the assessment SDPB Darby SOU 26 Sandakan Bay Certification Unit complies with the MS 2530-3:2013 and MS 2530-4:2013. It is recommended that the certification of SDPB SOU 26 Sandakan Bay Certification Unit is continued.

Acknowledgement of Assessment Findings	Report Prepared by
<b>Name:</b> Syed Akhmal Bin Syed Isa	<b>Name:</b> Valence Shem
<b>Company name:</b> Sime Darby Plantation (Sabah) Sdn Bhd	<b>Company name:</b> BSI Services (Malaysia) Sdn Bhd
<b>Title:</b> SOU 26 Chairman	<b>Title:</b> Lead Auditor
<b>Signature:</b> 	<b>Signature:</b> 
<b>Date:</b> 20/12/2022	<b>Date:</b> 02/12/2022

**Appendix A: Summary of the findings by Principles and Criteria**

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

Criterion / Indicator		Assessment Findings	Compliance
<b>4.1 Principle 1: Management commitment &amp; responsibility</b>			
<b>Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy</b>			
<b>4.1.1.1</b>	A policy for the implementation of MSPO shall be established. <b>- Major compliance -</b>	Sime Darby Plantation Berhad (hereafter refer as SDPB) has established its policy on the implementation of MSPO in the "Group Sustainability & Quality Policy Statement" as addressed in Indicator 4.1.1.2. The policy was available for verification.	Complied
<b>4.1.1.2</b>	The policy shall also emphasize commitment to continual improvement. <b>- Major compliance -</b>	SDPB has established a policy called "Group Sustainability & Quality Policy Statement" which was approved by the Group Managing Director on 2/12/2019. The policy was including commitment to: <ul style="list-style-type: none"> <li>– Promoting good governance and transparency</li> <li>– Contributing to a better society</li> <li>– Minimising environmental harm</li> <li>– Delivering sustainability quality</li> </ul> The policy is guided by three main documents i.e.: <ul style="list-style-type: none"> <li>– Responsible Agriculture Charter</li> <li>– Human Rights Charter</li> <li>– Innovation &amp; Productivity Charter</li> </ul> All of the above documents and the policy statement are made available on SDPB's website.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
<b>Criterion 4.1.2 – Internal Audit</b>			
<b>4.1.2.1</b>	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. <b>- Major compliance -</b>	The SQM Sabah region have conducted Internal Audits for the estates audited based on the Internal Audit Procedures stated in the Sime Darby Plantation; Plantation Sustainability and Quality Management (PSQM); Internal Audit Procedure (SD/SDP/PSQM/IAP; Rev 2 dated 01/11/2017). The internal audit is conducted annually and when required as stated in the procedure	Complied
<b>4.1.2.2</b>	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. <b>- Major compliance -</b>	The Internal Audit Procedure is available. (Ref No:SD/SDP/PSQM/IAP; Rev 2 dated 01/11/2017). Internal Audit Notification has been circled to the operating unit on 20/6/2022.  For Tun Tan Estate, latest Internal Audit was conducted on 2/7/2022 by the Sustainability Compliance Unit, Group Sustainability Department, Lead by Mohd Saiful Bari Munir, with 3 auditors: Nur Zulaikha Mohamad, Ruziana Sabran and Wafa Abdul Aziz. Sighted the Internal Audit Report (Ref No: NA, Date: 2/7/2022). There were 1 Major NC and 3 Minor NC raised during the audit.  For Tunku Estate, latest Internal Audit was conducted on 30/6/2022 by the Sustainability Compliance Unit, Group Sustainability Department, Lead by Mohd Saiful Bari Munir, with 4 auditors: Eza Nurain Abdullah, Ruziana Sabran and Wong Kon Soon and Lutfi Anis ishom. Sighted the Internal Audit Report (Ref No: NA, Date: 30/6/2022). There were 0 Major NC and 4 Minor NC raised during the audit.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		For Segaliud Estate, Internal Audit was conducted on 1/7/2022 by the SQM Sabah Region for MSPO and RSPO. During The audit the SQM team raised 1 Major NC and 1 Minor NC. All the NCs were addressed by the management with the Root Cause, Corrective Action Plan and Correction stated in the report.	
<b>4.1.2.3</b>	Report shall be made available to the management for their review. - <b>Major compliance</b> -	The Internal Audit Reports are made available to the management for their review. Sighted the Internal Audit Report for all the estates for verification.	Complied
<b>Criterion 4.1.3 – Management Review</b>			
<b>4.1.3.1</b>	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. - <b>Major compliance</b> -	<p>The procedure for Management Reviews (SOM, Sub-Section 5.6, Version 2:2015 dated 25/05/2015) was established and maintained. The frequency for management review needs to be carried out at least once a year. All the agenda such as review on operational input and output, sustainability management, Objectives/ Management program, Resource evaluation, needs and plan, results from internal audits and customers/ stakeholder’s feedback/complaints were discussed accordingly.</p> <p><u>Tun Tan Estate</u>                      The estate conducted the Management Review on 25/7/2022 chaired by the Manager and attended by 14 personnel. Meeting minutes is available and retained. Minute meeting was prepared by Muhammad Rafiq Azhari, Estate Assistant Manager and approved by Mohd Marsuki, Estate Manager.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p><u>Tunku Estate Estate</u> The estate conducted the Management Review on 4/7/2022 chaired by the Manager and attended by 16 personnel. Meeting minutes is available and retained. Minute meeting was prepared by Vectorean Bin Sulaini and approved by Mohd Farid Bin Mohd Sharip, Estate Manager.</p> <p><u>Segaliud Estate</u> The estate conducted the Management Review on 6/7/2022 chaired by the Manager and attended by 16 personnel. Meeting minutes is available and retained. Minute prepared by Muhammad Alimie and approved by Syed Akhmal.</p>	
<b>Criterion 4.1.4 – Continual Improvement</b>			
<b>4.1.4.1</b>	The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company. <b>- Major compliance -</b>	The action plan for continual improvement with regards to social and environment impacts, and opportunities were available in the estates for verification. The plan clearly states the possible issues, action to be taken, person in charge, time frame and status of action.	Complied
<b>4.1.4.2</b>	The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption. <b>- Major compliance -</b>	Where new technology or systems are introduced, awareness briefings are provided to the employees at all levels prior to the implementation. This is evidenced via the Regional & SOU meetings and the training plan for Financial Year. The training identified including operations, understanding of MSPO/RSPO requirements, human rights, company policies, health and safety, HIRARC, etc. The FY 2022 OPEX budget has included training budget and operations improvement including environmental improvement, worker welfare, OHS etc. Interview with workers confirmed trainings are provided by the management on regular basis.	Complied

Criterion / Indicator		Assessment Findings	Compliance
<b>4.1.4.3</b>	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established. <b>- Major compliance -</b>	The action plan to provide the necessary resources was available in the Kaizen Project Charter. Kaizen Project Charter are the projects that are approved by the top management by providing special budgets to address the needs for continuous improvement in the estate that have been planned out by the management.	Complied
<b>4.2 Principle 2: Transparency</b>			
<b>Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements</b>			
<b>4.2.1.1</b>	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes. <b>- Major compliance -</b>	The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The time frame to provide feedback to the stakeholder is documented to be 2 weeks of the date receiving the queries. The Estate Manager is responsible to address all communication and request for documentations that could be made available to public/stakeholders.	Complied
<b>4.2.1.2</b>	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. <b>- Major compliance -</b>	SDPB continued to use the group website for disseminating public information. The Sustainability Report and Group Annual report is available in website. Information relating to land titles, safety and health plans, pollution prevention plans, and annual report are available at the estate. In addition to the website, the policies were also displayed at various locations including the main notice boards of the estates and muster ground notice boards for employees and visitors to view. Procedures for complaints and grievances were available through Sime Darby Plantation Berhad website at	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<a href="https://simedarbyplantation.com/sustainability/reports-policies-and-statements/">https://simedarbyplantation.com/sustainability/reports-policies-and-statements/</a>	
<b>Criterion 4.2.2 – Transparent method of communication and consultation</b>			
<b>4.2.2.1</b>	Procedures shall be established for consultation and communication with the relevant stakeholders. - <b>Major compliance -</b>	The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The Sustainable Plantation Management System Appendix 5 (Flowchart and Procedures on handling Social Issues) dated 01/11/2008 documented the process for handling communication regarding social issues.	Complied
<b>4.2.2.2</b>	A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit. - <b>Minor compliance -</b>	As stated in the procedure, the Estate Managers are responsible to deal with the external communication for the respective estates under their management.	Complied
<b>4.2.2.3</b>	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained. - <b>Major compliance -</b>	List of stakeholders was available at the visited estates. In general, they are the surrounding communities, neighbouring estates, refinery, suppliers, contractors, government agencies, etc. The external stakeholder consultation is conducted from time to time. The last meeting was conducted on 05/06/2022 (Tun Tan), 05/06/2022 (Tunku) and 07/07/2022 (Segaliud). Minutes of meeting were available for verification. The objective of the meeting to discuss the current issues pertaining to social aspects such as legal compliance by contractors and occupational safety.	Complied
<b>Criterion 4.2.3 – Traceability</b>			

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4.2.3.1	The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s). <b>- Major compliance -</b>	Standard Operating Procedure (SOP) for Sustainable Supply Chain and Traceability (Appendix 15, Version 2, Issue 5, dated April 2019) was established and maintained. All the three estates audited send their FFB to Sandakan Bay POM. The weighbridge ticket was verified and retained at each estate. The responsible personal for the traceability is the Estate Manager.	Complied
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. <b>- Major compliance -</b>	The method of inspection is by conducting MSPO internal audit at each estate audited as per Indicator 4.1.2.2. Based on the inspection, there was no finding raised with regards to the implementation of traceability procedure.	Complied
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system. <b>- Minor compliance -</b>	The overall personal in charge for the traceability is the Head of Operating Unit, where in this case are the estate managers [ref.: Clause 4 of SOP for Sustainable Supply Chain and Traceability]. Tun Tan Estate – Mr. Noordi Jikah (Asst Manager) was appointed as communication officer as per appointment letter dated 03/06/2022 signed by Estate Manager. Tunku Estate – Mr Khairuman Ibrahim (Asst Manager) was appointed as MSPO/RSPO representative, Scheduled Waste Coordinator, OSH Coordinator, Social Officer and ERP dated 15/7/ 2022. Segaliud Estate - Mr Faris Bin Abtholudin (Asst Manager) was appointed as MSPO/RSPO representative, Scheduled Waste Coordinator, OSH Coordinator, Social Officer and ERP dated 3 /6/2022.	Complied
4.2.3.4	Records of sales, delivery or transportation of FFB shall be maintained. <b>- Major compliance -</b>	The delivery records of the FFB are kept at the operating units and will be retained for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents.	Complied

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		<p>Verification of FFB Consignment Note, Weighbridge Tickets, Crop Book and FFB dispatch in SAP and Check-roll System (CRS) system showed that the recording of FFB delivered to the mill is accurate.</p> <p><u>Tun Tan Estate</u>            FFB Consignment Note (C/N: 053202, dated 16/7/2022, Ticket No: 260268, Lorry No: SAA 3204 Y, Nett Weight: 9830 kg)</p> <p><u>Tunku Estate</u>            FFB Consignment Note (C/N: 38733, dated 27/7/2022, Ticket No: 260951, Lorry No: ST3159E, Nett Weight: 9670 kg)</p> <p><u>Segaliud Estate</u>            FFB Consignment Note (C/N: 587667, dated 24/7/2022, Ticket No:, Lorry No: ST3159E, Nett Weight: 9670 kg)</p>	
<b>4.3 Principle 3: Compliance to legal requirements</b>			
<b>Criterion 4.3.1 – Regulatory requirements</b>			
<b>4.3.1.1</b>	<p>All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.</p> <p><b>- Major compliance -</b></p>	<p>SDPB have established a mechanism to ensure compliancy to legal and other requirement and documented in EQMS &amp; MQMS (Estate &amp; Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU26. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance.</p>	Complied

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	<p>Refer to Sime Darby Plantation, ESH Management System Manual, ESH Legal &amp; Other Requirements; Guidelines and Procedures; Document ID: SD/SDP/SQM (ESH)/001-2-2; Revision:0. Date: 01/07/2012.</p> <p><u>Tun Tan Estate</u></p> <ol style="list-style-type: none"> <li>1. MPOB License; License Number: 531250002000; License Activity: Sale and Transfer of FFB; Area of Estate: 3143.23 Ha. License validity: 31/07/2023.</li> <li>2. License to Employ Non-Residential Workers; License Number: JTK.H.SDK.600-4/1/1/01261/000612; License Validity Period until 4/7/2023.</li> <li>3. Permit for Deduction from Workers Salary; Serial Number: JTK SBH/PMT/113/2022/0008 License Validity Period until 5/1/2024.</li> <li>4. Air Receiver Permit; Registration Number: SB PMT 999; License validity till 11/2/2023.</li> <li>5. Permit Barang Kawalan Berjadual; P Series Number: S003228; Reference Number: PPDNKK.SDK.94/2001 (SK); Description: Diesel Euro 2M (Industry); Storage Capacity: 20,000 Liters. Validity until 30/11/2023.</li> </ol> <p><u>Tunku Estate</u></p> <ol style="list-style-type: none"> <li>1. MPOB License; License Number: 528340002000; License Activity: Sale and Transfer of FFB; Area of Estate: 3203.11 Ha. License validity: 31/03/2023.</li> <li>2. License to Employ Non-Residential Workers; License Number: JTK.H.KBN.600-4/1/1/01261/0422; License Validity Period until 23/08/2022.</li> </ol>	

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Criterion / Indicator		Assessment Findings	Compliance
		<p>3. Permit for Deduction from Workers Salary; Serial Number: JTK SBH/PMT/113/2021/0079 License Validity Period until 11/3/2023.</p> <p>4. Air Receiver Permit; Registration Number: SB PMT 999; License validity till 11/2/2023.</p> <p>5. Permit Barang Kawalan Berjadual; P Series Number: S004036; Reference Number: PPDNKK.SDK.11/2012 (SK); Description: Diesel Euro 2M (Industry); Storage Capacity: 20,000 Liters. Validity until 14/11/2024.</p> <p>6. Suruhanjaya Tenaga – Lesen Pemasangan Pesendirian, No Siri: 51356, expiry date 16/10/2022. Tunku Estate.</p> <p>7. Suruhanjaya Tenaga – Lesen Pemasangan Pesendirian, No Siri: 53506, expiry date 10/3/2023. Tunku Estate – Dumundong.</p> <p>8. Perakuan Penentuan Timbang dan Sukat – No Siri: B73784326, dated 28/2/2022.</p>	
<b>4.3.1.2</b>	<p>The management shall list all laws applicable to their operations in a legal requirements register.</p> <p><b>- Major compliance -</b></p>	<p>Documented Procedures have been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10/12/2008.</p> <p>All legal requirements were documented in Legal and Other Requirement Register available at the estates. The register is reviewed regularly and updated as and when there are new or amended legal requirements that are applicable to the estate operations. The latest review is as below.</p> <p>Tun Tan Estate: 20/6/2022 Tunku Estate: 10/6/2022 Segaliud Estate: 01/06/2022</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
<b>4.3.1.3</b>	<p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p><b>- Major compliance -</b></p>	<p>Documented procedures have been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10/12/2008.</p> <p>All legal requirement was documented in Legal and Other Requirement Register. Compliance to each applicable law and regulation is monitored by the operating units. The legal register at all sites were reviewed/updated on a yearly basis / as and when needed for new updates/licenses. Sighted the document 'Summary of Compliance' available at the estates undersigned by the Top Management. The document lists the latest applicable laws and amendments, revision dates and acknowledgement by the management.</p> <p>All the legal and other requirements were registered accordingly and documented in the legal requirement register including new updates for Workers Minimum Standards of Housing and Amenities (Amendment) Act 2019, Minimum Wages Order 2022 and Auxiliary Police Regulations 1970 (Amendment), Movement Control Order 2020 &amp; Akta Pencegahan &amp; Pengawalan Penyakit Berjangkit 1988.</p>	Complied
<b>4.3.1.4</b>	<p>The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.</p> <p><b>- Minor compliance -</b></p>	<p>Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office. On the site verification, interviews with office personnel and records verification indicates that the system is appropriate to the operations. Tracking system on any changes in the law is well implemented.</p> <p><u>Tun Tan Estate</u> The management has appointed the Senior Asst. Manager, Mr. Noordi Jikah as the RSPO/MSPO Representative. The official officer</p>	Complied

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		<p>responsible for legal compliance in the estate as stated in the appointment letter dated 06/01/2021.</p> <p><u>Segaliud Estate</u>                      The management has appointed Mr. Mohd Faris Bin Abtholudin as the Official Officer responsible for LORR as stated in the appointment letter dated 03/06/2021 undersigned by the Senior Manager, Segaliud Estate.</p> <p><u>Tunku Estate</u>                      The management has appointed Mr. Khairuman Ibrahim, the Asst. Manager as the Official Officer responsible for LORR in the estate as stated in the appointment letter dated 3/1/2022.</p>	
<b>Criterion 4.3.2 – Lands use rights</b>			
<b>4.3.2.1</b>	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users. <b>- Major compliance -</b>	The management ensure that their oil palm cultivation activities do not diminish the land use rights of other users by ensuring the legal boundary is correct through land survey during the development. There is no land dispute raised by any stakeholder at the point of this assessment.	Complied
<b>4.3.2.2</b>	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land. <b>- Major compliance -</b>	Management was able to provide the land titles of the sampled estates as evidence of legal ownership of the company. Copies of land titles were made available for verification. Tun Tan Estate has 2 land titles with a total of 4,315.36 Ha, Tunku Estate has 4 land titles with a total of 3,203.11 Ha and Segaliud Estate has 6 land titles with a total of 4,820.13 Ha.	Complied

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4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - <b>Major compliance</b> -	The legal boundary for estate visited was clearly demarcated by constructing security trenches along the boundary and it was visibly maintained.	Complied
4.3.2.4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC). - <b>Minor compliance</b> -	There was no land dispute at all visited estates. The company has the legal ownership documents as demonstrated by possessing land titles.	Complied
<b>Criterion 4.3.3 – Customary rights</b>			
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. - <b>Major compliance</b> -	There is no customary land or negotiated agreements at all the sampled estates.	Not applicable
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should be made available. - <b>Minor compliance</b> -	There is no customary land or negotiated agreements at all the sampled estates.	Not applicable
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - <b>Major compliance</b> -	There is no customary land or negotiated agreements at all the sampled estates.	Not applicable
<b>4.4 Principle 4: Social responsibility, health, safety and employment condition</b>			

Criterion / Indicator		Assessment Findings	Compliance
<b>Criterion 4.4.1: Social Impact Assessment (SIA)</b>			
<b>4.4.1.1</b>	<p>Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.</p> <p><b>- Minor compliance -</b></p>	<p>The Social Impact Assessment for SOU26 Sandakan Bay for all operating units (Sandakan Bay POM, Segaliud Estate, Tigowis Estate, Tun Tan Estate, Sentosa Estate and Tunku Estate) was conducted internally by the Plantation Sustainable and Quality Management (PSQM) Team, now known as Group Sustainability Department based at Sime Darby Plantation Bhd HQ. The last SIA was conducted in July 2013. The impacts reported in category i.e., working condition, housing condition/living improvement, transportation and gender committee for internal. For external stakeholders, the impacts mainly were obtained from interview inputs.</p> <p>The recommendation from the SIA report was transferred to action plan. The latest Action Plans for Social Impact Assessment 2022 dated Jan 2022 for all the sampled estates were available for verification. The action plan identified the issues &amp; strategies, action plan, responsible persons, and time frame. Action plan from the regular stakeholder consultation was also available.</p> <p>Nonetheless, social impact assessment for "Tamu Gaji" (night market) has yet to be conducted. The "Tamu Gaji" have been organised by Tun Tan Estate and Segaliud Estate for the past 2 months. However, the risk assessments (e.g., on social impact, safety &amp; health and environmental) has yet to be conducted. Thus, a minor non-conformity report was assigned due to this lapse.</p>	Minor non-conformity
<b>Criterion 4.4.2: Complaints and grievances</b>			
<b>4.4.2.1</b>	<p>A system for dealing with complaints and grievances shall be established and documented.</p>	<p>System for dealing with complaints and grievances has been established and documented through:</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- <b>Major compliance</b> -	<ul style="list-style-type: none"> <li>Under the Sustainable Plantation Management System Appendix 5, procedure on handling social issue (version 1; year 2008).</li> <li>Under Group policies and authority's GPA No 85, Whistleblowing provides an internal mechanism for reporting, investigating, and remedying any wrongdoing.</li> </ul>	
4.4.2.2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties. - <b>Major compliance</b> -	It was noted that the estates managed to handle other complaints and requests from its stakeholders in timely manner especially from workers regarding repair of their houses. Crosschecking with some of the affected workers through line-site visit confirmed that their issues were addressed accordingly.	Complied
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint. - <b>Minor compliance</b> -	The estates are using the PalmPal application to record any defects related to housing facilities reported by their workers (tenants). There is also communication book which is used to record any request by stakeholders.	Complied
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time. - <b>Minor compliance</b> -	Based on interview with the stakeholders such as contractors, local communities, and workers, it has shown that the stakeholders are aware of how to forward their complaints or suggestions to the management. There was no grievance recorded since the last assessment. Nonetheless, records of request for housing maintenance by workers were available at all the visited estates.	Complied
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. - <b>Major compliance</b> -	The previous complaints and requests records for the past 24 months were still available at all the sampled estates.	Complied
<b>Criterion 4.4.3:</b> Commitment to contribute to local sustainable development			

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4.4.3.1	<p>Growers should contribute to local development in consultation with the local communities.</p> <p><b>- Minor compliance -</b></p>	<p>Since the last assessment, among the contribution made to local development were:</p> <p><u>Tunku Estate</u></p> <ul style="list-style-type: none"> <li>- Donation of food rations to Kg Dumundong and Kg Sapinang on 25/02/2022 due to COVID-19 setback</li> <li>- Providing transportation for SK Sapinang students to attend sport event at SK Karamunting on 24-26/07/2022</li> <li>- Furniture maintenance at SK Sapinang meeting room on 01/12/2021</li> <li>- Providing boat to transport teachers and materials to attend a corporate social programme in Sandakan on 02/08, 02/09, and 02/10/2021</li> </ul> <p><u>Segaliud Estate</u></p> <ul style="list-style-type: none"> <li>- Food rations donation to Kg Segaliud and Kg Ulu Dusun on 04/03 and 23/02/2022 due to COVID-19 setback</li> </ul>	Complied
<b>Criterion 4.4.4: Employees safety and health</b>			
4.4.4.1	<p>An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.</p> <p><b>- Major compliance -</b></p>	<p>SDPB have established the Group Policy on Health, Safety &amp; Environment (HSE) Policy Statement signed by the CEO on 1/6/ 2020. The policy has been communicated to the workers through induction training for new workers, morning briefing and displayed at various notice boards within the estates.</p>	Complied

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		<p>The GSM team is also committed in establishing various working standards through procedures or pictorial method to improve safe working condition.</p> <p>The estates have established Safety and Health Management Plan and documented in Environment, Safety and Health Plan FY 2022. The management plan includes the ESH Risk Management, Emergency Response Procedure, Chemical Safety Management, Noise Boundary Monitoring, Health monitoring.</p>	
<b>4.4.4.2</b>	<p>The occupational safety and health plan shall cover the following:</p> <ul style="list-style-type: none"> <li>a) A safety and health policy, which is communicated and implemented.</li> <li>b) The risks of all operations shall be assessed and documented.</li> <li>c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:               <ul style="list-style-type: none"> <li>i. all employees involved shall be adequately trained on safe working practices</li> <li>ii. all precautions attached to products shall be properly observed and applied</li> </ul> </li> <li>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).</li> <li>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</li> </ul>	<p>The occupational safety and health plan cover the following:</p> <ul style="list-style-type: none"> <li>a) SDPB have established the Group Policy on Health, Safety &amp; Environment (HSE) Policy Statement signed by the CEO on 1/6/2020. The policy has been communicated to the staffs and workers through induction training for new workers, morning briefing and displayed at various notice boards within the estate.               <p>The policy has been briefed to all workers on:</p> <ul style="list-style-type: none"> <li>- Tun Tan Estate: 2/3/2022</li> <li>- Segaliud Estate: 8/1/2022</li> <li>- Tunku Estate: 30/3/2022</li> </ul> </li> <li>b) SDPB has established Standard Operating Procedure for Risk Assessment and documented in EQMS/SOM sub-section 5.4, Appendix 5.4.1a. Estates sampled have conducted risk assessments for all the operations and documented in the Hazard Identification, Risk Assessment, and Risk Control (HIRARC). The assessment covers all main operations and support operations. Among the activities verified in the HIRARC included Loading FFB, P&amp;D Circle Application, Harvesting (Carriers), Gardening, etc.</li> </ul>	Complied

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<p>Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p><b>- Major compliance -</b></p>	<p>HIRARC is reviewed on annually and as and when there are any accidents that occur in the estate. Verified the latest review of HIRARC for the estates as below.</p> <ul style="list-style-type: none"> <li>- Tun Tan Estate: 15/6/2022</li> <li>- Segaliud Estate: 18/12/2021</li> <li>- Tunku Estate: 7/7/2022</li> </ul> <p>Chemical Health Risk Assessment was conducted in compliance to the OSHA Act 1994 and the Use and Standard of Exposure of Chemicals Hazardous to Health (USECHH) Regulations 2000 to assess the risks associated to hazardous chemicals used in the estate. The CHRA reports were available in the sampled estates as below:</p> <ul style="list-style-type: none"> <li>- Tun Tan Estate: The Chemical Health Risk Assessment Report (Ref. Number:HQ/15/ASS/00/364-2022/12) conducted by Anthony Astral Chan (DOSH Registration: HQ/15/ASS/364) on 3/6/2022.</li> <li>- Segaliud Estate: The Chemical Health Risk Assessment Report (Ref. Number:HQ/15/ASS/00/364-2022/15) conducted by Anthony Astral Chan (DOSH Registration: HQ/15/ASS/364) on 3/6/2022.</li> <li>- Tunku Estate Estate: The Chemical Health Risk Assessment Report (Ref. Number:HQ/15/ASS/00/364-2022/11) conducted by Anthony Astral Chan (DOSH Registration: HQ/15/ASS/364) on 2/6/2022.</li> </ul>	

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	<p>Medical Surveillance was conducted for workers exposed to chemicals and welding fumes in the estate as recommended in the CHRA. The medical surveillance was conducted to monitor the level of exposure on the workers towards the chemicals and fumes.</p> <ul style="list-style-type: none"> <li>- Tun Tan Estate Medical Surveillance was conducted by Mabello Group of Clinics dated 14/12/2021 for 31 estate workers who have been exposed to chemicals and fumes. Results indicated that all workers were fit to work with no major underlying conditions.</li> <li>- Segaliud Estate Medical Surveillance was conducted on 14/12/2021 by Mabello Group of Clinics for 67 employees and were certified fit to work based on the results obtained.</li> <li>- Tunku Estate Medical Surveillance was conducted on 14/12/2021 by Mabello Group of Clinics for employees deemed to be exposed to hazardous chemicals and fumes in the estate. The results indicated that all workers were fit to work.</li> </ul> <p>Noise Risk Assessment (NRA) was conducted according to OSHA Act 1994, Noise Exposure Regulation 2019 for sampled estate.</p> <ul style="list-style-type: none"> <li>- Tun Tan Estate conducted the NRA on 5/7/2020 and latest Audiometric test is conducted on 17/7/2021.</li> <li>- Tunku Estate conducted the NRA on 6/7/2020. The assessment was conducted by Mr Balamurali A/L Raman (HQ/18/PEB/00028). The assessment reference number is HQ/18/PEB/00/00028/2020/047. The management has conducted the audiometric test on 17/7/2021.</li> <li>- Segaliud Estate conducted the NRA on 7/7/2020. The assessment was conducted by Mr Balamurali A/L Raman</li> </ul>	

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	<p>(HQ/18/PEB/00028). The assessment reference number is HQ/18/PEB/00/00028/2020/050. The management has conducted the audiometric test on 17/7/2021.</p> <p>All estate already sourced out quotation to conduct the Audiometric Test for the year 2022, and schedule the test in the month of August 2022</p> <p>c. Estates sampled have established a training program for employees exposed to chemicals used at the palm oil estates to ensure continuous awareness to the employees. The training was conducted by the Manager, Asst. Manager, and representative from the chemical suppliers to the supervisors and operators. Sighted the training records as follows:</p> <ul style="list-style-type: none"> <li>- Tun Tan Estate:               <ul style="list-style-type: none"> <li>• Chemical Handling Training – 16/7/2022</li> <li>• Fire Training – 22/6/2022</li> <li>• SIME Card Briefing – 29/6/2022</li> </ul> </li> <li>- Tunku Estate:               <ul style="list-style-type: none"> <li>• Chemical Handling Training – 16/6/2022</li> <li>• Fire Drill Training – 24/7/2022</li> <li>• Emergency Response – 23/7/2022</li> </ul> </li> <li>- Segaliud Estate:               <ul style="list-style-type: none"> <li>• P&amp;D Rat Baiting Training – 19/7/2022</li> <li>• Basic Occupational First Aid Training – 28-29/7/2022</li> </ul> </li> </ul>	

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	<ul style="list-style-type: none"> <li>• SOP and PPE Training – 25/7/2022.</li> </ul> <p>d. The estates have provided appropriate PPE to all workers according to the job type and requirements. The PPE given as per HIRARC and Pictorial Safety Standard (PSS) Palm Oil Estates dated 17/03/2008.</p> <p>Sighted the PPE issuance records documented in 'PPE Issuance Record' logbook. The PPE issued recorded by workers and job designation. The PPE Logbook is sighted at all sampled estates.</p> <p>e. Standard Operating Procedures for Handling of Chemicals were available in several documents such as:</p> <ul style="list-style-type: none"> <li>- Sime Darby Plantation, Chemical Safety Management; Document No. SD/SDP/PSQM (ESH)/202-OH4; dated 26/02/2015</li> </ul> <p>f. The sample estates has appointed the Safety Representative for each respective Operating Unit. Sighted the appointment letter for Tunku Estate - Mr Mohd Farid Bin Mohd Sharip dated 19/11/2021. For Tun Tan Estate, the management has appointed Mr Muhd Bin Marzuki on 19/11/2021 and for Segaliud Estate, Mohd Faris B Abtholudin was appointed as safety committee member.</p> <p>g. The management conducted regular OSH committee meetings on quarterly basis and when necessary due to accidents that occur. The meeting discussed issues on employees' safety, health and welfare such as operational risks and health achievement report,</p>	

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	<p>estate security, safety compliance by contractors, workplace inspection, legal compliance, safety and health training. Sighted the OSH Meeting Minutes dated as follows:</p> <ul style="list-style-type: none"> <li>- Tun Tan Estate: First Quarter – 28/3/2022 Second Quarter – 23/6/2022</li> <li>- Segaliud Estate: First Quarter – 18/2/2022, Second Quarter – 18/5/2022</li> <li>- Tunku Estate: First Quarter – 16/3/2022, Second Quarter – 13/6/2022</li> </ul> <p>h. Accident and Emergency procedures were available in the ESH Management System Manual; Emergency Preparedness &amp; Response Guidelines and Procedures; Doc No: SD/SDP/SQM (ESH)/001-2-6; Revision:0; Date 01/07/2012. The estates have established Emergency Response Team lead by the Estate Managers. The ERT chart and Fire Extinguisher Map was also available and verified. Emergency Response Training was conducted as below:</p> <ul style="list-style-type: none"> <li>- <u>Tun Tan Estate</u> Fire Drill Training – 22/6/2022 and First Aid Training to Mandore – 20/6/2022</li> <li>- <u>Segaliud Estate</u></li> </ul>	

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	<p>Basic Occupational First Aid – 28-29/7/2022.</p> <ul style="list-style-type: none"> <li>- <u>Tunku Estate</u> Emergency Response Plan Training – 23/7/2022</li> </ul> <p>i. First aiders were assigned to various workstation at the estates. The mandores and staffs were responsible for first aid boxes at each workstation assigned to them by the management. The first aid box was recently replenished with all stated items available in the box. First Aid trainings were conducted regularly at the sampled estates and documents of trainings were verified as below. All sample estate sends their representative to attend the First Aid Training conducted at Bulian Club, Sentosa Complex on 28-29/7/2022. Tun Tan Estate send 5 staff, both Tunku Estate and Segaliud Estate sent 4 staff.</p> <p>j. The estates sampled recorded all accidents reports and reported to HQ using the PSQM-ESH Monthly update form via online through GSQM ESH Portal. The accident occurred was reviewed on quarterly basis during OSH committee meeting.</p> <p><u>Tun Tan Estate</u> JKKP 8 is submitted on 8/1/2022 (Ref No: JKKP8/96522/2021) – Four accidents recorded in 2021</p> <p><u>Tunku Estate</u> JKKP 8 is submitted on 6/1/2022 (Ref No: JKKP8/66307/2021) – Four accidents recorded in 2021</p> <p><u>Segaliud Estate</u></p>	

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		JKKP 8 is submitted on 8/1/2022 (Ref No: JKPP8/96489/2021) – Zero accident recorded in 2021	
<b>Criterion 4.4.5:</b> Employment conditions			
<b>4.4.5.1</b>	The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees. <b>- Major compliance -</b>	SDPB has incorporated its policy on good social practices regarding human rights in the "Group Sustainability & Quality Policy Statement" mentioned in Indicator 4.1.1.2 where the management is committed to respect, support and uphold fundamental human rights. It was communicated to the employees through various methods such as training, meeting, and briefing.	Complied
<b>4.4.5.2</b>	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. <b>- Major compliance -</b>	SDPB has incorporated its policy on discriminatory in the "Group Sustainability & Quality Policy Statement" mentioned in Indicator 4.1.1.2 where the management is committed to treat all employees fairly in terms of recruitment, progression, terms and conditions of work and representation regardless of race, caste, nationality, gender, sexual orientation, union membership, political view, religion and/or age. Interview with the workers showed that there was no evidence of discrimination among the employees.	Complied
<b>4.4.5.3</b>	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage. <b>- Major compliance -</b>	Collective Agreement (for Field/Oil Palm Harvesters/oil mill and other general employees) between Sime Darby Plantation (Sabah) Sdn Bhd and Sabah Plantation Industry Employees Union, effective period: 1/1/2020 to 31/12/2022 [COG. No.: 089/2021] was made available for verification. It was signed by the related representatives (i.e., Chief Executive Officer, Upstream Malaysia, Head (Human Resources Operations), General Secretary of SPIEU and Vice President of SPIEU). Based on the agreement, the living wage in the CA was found to be sufficient to meet basic needs for the employees.	Complied

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		<p>Employment contracts for workers were available for verification. Pay and conditions are documented and in line with the Minimum Wage Order 2022. Sampled of employment contracts confirmed that terms and conditions are clearly outlined and have been signed by the workers. Sampled workers ID number whose payslips for Dec 2021, Feb 22, and Jun 22 were verified is as follows:</p> <p>Tun Tan Estate: 32043, 167204, 67615, 164455, 156360, 164424, 126106, 94338, 125203, 134734</p> <p>Tunku Estate: 156127, 71035, 77371, 107089, 144322, 158850, 102569, 154076</p> <p>Segaliud Estate:</p> <p>Mengaris Div. – 134683, 31264, 57356, 155291, 132769, 155310, 92180, 105126, 134779, 155329, 142418, 131581</p> <p>Main Div. – 133095, 130327, 58318, 87842, 99062, 150275, 82369, 59585, 144737, 130326</p>	
<b>4.4.5.4</b>	<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><b>- Minor compliance -</b></p>	<p>The management obtains the payslip from the contractors and check the pay against the minimum standard. Payslips from Ooi Trading, Syarikat Andiez, Commonstar Construction, TWS Engineering, and Yih Construction were available for verification. All the pay was found to be meeting the minimum wages requirements.</p>	Complied
<b>4.4.5.5</b>	<p>The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p>	<p>There is a list of employees consist of employee number, name, check roll type, joining date and status in the SAP system – Sime Estate Mill Upstream Application (SEMUA) System Employee Master Listing.</p>	Complied

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	- Major compliance -		
4.4.5.6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records. - Major compliance -	Employees have been provided with employment contract which referred to the collective agreement between Sime Darby Plantation (Sabah) Sdn Bhd and Sabah Plantation Industry Employees Union (SPIEU). The collective agreement for estates were available for verification.	Complied
4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer. - Major compliance -	Time recording at the estates was implemented through recording of check-roll book. The records were updated on daily basis and attendance of workers was monitored regularly through field supervision from morning muster until the working time is over.	Complied
4.4.5.8	The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement. - Major compliance -	Based on agreements and pay slips sighted for sample employees as per indicator 4.4.5.6 above, management has ensured that employees' working hours and breaks meet Sabah Labour Ordinance 1950. Overtime works are mutually agreed and compensated accordingly.	Complied
4.4.5.9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. - Major compliance -	Interview with the workers confirmed that they have rest time in between of the working hours. Overtimes were paid according to the rate stated in the agreement and regulatory requirements.	Complied
4.4.5.10	Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions. - Minor compliance -	Among the benefits offered by the company: <ul style="list-style-type: none"> <li>• Productivity incentive</li> <li>• Turn-out incentive</li> <li>• Transport allowance</li> <li>• Telephone allowance</li> </ul>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> <li>motorcycle allowance</li> </ul>	
<b>4.4.5.11</b>	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.</p> <p><b>- Major compliance -</b></p>	<p>The estate workers are provided with free housing facilities which includes water and electricity supply. Based on the visit to the labour quarters, it was noted that the housing condition was accordance to the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446). Each house has a living room, 3 bedrooms, 1 bathroom, 1 toilet and a kitchen. The visits by Visiting Medical Office (VMO) to the housing were also well organised by the management, where records of visits were maintained for reference.</p>	Complied
<b>4.4.5.12</b>	<p>The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.</p> <p><b>- Major compliance -</b></p>	<p>SDPB has incorporated its policy on violence and sexual harassment in the "Group Sustainability &amp; Quality Policy Statement" mentioned in Indicator 4.1.1.2 where the management is committed to prevent sexual harassment and other forms of violence. Interview with some of the workers showed no evidence of sexual harassment or violence happened so far.</p>	Complied
<b>4.4.5.13</b>	<p>The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p><b>- Major compliance -</b></p>	<p>Collective Agreement (for Field/Oil Palm Harvesters/oil mill and other general employees) between Sime Darby Plantation (Sabah) Sdn Bhd and Sabah Plantation Industry Employees Union, effective period: 1/1/2020 to 31/12/2022 [COG. No.: 089/2021] was made available for verification. It was signed by the related representatives (i.e., Chief Executive Officer, Upstream Malaysia, Head (Human Resources Operations), General Secretary of SPIEU and Vice President of SPIEU). Based on the agreement, the living wage in the CA was found to be sufficient to meet basic needs for the employees.</p> <p>Employment contracts for workers were available for verification. Pay and conditions are documented and in line with the Minimum Wages</p>	Complied

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		<p>Order 2022. Sampled of employment contracts confirmed that terms and conditions are clearly outlined and have been signed by the workers. Sampled workers ID number whose payslips for Dec 2021, Feb 22, and Jun 22 were verified is as follows:</p> <p>Tun Tan Estate: 32043, 167204, 67615, 164455, 156360, 164424, 126106, 94338, 125203, 134734</p> <p>Tunku Estate: 156127, 71035, 77371, 107089, 144322, 158850, 102569, 154076</p> <p>Segaliud Estate:</p> <p>Mengaris Div. – 134683, 31264, 57356, 155291, 132769, 155310, 92180, 105126, 134779, 155329, 142418, 131581</p> <p>Main Div. – 133095, 130327, 58318, 87842, 99062, 150275, 82369, 59585, 144737, 130326</p>	
<b>4.4.5.14</b>	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education programmes. Children shall not be exposed to hazardous working conditions.</p> <p><b>- Major compliance -</b></p>	<p>SDPB has incorporated its policy on protecting the rights of children in the "Group Sustainability &amp; Quality Policy Statement" mentioned in Indicator 4.1.1.2. Based on verification of workers register, there was no evidence that anyone below 18 years of age was recruited for employment.</p>	Complied
<b>Criterion 4.4.6: Training and competency</b>			
<b>4.4.6.1</b>	<p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p>	<p>Estates visited have established a training program for all workers based on the training need analysis conducted on a yearly basis. HIS and Basic Wages Calculation training and briefings were sighted at the estates. Interview with the workers and staff indicated that they were</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- <b>Major compliance</b> -	<p>aware on the wage's calculation and price per mt FFB. Records of trainings were maintained by the estates as per the following:</p> <ul style="list-style-type: none"> <li>- Tun Tan Estate:               <ul style="list-style-type: none"> <li>• Chemical Handling Training – 16/07/2022</li> <li>• Fire Training – 22/06/2022</li> <li>• SIME Card Briefing – 29/06/2022</li> </ul> </li> <li>- Tunku Estate:               <ul style="list-style-type: none"> <li>• Chemical Handling Training – 16/06/2022</li> <li>• Fire Drill Training – 24/07/2022</li> <li>• Emergency Response – 23/07/2022</li> </ul> </li> <li>- Segaliud Estate:               <ul style="list-style-type: none"> <li>• P&amp;D Rat Baiting Training – 19/07/2022</li> <li>• Basic Occupational First Aid Training – 28-29/07/2022</li> <li>• SOP and PPE Training – 25/07/2022</li> </ul> </li> </ul>	
<b>4.4.6.2</b>	<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>- <b>Major compliance</b> -</p>	<p>The estates visited has conducted training need analysis for all employees, management and contractors. The training need analysis was conducted based on the job designation and training required by the job type. Sighted the Training Need Analysis for all estates. (e.g., ESH Training Matrix for CY2022).</p>	Complied
<b>4.4.6.3</b>	<p>A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.</p> <p>- <b>Minor compliance</b> -</p>	<p>A training programme has been developed and available in the Training Requirement for Operating Units (Estate). The trainings were sighted to have also included Gender Specific Training and involves staffs, workers and contractors.</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance	
<b>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</b>			
<b>Criterion 4.5.1: Environmental Management Plan</b>			
<b>4.5.1.1</b>	<p>An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.</p> <p><b>- Major compliance -</b></p>	<p>SDPB have established the Group Policy on Health, Safety &amp; Environment (HSE) Policy Statement signed by the CEO on 01/06/2020. The policy has been communicated to the workers through induction training for new workers, morning briefing and displayed at various notice board within the estate.</p> <p>The policy has been communicated to the workers through induction training for new workers, morning briefing and displayed at various notice boards within the estates.</p> <p>All Estates have established an Environmental Management Plan, which consist of the following.</p> <ol style="list-style-type: none"> <li>1. Waste Management Plan 2022</li> <li>2. HCV Management Plan 2022</li> <li>3. Pollution Prevention Plan 2022</li> <li>4. Energy/GHG Management Plan 2022</li> <li>5. Chemical Reduction Plan 2022</li> </ol>	<p>Complied</p>
<b>4.5.1.2</b>	<p>The environmental management plan shall cover the following:</p> <ol style="list-style-type: none"> <li>a) An environmental policy and objectives;</li> <li>b) The aspects and impacts analysis of all operations.</li> </ol> <p><b>- Major compliance -</b></p>	<p>All Estates have also established Environmental Aspect &amp; Impact Assessment (EAIA), which covers 25 Estate activities and operations. The EAIA was reviewed as follows: -</p> <ol style="list-style-type: none"> <li>1. Tun Tan Estate – 02/01/2022</li> <li>2. Tunku Estate – 02/03/2022</li> <li>3. Segaliud Estate – 10/06/2022</li> </ol>	<p>Complied</p>

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Criterion / Indicator		Assessment Findings				Compliance																				
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Criterion / Indicator		Assessment Findings				Compliance																
		Workshop	Welding.	Discharge to land. Solid consumption. Welding rods.	Land contamination. Unpleasant working condition. Depletion of natural resources.																	
<b>4.5.1.3</b>	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.</p> <p><b>- Major compliance -</b></p>	<p>Sighted, Environmental Aspect &amp; Impact Assessment (EAIA) for the year 2022 has been developed and reviewed on 20/01/2022. The mitigation on the negative impacts and to promote the positive one being recorded under Environmental Management Plan. Sample taken as follows: -</p> <table border="1"> <thead> <tr> <th>No</th> <th>Activities</th> <th>Impacts</th> <th>Mitigation</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Harvesting</td> <td>Promote positive impact to soil structure through biomass frond &amp; EFB mulching.</td> <td>Practice proper frond stacking. EFB applied to improve nutrient &amp; biomass</td> </tr> <tr> <td>2</td> <td>Weeding</td> <td>Negative impact as polluting the soil with usage of chemicals.</td> <td>Dosage of chemicals is monitored &amp; calibrated. Cattle integration introduced to reduce reliance of chemical.</td> </tr> <tr> <td>3</td> <td>Manuring</td> <td>Over usage of chemical &amp; fertilizer affecting soil toxicity</td> <td>Identify buffer zones and to prevent leaching of fertilizer and chemicals.</td> </tr> </tbody> </table>				No	Activities	Impacts	Mitigation	1	Harvesting	Promote positive impact to soil structure through biomass frond & EFB mulching.	Practice proper frond stacking. EFB applied to improve nutrient & biomass	2	Weeding	Negative impact as polluting the soil with usage of chemicals.	Dosage of chemicals is monitored & calibrated. Cattle integration introduced to reduce reliance of chemical.	3	Manuring	Over usage of chemical & fertilizer affecting soil toxicity	Identify buffer zones and to prevent leaching of fertilizer and chemicals.	Minor non-conformity
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				causing leaching/ wash off.	Application along frond stacking rows.	
		4	Road upkeep	Damages through grading and chambering	Water collected at drain pits is collected to maximize moisture of nearest palm.	
		5	Loading Bay	FFB transportation of lorries in minimizing leakages of fuel	Education to drivers and monitoring of vehicles movements.	
		6	Workshop	Spillage to prevent pollution	Availability of spill kit and health surveillance for welding personnel.	
		<p>Estate management has acknowledged and documented the activity at power station area (Genset Room). However, during the sight visit the audit team found diesel spillage at the Genset Room at Pertama Division, Segaliud Estate. The practice was not as per documented in their environment management plan and in their environmental aspect impact. Thus, a minor non-conformity report was assigned due to this lapse.</p>				
<b>4.5.1.4</b>	A programme to promote the positive impacts should be included in the continual improvement plan. <b>- Minor compliance -</b>	This is available as elaborated in indicator 4.5.1.3 above. Improvement planned for both short and long terms are detailed along with the identified issues.				Complied
<b>4.5.1.5</b>	An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.	An Environmental training program is available in Training Plan updated on a yearly basis. Sample taken as below: - a. Tun Tan Estate i. Training of chemical handling and spraying, 18/07/2022.				Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<ul style="list-style-type: none"> <li>ii. "Latihan langkah pemeliharaan haiwan di kawasan ladang", 25/07/2022</li> <li>iii. "Latihan larangan penggunaan bahan kimia dan pembakaran terbuka", 02/07/2022</li> <li>iv. "Latihan utamakan kebersihan Kawasan perumahan", 14/05/2022</li> <li>v. Briefing on company's sustainability policies was conducted on 22/06/2022</li> <li>vi. Training on HCV for workers was conducted on 05/07/2022</li> </ul> <p>b. Tunku Estate</p> <ul style="list-style-type: none"> <li>i. P&amp;D Briefing on chemical handling training conducted on 06/07/2022</li> <li>ii. Immature spraying training conducted on 23/03/2022</li> <li>iii. Mixing chemical bay training conducted on 01/06/2022</li> <li>iv. Spraying technique, SOP, PPE and calibration training, conducted 03/02/2022</li> <li>v. Oil spillage and emergency response training conducted on 16/06/2022</li> </ul>	
4.5.1.6	<p>Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.</p> <p>- Major compliance -</p>	<p>All Estates had discussed environmental related issues in the Environmental Performance and Monitoring Committee Meeting that are conducted on a quarterly basis. The latest meeting was as follows:</p> <ul style="list-style-type: none"> <li>a) Tun Tan Estate – 07/07/2022 attended by 14 personnel.</li> <li>b) Tunku Estate – 13/06/2022 attended by 24 personnel.</li> <li>c) Segaliud Estate – 18/02/2022 attended by 18 personnel.</li> </ul>	Complied

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		- 18/05/2022 attended by 34 personnel.																																					
<b>Criterion 4.5.2:</b> Efficiency of energy use and use of renewable energy																																							
<b>4.5.2.1</b>	<p>Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.</p> <p><b>- Major compliance -</b></p>	<p>Monthly record on energy consumption for non-renewable sources were kept and documented. It is monitored to optimise use of renewable energy. Data is being compiled for comparison and control future improvement. Following is the data for diesel, water and electricity usage 2021 record at Estates:</p> <p>1. Water</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Tun Tan Estate</td> <td>157,012 m<sup>3</sup></td> <td>91,716 m<sup>3</sup></td> </tr> <tr> <td>Tunku Estate</td> <td>99,619 m<sup>3</sup></td> <td>92,354 m<sup>3</sup></td> </tr> <tr> <td>Segaliud Estate</td> <td>55,798 m<sup>3</sup></td> <td>67,021 m<sup>3</sup></td> </tr> </tbody> </table> <p>2. Electricity (Kwh)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Tun Tan Estate</td> <td>327,464</td> <td>256,541</td> </tr> <tr> <td>Tunku Estate</td> <td>377,042</td> <td>129,164</td> </tr> <tr> <td>Segaliud Estate</td> <td>17,660</td> <td>18,771</td> </tr> </tbody> </table> <p>3. Diesel (litre)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Tun Tan Estate</td> <td>80,614</td> <td>40,846</td> </tr> <tr> <td>Tunku Estate</td> <td>693,327</td> <td>318,781</td> </tr> <tr> <td>Segaliud Estate</td> <td>540,640</td> <td>296,756</td> </tr> </tbody> </table>	Year	2021	2022	Tun Tan Estate	157,012 m <sup>3</sup>	91,716 m <sup>3</sup>	Tunku Estate	99,619 m <sup>3</sup>	92,354 m <sup>3</sup>	Segaliud Estate	55,798 m <sup>3</sup>	67,021 m <sup>3</sup>	Year	2021	2022	Tun Tan Estate	327,464	256,541	Tunku Estate	377,042	129,164	Segaliud Estate	17,660	18,771	Year	2021	2022	Tun Tan Estate	80,614	40,846	Tunku Estate	693,327	318,781	Segaliud Estate	540,640	296,756	Complied
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4.5.2.2	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations. <b>- Major compliance -</b>	The projection consumption of diesel for the Estates have been documented on annual basis based on the Financial Year Budget with the latest available is for FY2022.	Complied										
4.5.2.3	The use of renewable energy should be applied where possible. <b>- Minor compliance -</b>	Source for electricity for the complex comes from the biogas plant, which was newly commenced on June 2022.	Complied										
<b>Criterion 4.5.3: Waste management and disposal</b>													
4.5.3.1	All waste products and sources of pollution shall be identified and documented. <b>- Major compliance -</b>	<p>All Estates have identified all waste products and sources of pollution in Waste Management Action Plan 2022. Among the Waste Management and Reduction Plan sampled were as follows:</p> <table border="1"> <thead> <tr> <th>Type of waste</th> <th>Waste</th> </tr> </thead> <tbody> <tr> <td>Schedule waste</td> <td>The waste identified has been categorized as follows; SW305 – spent lubricant, SW102 – used batteries, SW410 – used oil filters, contaminated rags, SW409 – empty chemical containers, empty lubricant containers, SW110 – used electrical items.</td> </tr> <tr> <td>Domestic waste</td> <td>Rubbish.</td> </tr> <tr> <td>Industrial waste</td> <td>Scrap iron, septic tank.</td> </tr> <tr> <td>Recycle waste</td> <td>EFB, pruned fronds.</td> </tr> </tbody> </table>	Type of waste	Waste	Schedule waste	The waste identified has been categorized as follows; SW305 – spent lubricant, SW102 – used batteries, SW410 – used oil filters, contaminated rags, SW409 – empty chemical containers, empty lubricant containers, SW110 – used electrical items.	Domestic waste	Rubbish.	Industrial waste	Scrap iron, septic tank.	Recycle waste	EFB, pruned fronds.	Complied
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4.5.3.2	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:	All the estates have established the waste management plan and the plan was reviewed on annually basis. All the sampled estates have identified all waste products and source of pollution and documented in the Waste Management Plan.	Complied										

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	a) Identifying and monitoring sources of waste and pollution b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products <b>- Major compliance -</b>		
<b>4.5.3.3</b>	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. <b>- Major compliance -</b>	The procedures for handling used chemicals classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 are available prepared on Group level by PSQM and implemented in all estates and mills for all the applicable practices. The operational control procedures for the scheduled wastes management provides guidelines as follows; a. Management of class 1 chemical containers b. Management of class 2 (and higher) chemical containers. c. Management of fertiliser bags This document was established on 28/2/2015 and remain effective for practice in all estates and mills.	Complied
<b>4.5.3.4</b>	Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer’s labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers. <b>- Major compliance -</b>	Excess chemical containers that were not used for premixing have been triple rinsed and punctured was categorized under scheduled waste and disposed through licensed scheduled waste contractor Legenda Bumimas Sdn Bhd Sighted the empty container disposal records at the estates visited as follows: a) <u>Tun Tan Estate:</u> Waste Code: Contaminated chemical container Quantity: 0.698.3 Mt Consignment Note Number: B016792 Date of Disposal: 17/05/2022	Complied

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		<p>Waste Manager: Legenda Bumimas Sdn Bhd.</p> <p>b) <u>Tunku Estate:</u>                      Waste Code: Contaminated chemical container                      Quantity: 0.592 Mt                      Consignment Note Number: B016526                      Date of Disposal: 22/07/2022                      Waste Manager: Legenda Bumimas Sdn Bhd.</p> <p>c) <u>Segaliud Estate:</u>                      Waste Code: Contaminated chemical container                      Quantity: 0.830 Mt                      Consignment Note Number: B017792                      Date of Disposal: 10/06/2022                      Waste Manager: Legenda Bumimas Sdn Bhd.</p>	
<b>4.5.3.5</b>	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p> <p><b>- Minor compliance -</b></p>	<p>Domestic waste generated from workers quarters was disposed in respective land fill. Site visit to landfill area observed its well maintained and no sign of pollution to water source.</p>	Complied
<b>Criterion 4.5.4: Reduction of pollution and emission</b>			
<b>4.5.4.1</b>	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.</p> <p><b>- Major compliance -</b></p>	<p>An assessment of all polluting activities has been conducted and monitored. This included the gaseous emissions, particulate / soot emissions and effluent. The estate management has continued to maintain its environmental aspects/impacts register associated with their activities. Environmental aspect and impact (EAI) records i.e.</p>	Complied

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		<p>(SM/5.2/EAI) and (SM/5.2/EIE) which covers estates and mill activities/operation. 'Pollution Identification Environmental Improvement Action Plan' is used to identify the waste products and sources of pollution, was in place and is reviewed accordingly. Among others the significant environmental receptors for the estates and mill operations were:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Environmental Receptors</th> <th>Source</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Air</td> <td>Air emissions –from boiler stack (smoke &amp; particulate), vehicle &amp; generator (smoke and gases). GHG emission from anaerobic processes (ETP, EFB dumping).</td> </tr> <tr> <td>2</td> <td>Water</td> <td>Water discharges – Cleaning water/run-off/process station waters (hydro cyclone/sterilizer condensate/clarification waste) &amp; boiler quenching water and blow down.</td> </tr> <tr> <td>3</td> <td>Land</td> <td>Land – Scheduled waste, domestic waste and industrial / process waste. Clinical wastes – generated from clinics.</td> </tr> </tbody> </table>	No	Environmental Receptors	Source	1	Air	Air emissions –from boiler stack (smoke & particulate), vehicle & generator (smoke and gases). GHG emission from anaerobic processes (ETP, EFB dumping).	2	Water	Water discharges – Cleaning water/run-off/process station waters (hydro cyclone/sterilizer condensate/clarification waste) & boiler quenching water and blow down.	3	Land	Land – Scheduled waste, domestic waste and industrial / process waste. Clinical wastes – generated from clinics.	
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3	Land	Land – Scheduled waste, domestic waste and industrial / process waste. Clinical wastes – generated from clinics.													
<b>4.5.4.2</b>	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - <b>Major compliance</b> -	The action plan to reduce the identified significant impact has been documented in Pollution Prevention Plan and Waste Management Plan.	Complied												
<b>Criterion 4.5.5: Natural water resources</b>															
<b>4.5.5.1</b>	The management shall establish a water management plan to maintain the quality and availability of natural water resources	All Estates have established a Water Management Plan for the year 2022. The objective of the plan is:	Complied												

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<p>(surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> <li>a. Assessment of water usage and sources of supply.</li> <li>b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate’s current activities.</li> <li>c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</li> <li>d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</li> <li>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</li> <li>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</li> </ul> <p><b>- Major compliance -</b></p>	<ul style="list-style-type: none"> <li>a. To carry out drinking water testing and monitoring on daily basis.</li> <li>b. To identify water source and management of water waste plan.</li> <li>c. To monitor rainwater harvesting</li> <li>d. To manage water from mature field.</li> </ul> <p>Water usage had been monitored by the estate management and the source of waters were identified.</p> <table border="1" data-bbox="1055 703 1865 970"> <thead> <tr> <th rowspan="2">Estate</th> <th colspan="2">Usage</th> <th rowspan="2">Source of Water</th> </tr> <tr> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Tun Tan</td> <td>157,012 m<sup>3</sup></td> <td>91,716 m<sup>3</sup></td> <td>Water catchment from estate</td> </tr> <tr> <td>Tunku</td> <td>99,619 m<sup>3</sup></td> <td>92,354 m<sup>3</sup></td> <td>Water catchment from estate</td> </tr> <tr> <td>Segaliud</td> <td>55,798 m<sup>3</sup></td> <td>67,021 m<sup>3</sup></td> <td>Water catchment from estate</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>a. Monitoring of outgoing water recorded, sampled as follow:</li> </ul> <table border="1" data-bbox="1055 1059 1865 1305"> <thead> <tr> <th>Parameter</th> <th>W0122/019</th> <th>W0122/020</th> <th>W0122/024</th> <th>Limits</th> </tr> </thead> <tbody> <tr> <td>pH</td> <td>6.0</td> <td>6.2</td> <td>5.6</td> <td>&gt; 5.0</td> </tr> <tr> <td>COD</td> <td>19 ppm</td> <td>19 ppm</td> <td>19 ppm</td> <td>&lt; 50 ppm</td> </tr> <tr> <td>BOD</td> <td>3 ppm</td> <td>2 ppm</td> <td>2 ppm</td> <td>&lt; 6 ppm</td> </tr> <tr> <td>Sus. Solid</td> <td>24 ppm</td> <td>26 ppm</td> <td>6 ppm</td> <td>&lt; 150 ppm</td> </tr> <tr> <td>Amm-N</td> <td>1.0 ppm</td> <td>0.8 ppm</td> <td>1.0 ppm</td> <td>&lt; 0.9 ppm</td> </tr> <tr> <td>Total Solids</td> <td>152 ppm</td> <td>116 ppm</td> <td>214 ppm</td> <td>&lt; 4000 ppm</td> </tr> <tr> <td>Total Coiliform</td> <td>200</td> <td>100</td> <td>800</td> <td>&lt; 50000</td> </tr> </tbody> </table> <p>Water samplings were conducted on regular basis; monthly for domestic use and every 3 months for water quality analysis.</p>	Estate	Usage		Source of Water	2021	2022	Tun Tan	157,012 m <sup>3</sup>	91,716 m <sup>3</sup>	Water catchment from estate	Tunku	99,619 m <sup>3</sup>	92,354 m <sup>3</sup>	Water catchment from estate	Segaliud	55,798 m <sup>3</sup>	67,021 m <sup>3</sup>	Water catchment from estate	Parameter	W0122/019	W0122/020	W0122/024	Limits	pH	6.0	6.2	5.6	> 5.0	COD	19 ppm	19 ppm	19 ppm	< 50 ppm	BOD	3 ppm	2 ppm	2 ppm	< 6 ppm	Sus. Solid	24 ppm	26 ppm	6 ppm	< 150 ppm	Amm-N	1.0 ppm	0.8 ppm	1.0 ppm	< 0.9 ppm	Total Solids	152 ppm	116 ppm	214 ppm	< 4000 ppm	Total Coiliform	200	100	800	< 50000	
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		b. Ways to optimize water and nutrient usage to reduce wastage being indicate in Water Management Plan 2022. c. The Estate build fencing and maintain buffer zone around catchment pond and display no pollution signboard in order to protect water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones. d. Not applicable as no natural vegetation in riparian areas has been removed. e. Not applicable as no bore being use for water supply.	
<b>4.5.5.2</b>	No construction of bunds, weirs and dams across main rivers or waterways passing through an estate. <b>- Minor compliance -</b>	No construction of bunds, weirs and dams crossing the river sighted during the site visit.	Complied
<b>4.5.5.3</b>	Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles). <b>- Minor compliance -</b>	Water harvesting (to direct road-side water and stored it in the conservation terraces) is practices here especially at the hilly area.	Complied
<b>Criterion 4.5.6:</b> Status of rare, threatened, or endangered species and high biodiversity value			
<b>4.5.6.1</b>	Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover: a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities. b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status	SDPB had conducted Biodiversity Assessment & HCV Identification for Strategic Operating Unit (SOU) 26, Sandakan Bay Complex on May 2013. The report was prepared by PSQM Department team. The objectives of this assessment are: a. To verify the status of existing recommendation areas by previous Biodiversity Report. b. To verify presence of protected areas, conservation status and legal protection that could be significantly affected.	Complied

Criterion / Indicator		Assessment Findings	Compliance														
	<p>on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.</p> <p><b>- Major compliance -</b></p>	<p>c. To propose the HCV Management Plan on the study area.</p> <p>The team has identified HCV area (SOU 2 Sandakan Bay Complex) and potential threat that may affected the area. The areas are:</p> <table border="1"> <thead> <tr> <th>HCV Area</th> <th>Potential Threat</th> </tr> </thead> <tbody> <tr> <td>Riparian buffer zone</td> <td>Riverbanks erosion. Sedimentation. Eutrophication of aquatic environments and vegetation overgrowth due to fertilizer applications.</td> </tr> <tr> <td>Water catchment area, swamps, ponds</td> <td>Interruption on aquatic biological health. Degradation of catchment area.</td> </tr> <tr> <td>&gt;25 degrees slope area</td> <td>Soil erosion. Eroded soil deposited down slope can cause road damage.</td> </tr> <tr> <td>Jungle reserves</td> <td>Forest encroachment. Illegal poaching. Illegal logging. Forest product exploitation. Human – wildlife traffic.</td> </tr> <tr> <td>Quarry</td> <td>Loss of biodiversity. Soil erosion.</td> </tr> <tr> <td>Cemetery</td> <td>Loss of cultural values. Land encroachment.</td> </tr> </tbody> </table>	HCV Area	Potential Threat	Riparian buffer zone	Riverbanks erosion. Sedimentation. Eutrophication of aquatic environments and vegetation overgrowth due to fertilizer applications.	Water catchment area, swamps, ponds	Interruption on aquatic biological health. Degradation of catchment area.	>25 degrees slope area	Soil erosion. Eroded soil deposited down slope can cause road damage.	Jungle reserves	Forest encroachment. Illegal poaching. Illegal logging. Forest product exploitation. Human – wildlife traffic.	Quarry	Loss of biodiversity. Soil erosion.	Cemetery	Loss of cultural values. Land encroachment.	
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<b>4.5.6.2</b>	<p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>a) Ensuring that any legal requirements relating to the protection</p>	<p>Stated in the Biodiversity Assessment &amp; HCV Identification for Strategic Operating Unit (SOU) 26, Sandakan Bay Complex assessment report, section 6.3 Recommendations and Management Plan for HCV area, as follow:</p>	Complied														

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	<p>of the species are met.</p> <p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</p> <p><b>- Major compliance -</b></p>	HCV Type	Description	Possible Management Action	
		HCV 1	Area which has or provides supporting function of biodiversity to protection area.	Maintaining function of habitat that temporarily used by particular species by protecting the area.	
		HCV 2	Large landscape area with considerable capacity to maintain either process or ecological dynamics naturally.	Buffer zone should be maintained or expanded by avoiding all forms of encroachment whether directly or indirectly.	
		HCV 3	Area containing rare or critically endangered ecosystem.	In situ conservation, providing enough habitat, enabling migration to the nearest habitat especially for animal species that move beyond or with extensive home range.	
		HCV 4	Area important as water supply and flood control for wider community at the downstream.	Preventing the negative impacts on changes of river flow and water quality by establishing and maintaining buffer zone.	
		HCV 5	Area containing important functions to meeting subsistent fulfilments of local communities.	Established community representative forum to discuss any policy related to their lives and livelihoods.	

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		HCV 6	Area containing important functions as local cultural identity.	To recommend community to collect the cultural sites as long as their survival is kept maintained and obtain FPIC.
		Interview with the stakeholders confirmed that they have a good understanding regarding on the high conservation value especially on the illegal hunting activities. They also discuss on their concern regarding the environmental issues during the environmental meeting with the estate's management.		
<b>4.5.6.3</b>	A management plan to comply with Indicator 1 shall be established and effectively implemented, if required. <b>- Major compliance -</b>	The estate has established HCV/Biodiversity Management Plan base on the HCV identified in the report. Sighted the implementation of the management plan as follows: a. Monitoring of HCV area was conducted twice a month and recorded in Monitoring of present and potential HCV Areas East Estate logbook. The monitoring focusing on encroachment/sign of trespassing, wildlife issue/conflicts/sighting, pollution/erosion issue and other observation. b. Signage of prohibition on no fishing, no hunting and no swimming was erected at designated area along the HCV area. c. The estate monitors the HCV area twice a month. The monitoring was conducted on encroachment, wildlife sightings, pollution/issues and others.		Complied
<b>Criterion 4.5.7: Zero burning practices</b>				
<b>4.5.7.1</b>	Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.	Zero open burning policy as per SOP Section B2 - Felling/Land Clearing & Land Preparation dated November 2008. Management complying with the Malaysian environmental law –EQA and Regulations 1974.		Complied

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	- Major compliance -		
4.5.7.2	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop. - Major compliance -	No open burning noted based on the records on the land clearing and felling for the replanting at visited estates. Method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	Not applicable
4.5.7.3	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws. - Major compliance -	No controlled burning noted based on the records on the land clearing and felling for the replanting at visited estates. Method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	Not applicable
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. - Minor compliance -	Noted based on the records on the land clearing and felling for the replanting at visited estates, method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	Complied
<b>4.6 Principle 6: Best Practices</b>			
<b>Criterion 4.6.1: Site Management</b>			
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored. - Major compliance -	SOP was established for the Estates. & Agricultural Manual, Sustainability Plantation Management System and EQMS (Estate Quality Management System) were distributed to all operating units as a guidance document to conduct estate operation.  The SOP covers land preparation, planting material, upkeep, harvesting, FFB transportation, etc. SDPB has established mechanism to monitor the implementation of their procedure by Plantation Advisor Visit, Performance Monitoring Visit and Agronomist Visit. The visit	Complied

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		<p>focusing on Yield Improvement, Crop Recovery, Replanting and Immature Palms Maintenance and Mature Upkeep. Also sighted the latest addition of SOP Communicable Disease (COVID-19) Prevention &amp; Control Procedure available.</p> <p>Site inspection and interview with workers confirmed that the SOP had been implemented and they understood the requirements of the SOP, the bottom-line of which is Good Agricultural Practice and the care for their safety and health and the environment.</p>	
<b>4.6.1.2</b>	<p>Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.</p> <p><b>- Major compliance -</b></p>	<p>SDPB has established policy on slope protection and documented in Slope and River Protection Policy signed by the Managing Director in Jan 2015. The policy stated for slope more than 25 degree must be exclude from any new plantation development and replanting program. All the existing crop and vegetation shall be maintained accordingly. All estates had complied with this policy to not plant on slopes above 25° and Buffer Zone.</p> <p>The policy was communicated to the employee during master briefing, townhall training and displayed in several notice board in the estate.</p>	Complied
<b>4.6.1.3</b>	<p>A visual identification or reference system shall be established for each field.</p> <p><b>- Major compliance -</b></p>	<p>Estates audited had a visual identification/reference system for each established field/block and maps established. Field numbers and hectare were marked on palms and in some areas on signboards as sighted in the fields.</p>	Complied
<b>Criterion 4.6.2: Economic and financial viability plan</b>			
<b>4.6.2.1</b>	<p>A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.</p> <p><b>- Major compliance -</b></p>	<p>Business planning to ensure long-term economic and financial viability was evident. The annual budgets for the period 2022 to 2027 were sighted. The budget provisions covered activities for upkeep, cultivation, harvesting &amp; evacuation, welfare, capital expenditure,</p>	Complied

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		RSPO/MSPO compliance etc. The budgets included projections on yield/ha, and total cost of production per MT & per ha. CAPEX - capital expenditure mainly for buildings, furniture and others asset related expenses.	
<b>4.6.2.2</b>	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years. <b>- Major compliance -</b>	All estates established a replanting program spanned over a 5-year period till 2027. All programs were sighted. For Tunku estate, replanting activities will be completed by 2023. Sighted all sampled estate replanting plans, which cover the replanting program for the next 5 years.	Complied
<b>4.6.2.3</b>	The business or management plan may contain: a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production: cost per tonne of FFB d) Price forecast e) Financial indicators: cost benefit, discounted cash flow, return on investment <b>- Major compliance -</b>	The business and management plans were available in the annual budget. The annual budget provisions covered activities for upkeep, cultivation, harvesting & evacuation, welfare, capital expenditure, RSPO & MSPO compliance etc. The budgets included projections on yield/ha, and total cost of production per MT & per ha.	Complied
<b>4.6.2.4</b>	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented. <b>- Major compliance -</b>	The management plan was effectively implemented, and the achievement of the goals and objectives were regularly monitored, documented, and reviewed through Monthly Progress Reports, Monthly Accounts Reports, Annual Financial Reports, Plantation Advisor Visit Reports and Performance Unit Report.	Complied
<b>Criterion 4.6.3: Transparent and fair price dealing</b>			

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4.6.3.1	<p>Pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p><b>- Major compliance -</b></p>	<p>Pricing mechanism is available in the guidelines LOA (limit of authority) and revised sourcing method for plantation upstream Malaysia dated 11/7/2017.</p> <p>- All tender and pricing exercises are handled by the HQ management. Projects are tendered from the approved vendors registered with HQ.</p> <p>Payments are processed and made by HQ through system named MEX. This is made upon job verification by the operating units' personnel and representatives from HQ for major projects</p>	Complied
4.6.3.2	<p>All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.</p> <p><b>- Major compliance -</b></p>	<p>The contract agreements between the management and the contractors (e.g., Ooi Trading, Syarikat Andiez, Commonstar Construction, TWS Engineering, and Yih Construction) were verified. The rate of payment was clearly stated in the agreement. The payment was made on timely manner by the Head Quarter after received invoice from the contractor.</p>	Complied
<b>Criterion 4.6.4: Contractor</b>			
4.6.4.1	<p>Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.</p> <p><b>- Major compliance -</b></p>	<p>This requirement has been specified in a letter dated 01/7/2017 on RSPO/ISCC/MSPO awareness on to all the contractors, vendors of the estates. This letter was sighted and has stated that all Contractors need to follow RSPO/ISCC/MSPO guideline in accordance with the Sime Darby Plantation of Estate Quality Management System.</p> <p>Nonetheless, the monitoring of the contractors' understanding on MSPO requirements was not satisfactorily demonstrated. Based on interview with several workers and site visit, the groceries shop at Tun Tan, Tunku and Segaliud Estate have been storing the cooking liquid petroleum gas cylinders and distributing them to workers. However,</p>	Major non-conformity and OFI

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		<p>there is no evidence that the shops have obtained legal permit from the relevant authority for this activity. Thus, a major non-conformity report was assigned due to this lapse.</p> <p>On another note, the monitoring of PUSPAKOM Inspection Certificate of all the contractor's lorries used for transporting FFB from Segaliud Estate to Sandakan Bay POM can be further improved to ensure the certificates are valid at the time the lorries are in used.</p>	
<b>4.6.4.2</b>	<p>The management shall provide evidence of agreed contracts with the contractor.</p> <p><b>- Major compliance -</b></p>	<p>Awarded contractors are provided with Letter of Offer (LOA) (contract agreement) which spelt out the conditions such as commencement, service contract, bank guarantee, insurance policies, failure to provide service, responsibility and indemnity, termination, governing laws, transportation rate and rate adjustment mechanism.</p>	Complied
<b>4.6.4.3</b>	<p>The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.</p> <p><b>- Minor compliance -</b></p>	<p>This is specified in the letter dated 01/7/2017 as shown in item 4.6.4.1 above. The requirement of accepting MSPO accredited auditors to audit against the contractors was communicated through the session between contractors. This was verified through minutes of meeting.</p>	Complied
<b>4.6.4.4</b>	<p>The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted.</p> <p><b>- Major compliance -</b></p>	<p>All works performed by the contractors at the estates are checked and verified by the estate's personnel. Projects where tenders are issued by HQ are checked by representative from HQ usually from the Engineering Dept.</p>	Complied
<b>4.7 Principle 7: Development of new planting</b>			
<b>Criterion 4.7.1:</b> High biodiversity value			

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4.7.1.1	Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation. - <b>Major compliance</b> -	NA as no new planting at the sampled estates.	Not applicable
4.7.1.2	No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia’s National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required. - <b>Major compliance</b> -	NA as no new planting at the sampled estates.	Not applicable
<b>Criterion 4.7.2: Peat Land</b>			
4.7.2.1	New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice. - <b>Major compliance</b> -	NA as no new planting at the sampled estates.	Not applicable
<b>Criterion 4.7.3: Social and Environmental Impact Assessment (SEIA)</b>			
4.7.3.1	A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations. - <b>Major compliance</b> -	NA as no new planting at the sampled estates.	Not applicable
4.7.3.2	SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations,	NA as no new planting at the sampled estates.	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
	via participatory methodology which includes external stakeholders. <b>- Major compliance -</b>		
<b>4.7.3.3</b>	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed. <b>- Major compliance -</b>	NA as no new planting at the sampled estates.	Not applicable
<b>4.7.3.4</b>	Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed. <b>- Minor compliance -</b>	NA as no new planting at the sampled estates.	Not applicable
<b>Criterion 4.7.4:</b> Soil and topographic information			
<b>4.7.4.1</b>	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. <b>- Major compliance -</b>	NA as no new planting at the sampled estates.	Not applicable
<b>4.7.4.2</b>	Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. <b>- Major compliance -</b>	NA as no new planting at the sampled estates.	Not applicable
<b>Criterion 4.7.5:</b> Planting on steep terrain, marginal and fragile soils			
<b>4.7.5.1</b>	Extensive planting on steep terrain, marginal and fragile soils	NA as no new planting at the sampled estates.	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
	shall be avoided unless permitted by local, state and national laws. <b>- Major compliance -</b>		
<b>4.7.5.2</b>	Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. <b>- Major compliance -</b>	NA as no new planting at the sampled estates.	Not applicable
<b>4.7.5.3</b>	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. <b>- Major compliance -</b>	NA as no new planting at the sampled estates.	Not applicable
<b>Criterion 4.7.6: Customary land</b>			
<b>4.7.6.1</b>	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. <b>- Major compliance -</b>	NA as no new planting at the sampled estates.	Not applicable
<b>4.7.6.2</b>	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. <b>- Minor compliance -</b>	NA as no new planting at the sampled estates.	Not applicable
<b>4.7.6.3</b>	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made	NA as no new planting at the sampled estates.	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
	available. - <b>Major compliance</b> -		
4.7.6.4	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement. - <b>Major compliance</b> -	NA as no new planting at the sampled estates.	Not applicable
4.7.6.5	Identification and assessment of legal and recognised customary rights shall be documented. - <b>Major compliance</b> -	NA as no new planting at the sampled estates.	Not applicable
4.7.6.6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented. - <b>Major compliance</b> -	NA as no new planting at the sampled estates.	Not applicable
4.7.6.7	The process and outcome of any compensation claims shall be documented and made publicly available. - <b>Major compliance</b> -	NA as no new planting at the sampled estates.	Not applicable
4.7.6.8	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development. - <b>Minor compliance</b> -	NA as no new planting at the sampled estates.	Not applicable

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

Criterion / Indicator		Assessment Findings	Compliance
<b>4.1 Principle 1: Management commitment &amp; responsibility</b>			
<b>Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy</b>			
<b>4.1.1.1</b>	Policy for the implementation of MSPO shall be established. <b>- Major compliance -</b>	SDPB has established its policy on the implementation of MSPO in the "Group Sustainability & Quality Policy Statement" as addressed in Indicator 4.1.1.2. The policy was available for verification.	Complied
<b>4.1.1.2</b>	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. <b>- Major compliance -</b>	SDPB has established a policy called "Group Sustainability & Quality Policy Statement" which was approved by the Group Managing Director on 2/12/2019. The policy was including commitment to: <ul style="list-style-type: none"> <li>– Promoting good governance and transparency</li> <li>– Contributing to a better society</li> <li>– Minimising environmental harm</li> <li>– Delivering sustainability quality</li> </ul> The policy is guided by three main documents i.e.: <ul style="list-style-type: none"> <li>– Responsible Agriculture Charter</li> <li>– Human Rights Charter</li> <li>– Innovation &amp; Productivity Charter</li> </ul> All of the above documents and the policy statement are made available on Sime Darby's website.	Complied
<b>Criterion 4.1.2 – Internal Audit</b>			

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Criterion / Indicator		Assessment Findings	Compliance
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. <b>- Major compliance -</b>	The SQM Sabah region have conducted Internal Audits for the Sandakan Bay Palm Oil Mill and it is audited based on the Internal Audit Procedures stated in the Sime Darby Plantation; Plantation Sustainability and Quality Management (PSQM); Internal Audit Procedure (SD/SDP/PSQM/IAP; Rev 2 dated 01/11/2017). The internal audit is conducted annually and when required as stated in the procedure.	Complied
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. <b>- Major compliance -</b>	The Internal Audit Procedure is available. (Ref No:SD/SDP/PSQM/IAP; Rev 2 dated 01/11/2017). Internal Audit Notification has been circled to the operating unit on 20/6/2022. For Sandakan Bay Palm Oi Mill, latest Internal Audit was conducted on 2/7/ 2022 by the Sustainability Compliance Unit, Group Sustainability Department, Lead by Eza Nurain Abdullah, with 4 auditors: Fatini Abd Wahid, Wong Koon Son, Wan Qiatina Shaza, Lutfi Anis Ishon. Sighted the Internal Audit Report (Ref No: NA, Date: 2/7/2022). There were 5 Major NC and 1 Minor NC raised during the audit.	Complied
4.1.2.3	Reports shall be made available to the management for their review. <b>- Major compliance -</b>	The Internal Audit Reports are made available to the management for their review. Sighted the Internal Audit Report for all the estates for verification.	Complied
<b>Criterion 4.1.3 – Management Review</b>			
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. <b>- Major compliance -</b>	The mill conducted the Management Review on 28/7/2022 chaired by the Manager and attended by 12 personnel. Meeting minutes is available and retained. The meeting is chaired by Senior Assistant Manager En Syahraz Ambar Abdullah. However, it was found that the management review was not periodically conducted. There is no	Major non-conformity

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Criterion / Indicator		Assessment Findings	Compliance
		evidence that management review at Sandakan Bay POM has been conducted for the year 2021 and this is also highlighted by the internal auditor during their assessment on 02/07/2022. A management review meeting was conducted thereafter on 25/07/2022, however based on the minutes, the period reviewed was only for the past 12 months. The period for 2021 was not covered. Since this was raised as a minor non-conformity in the previous assessment, the non-conformity is escalated to major.	
<b>Criterion 4.1.4 – Continual Improvement</b>			
<b>4.1.4.1</b>	The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company. - <b>Major compliance</b> -	The action plan for continual improvement with regards to social and environment impacts, and opportunities were available in the estates for verification. The plan clearly states the possible issues, action to be taken, person in charge, time frame and status of action.	Complied
<b>4.1.4.2</b>	The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce. - <b>Major compliance</b> -	Where new technology or systems are introduced, awareness briefings are provided to the employees at all levels prior to the implementation. This is evidenced via the Regional & SOU meetings and the training plan for Financial Year. The training identified including operations, understanding of MSPO/RSPO requirements, human rights, company policies, health and safety, HIRARC, etc. The FY 2022 OPEX budget has included training budget and operations improvement including environmental improvement, worker welfare, OHS etc. Interview with workers confirmed trainings are provided by the management on regular basis.	Complied
<b>4.2 Principle 2: Transparency</b>			
<b>Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements</b>			

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Criterion / Indicator		Assessment Findings	Compliance
<b>4.2.1.1</b>	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. <b>- Major compliance -</b>	The Standard Operation Manual dated 01/11/2008 was established and maintained including documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The time frame to provide feedback to the stakeholder is documented to be 2 weeks of the date receiving the queries. The Mill Manager is responsible to address all communication and request for documentations that could be made available to public/stakeholders	Complied
<b>4.2.1.2</b>	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. <b>- Major compliance -</b>	SDPB continued to use the group website for disseminating public information. The Sustainability Report and Group Annual report is available in website. Information relating to land titles, safety and health plans, pollution prevention plans, and annual report are available at the mill. In addition to the website, the policies were also displayed at various locations including the main notice boards of the estates and muster ground notice boards for employees and visitors to view. Procedures for complaints and grievances were available through Sime Darby Plantation Berhad website at <a href="https://simedarbyplantation.com/sustainability/reports-policies-and-statements/">https://simedarbyplantation.com/sustainability/reports-policies-and-statements/</a>	Complied
<b>Criterion 4.2.2 – Transparent method of communication and consultation</b>			
<b>4.2.2.1</b>	Procedures shall be established for consultation and communication with the relevant stakeholders. <b>- Major compliance -</b>	The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The Sustainable Plantation Management System Appendix 5 (Flowchart and Procedures on handling Social Issues) dated	Complied

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		01/11/2008 documented the process for handling communication regarding social issues.	
<b>4.2.2.2</b>	The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i> . <b>- Minor compliance -</b>	The Mill Manager is responsible for issues raised by local communities and other interested parties. Complaint and Grievance Officers / Internal and External Communication Officer was nominated to coordinate activities of the stakeholders.  One of the assistant managers was appointed as social/communication officer for the Sandakan Bay POM as per appointment letter dated 07/06/2022 approved by Mill Manager.	Complied
<b>4.2.2.3</b>	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. <b>- Major compliance -</b>	List of stakeholders updated in Jan 2022 has included group estate, outgrower, government/authority, CPO & PK buyer, transporter, vendor/supplier, embassy, workers organization, NGOs, etc.  Records of consultation and communication with stakeholders are available in form of letters, memorandum, and logbook. The last stakeholder consultation meeting was conducted on 05/06/2022.	Complied
<b>Criterion 4.2.3 – Traceability</b>			
<b>4.2.3.1</b>	The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability. <b>- Major compliance -</b>	Standard Operating Procedure (SOP) for Sustainable Supply Chain and Traceability (Appendix 15, Version 2, Issue 5, dated April 2019) was established and maintained. The mill sourced the FFB from Sime Darby Plantation estates such as: 1. Segaliud Estate 2. Sentosa Estate 3. Tun Tan Estate 4. Tunku Estate 5. Tigowis Estate	Complied

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4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. <b>- Major compliance -</b>	The method of inspection is by conducting MSPO internal audit at each estate audited as per Indicator 4.1.2.2. Based on the inspection, there was no finding raised with regards to the implementation of traceability procedure.	Complied
4.2.3.3	The management shall identified and assign suitable employees to implement and maintain traceability system. <b>- Minor compliance -</b>	The overall personal in charge for the traceability is the Head of Operating Unit, where in this case are the estate managers [ref.: Clause 4 of SOP for Sustainable Supply Chain and Traceability]. Mr Izzul Fahmi Bin Azuddin (Asst Manager) was appointed as traceability officer.	Complied
4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained. <b>- Major compliance -</b>	The delivery record of the CPO, PK and FFB are kept at the operating units. Sighted the weighbridge records of CPO, sample is taken. Date: 26/07/2022 Ticket No: 007624 Customer: Mewah Datu – Mewah Datu Sdn Bhd Product: CPO Vehicle no: VCW 8168 Total weight: 40,050 kg	Complied
<b>4.3 Principle 3: Compliance to legal requirements</b>			
<b>Criterion 4.3.1 – Regulatory requirements</b>			
4.3.1.1	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations. <b>- Major compliance -</b>	SDPB has established a mechanism to ensure compliancy to legal and other requirement and documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU26. PSQM Department and	Complied

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	<p>respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance.</p> <p>Refer to Sime Darby Plantation, ESH Management System Manual, ESH Legal &amp; Other Requirements; Guidelines and Procedures; Document ID: SD/SDP/SQM (ESH)/001-2-2; Revision:0. Date: 01.07.2012.</p> <p><u>Sandakan Bay Palm Oil Mill</u></p> <ol style="list-style-type: none"> <li>1. MPOB License; License Number: 508777804000; License Activity: Sale and Transfer of FFB, Sale and Transfer of CPO, Sale and Transfer of PK, Storage of FFB, CPO and PK, FFB Milling; Maximum FFB Process: 288000 mt FFB/year. License validity: 30/11/2022</li> <li>2. License to Employ Non-Residential Workers; License Number: JTK.H.KBN.600-4/1/10401/0416; License Validity Period until 6/7/2023</li> <li>3. Permit for Lady to Work at Night; Serial Number: JTK SBH/PMT/75/2021/0023 License Validity Period until 26/7/2023.</li> <li>4. Business License, License No: A436512, activity is to conduct commodity business, sale and purchase of crude palm oil, purchase of farming equipment, contactor of oil palm estate</li> <li>5. Lesen Pemasangan Persendirian – Suruhanjaya Tenaga – Akta Bekalan Elektrik – License No: 41197, Capacity – 4717.5 kW</li> <li>6. Sighted the list of the equipment in the mill. Verified that all the Mill has the valid operating license for all the equipment approve by DOSH. Sample – PMD 10230 – Vickers BabcockTW 16/44/65 SH-Expiry Date- 30/3/2023</li> </ol>	

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		<p>7. Jabatan Alam Sekitar, Lesen Pelanggaran – Peraturan Kualiti Alam Sekeliling (Udara Bersih) 2014 – License No: 005181</p> <p>8. Jabatan Alam Sekitar – Lesen Premis Kilang Minyak Sawit, License No; JAS.SHQ.600-300/57, Expiry date: 30/6/2023</p>	
<b>4.3.1.2</b>	<p>The management shall list all relevant laws related to their operations in a legal requirements register.</p> <p><b>- Major compliance -</b></p>	<p>Documented Procedures have been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>All legal requirements were documented in Legal and Other Requirement Register available at the estates. The register is reviewed regularly and updated as and when there are new or amended legal requirements that are applicable to the mill operations. The review was last conducted 26/06/2022.</p>	Complied
<b>4.3.1.3</b>	<p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p><b>- Major compliance -</b></p>	<p>All legal requirements were documented in Legal and Other Requirement Register available at the estates. The register is reviewed regularly and updated as and when there are new or amended legal requirements that are applicable to the mill operations. The review was last conducted 26/06/2022.</p>	Complied
<b>4.3.1.4</b>	<p>The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements.</p> <p><b>- Minor compliance -</b></p>	<p>The management has appointed the Asst. Manager, Mr Izzul Fahmi Bin Azuddin as the RSPO/MSPO Representative. The official officer responsible for legal compliance in the estate as stated in the appointment letter.</p>	Complied
<b>Criterion 4.3.2 – Lands use rights</b>			
<b>4.3.2.1</b>	<p>The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.</p>	<p>Land use right for mill is under the land title of Tun Tan Estate.</p>	Complied

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	- Major compliance -		
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 -	Sandakan Bay POM located within Tun Tan Estate with sample land title sighted for Land Title # L075109401; District: Sandakan; Area: 2,012.906 ha.	Complied
4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	Sandakan Bay POM located within Tun Tan Estate's compound. Sighted the mill is fenced and managed separately from the estate management.	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 -	Should there be any land dispute issue, it shall be handled by the estate. Nonetheless, there was no land dispute at all visited estates. The company has the legal ownership documents as demonstrated by possessing land titles.	Complied
<b>Criterion 4.3.3 – Customary rights</b>			
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 -	No land is encumbered by customary rights.	Not applicable
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -	No land is encumbered by customary rights.	Not applicable
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.	No land is encumbered by customary rights.	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
- Major compliance -			
<b>4.4 Principle 4: Social responsibility, health, safety and employment condition</b>			
<b>Criterion 4.4.1: Social Impact Assessment (SIA)</b>			
<b>4.4.1.1</b>	<p>Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.</p> <p>- Minor compliance -</p>	<p>The Social Impact Assessment for SOU26 Sandakan Bay for all operating units (Sandakan Bay POM, Segaliud, Tigowis, Tun Tan, Sentosa and Tunku) was conducted internally by the Plantation Sustainable and Quality Management (PSQM) Team, now known as Group Sustainability Department based at Sime Darby Plantation Bhd HQ. The last SIA was conducted in July 2013. The impacts reported in category i.e., working condition, housing condition/living improvement, transportation and gender committee for internal. For external stakeholders, the impacts mainly were obtained from interview inputs.</p> <p>The recommendation from the SIA report was transferred to action plan. The latest Action Plans for Social Impact Assessment 2022 dated Jan 2022 was available for verification. The action plan identified the issues &amp; strategies, action plan, responsible persons, and time frame. Action plan from the regular stakeholder consultation was also available.</p>	Complied
<b>Criterion 4.4.2: Complaints and grievances</b>			
<b>4.4.2.1</b>	<p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>- Major compliance -</p>	<p>System for dealing with complaints and grievances has been established and documented through:</p> <ul style="list-style-type: none"> <li>Under the Sustainable Plantation Management System Appendix 5, procedure on handling social issue (version 1; year 2008)</li> </ul>	Complied

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		<ul style="list-style-type: none"> <li>Under Group policies and authority's GPA No 85, Whistleblowing provides an internal mechanism for reporting, investigating, and remedying any wrongdoing.</li> </ul>	
<b>4.4.2.2</b>	The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties. <b>- Major compliance -</b>	It was noted that the mill managed to handle other complaints and requests from its stakeholders in timely manner especially from workers regarding repair of their houses. Crosschecking with some of the affected workers through line-site visit confirmed that their issues were addressed accordingly.	Complied
<b>4.4.2.3</b>	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints. <b>- Minor compliance -</b>	The mill is using the PalmPal application to record any defects related to housing facilities reported by their workers (tenants). There is also communication book which is used to record any request by stakeholders.	Complied
<b>4.4.2.4</b>	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time. <b>- Minor compliance -</b>	Based on interview with the stakeholders such as contractors, local communities, and workers, it has shown that the stakeholders are aware of how to forward their complaints or suggestions to the management. There was no grievance recorded since the last assessment. Nonetheless, records of request for housing maintenance by workers were available at the mill.	Complied
<b>4.4.2.5</b>	Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request. <b>- Major compliance -</b>	The previous complaints and requests records for the past 24 months were still available at all the sampled estates.	Complied
<b>Criterion 4.4.3: Commitment to contribute to local sustainable development</b>			
<b>4.4.3.1</b>	Palm oil miller should contribute to local development in consultation with the local communities. Where the mill is an	Contributions by the mill is integrated with the plantations. Refer to input in Indicator 4.4.3.1 for MSPO Part 3.	Complied

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	<p>integral part of plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.</p> <p><b>- Minor compliance -</b></p>		
<b>Criterion 4.4.4: Employees safety and health</b>			
<b>4.4.4.1</b>	<p>An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented.</p> <p><b>- Major compliance -</b></p>	<p>SDPB have established the Group Policy on Health, Safety &amp; Environment (HSE) Policy Statement signed by the CEO on 01/06/2020. The policy has been communicated to the workers through induction training for new workers, morning briefing and displayed at various notice boards within the estates.</p> <p>The GSM team is also committed in establishing various working standards through procedures or pictorial method to improve safe working condition.</p> <p>The mill have established Safety and Health Management Plan and documented in Environment, Safety and Health Plan FY 2022. The management plan includes the ESH Risk Management, Emergency Response Procedure, Chemical Safety Management, Noise Boundary Monitoring, Health monitoring.</p>	Complied
<b>4.4.4.2</b>	<p>The occupational safety and health plan should cover the following:</p> <ul style="list-style-type: none"> <li>a) A safety and health policy, which is communicated and implemented.</li> <li>b) The risk of all operations shall be assessed and documented.</li> <li>c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:</li> </ul>	<ul style="list-style-type: none"> <li>a) SDPB have established the Group Policy on Health, Safety &amp; Environment (HSE) Policy Statement signed by the CEO on 01/06/2020. The policy has been communicated to the staffs and workers through induction training for new workers, morning briefing and displayed at various notice boards within the estate.</li> <li>The policy has been briefed to all workers on:</li> <li>b) SDPB have established Standard Operating Procedure for Risk Assessment and documented in EQMS/SOM sub-section 5.4,</li> </ul>	Complied

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	<ul style="list-style-type: none"> <li>i. All employees involved are adequately trained on safe working practices;</li> <li>ii. All precautions attached to products should be properly observed and applied;</li> <li>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).</li> <li>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 Labelling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</li> <li>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.</li> <li>g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept and the concerns of employees and any remedial actions taken shall be recorded.</li> <li>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</li> </ul>	<p>Appendix 5.4.1a. Estates sampled have conducted risk assessments for all the operations and documented in the Hazard Identification, Risk Assessment, and Risk Control (HIRARC). The assessment covers all main operations and support operations. Among the activities verified in the HIRARC included all activities in the mill which are from FFB receiving until the despatch of the products. Eg FFb Grading, Sterilisation, Threshing, Pressing, Boiler Operation, Oil Room, Laboratories, and Despatch.</p> <p>HIRARC is reviewed on annually and as and when there are any accidents that occur in the estate. Verified the latest review of HIRARC for the mill as below.</p> <p>– Sandakan Bay Palm Oil Mill – 25/05/2022</p> <p>Chemical Health Risk Assessment was conducted in compliance to the OSHA Act 1994 and the Use and Standard of Exposure of Chemicals Hazardous to Health (USECHH) Regulations 2000 to assess the risks associated to hazardous chemicals used in the estate. The CHRA reports were available in the mill as below:</p> <p>– Sandakan Bay POM: The Chemical Health Risk Assessment Report (Ref. Number: HQ/11/ASS/00/298-2019/201) conducted by Dr Mohd Azizan B. Abd Aziz (DOSH Registration: HQ/11/ASS/00/298) on 18/12/2019</p> <p>Medical Surveillance was conducted for workers exposed to chemicals and welding fumes in the mill as recommended in the CHRA. The medical surveillance was conducted to monitor the level of exposure on the workers towards the chemicals and fumes. The mill conducted the Medical Surveillance on 22/12/2021, and the workers tested are declared fit.</p>

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<p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p><b>- Major compliance -</b></p>	<p>Noise Risk Assessment (NRA) was conducted according to OSHA Act 1994, Noise Exposure Regulation 2019 for sampled estate. Sandakan Bay POM conducted the NRA on 06/07/2020 (Ref No: HQ/18/PEB/00/00028-2020/045). The assessment was conducted by Balamurali A/L Raman (HQ/18/PEB/00/00028), The mill conducted the Audiometric Testing on 27/12/2021, and 6 workers were sent further medical check-up on 24/6/2022</p> <p>c) Sandakan Bay POM have established a training program for employees exposed to chemicals used at the palm oil estates to ensure continuous awareness to the employees. The training was conducted by the Manager, Asst. Manager, and representative from the chemical suppliers to the supervisors and operators. Sighted the training records as follows</p> <ul style="list-style-type: none"> <li>• LOTO, Work Permit, Confine Space, and PPE Training – 18/07/2022</li> <li>• Fire Training – 28/03/2022</li> <li>• Chemical Handling Training – 18/07/2022</li> </ul> <p>d) The estates have provided appropriate PPE to all workers according to the job type and requirements. The PPE given as per HIRARC and Pictorial Safety Standard (PSS) Palm Oil Estates dated 17/03/2008.</p> <p>Sighted the PPE issuance records documented in 'PPE Issuance Record' logbook. The PPE issued recorded by workers and job designation. The PPE Logbook is sighted at Sandakan Bay POM.</p>	

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	<p>e) Standard Operating Procedures for Handling of Chemicals were available in several documents such as:            – Sime Darby Plantation, Chemical Safety Management; Document No. SD/SDP/PSQM (ESH)/202-OH4; dated 26/02/2015</p> <p>f) The mill has appointed Mr Izzul Fahmi Bin Azuddin as the safety committee member.</p> <p>g) The management conducted regular OSH committee meetings on quarterly basis and when necessary due to accidents that occur. The meeting discussed issues on employees’ safety, health and welfare such as operational risks and health achievement report, estate security, safety compliance by contractors, workplace inspection, legal compliance, safety and health training. Sighted the OSH Meeting Minutes for first quarter dated 11/04/2022 attended by 19 committee member and the management has conducted the meeting for the second quarter dated 13/7/2022</p> <p>h) Accident and Emergency procedures were available in the ESH Management System Manual; Emergency Preparedness &amp; Response Guidelines and Procedures; Doc No: SD/SDP/SQM (ESH)/001-2-6; Revision:0; Date 01/07/2012. The mill has established Emergency Response Team lead by the Mill Manager. The ERT chart and Fire Extinguisher Map was also available and verified. Emergency Response Training was conducted as 28/03/2022</p>	

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		<p>i) First aiders were assigned to various workstation at the estates. The mandores and staffs were responsible for first aid boxes at each workstation assigned to them by the management. The first aid box was recently replenished with all stated items available in the box. First Aid trainings were conducted regularly at the sampled estates and documents of trainings were verified as below. All sample estate sends their representative to attend the First Aid Training conducted at Bulian Club, Sentosa Complex on 28-29/7/2022. Tun Tan Estate send 5 staff, both Tunku Estate Segaliud Estate sent 4 staff and Sandakan Bay POM sent 4 staff.</p> <p>j) The estates sampled recorded all accidents reports and reported to HQ using the PSQM-ESH Monthly update form via online through GSQM ESH Portal. The accident occurred was reviewed on quarterly basis during OSH committee meeting.</p> <p>Tun Tan Estate            JKKP 8 is submitted on 11/1/2022 (JKKP8/98883/2021) with 5 accidents and 215 days lost.</p>	
<b>Criterion 4.4.5: Employment conditions</b>			
<b>4.4.5.1</b>	<p>The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.</p> <p><b>- Major compliance -</b></p>	<p>SDPB has incorporated its policy on good social practices regarding human rights in the "Group Sustainability &amp; Quality Policy Statement" mentioned in Indicator 4.1.1.2 where the management is committed to respect, support and uphold fundamental human rights. It was communicated to the employees through various methods such as training, meeting and briefing.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.2	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics. <b>- Major compliance -</b>	SDPB has incorporated its policy on discriminatory in the “Group Sustainability & Quality Policy Statement” mentioned in Indicator 4.1.1.2 where the management is committed to treat all employees fairly in terms of recruitment, progression, terms and conditions of work and representation regardless of race, caste, nationality, gender, sexual orientation, union membership, political view, religion and/or age. Interview with the workers showed that there was no evidence of discrimination among the employees.	Complied
4.4.5.3	Management shall ensure that employees’ pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage. <b>- Major compliance -</b>	Collective Agreement (for Field/Oil Palm Harvesters/oil mill and other general employees) between Sime Darby Plantation (Sabah) Sdn Bhd and Sabah Plantation Industry Employees Union, effective period: 1/1/2020 to 31/12/2022 [COG. No.: 089/2021] was made available for verification. It was signed by the related representatives (i.e., Chief Executive Officer, Upstream Malaysia, Head (Human Resources Operations), General Secretary of SPIEU and Vice President of SPIEU). Based on the agreement, the living wage in the CA was found to be sufficient to meet basic needs for the employees.  Employment contracts for workers were available for verification. Pay and conditions are documented and in line with the Minimum Wage Order 2022. Sampled of employment contracts confirmed that terms and conditions are clearly outlined and have been signed by the workers. Sampled workers ID number whose payslips for Dec 2021, Feb 22, and Jun 22 were verified is as follows: 34386, 124907, 141017, 148891, 153214, 156698, 158947, 159537,	Complied
4.4.5.4	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the	The CPO & PK transportation contractors have signed on the contract agreement prior commencement of work in the mill area. In the agreement, it was clearly stated that the contractors shall be responsible to comply any applicable legal requirements including the	Complied

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	employment contract agreed between the contractor and his employee. <b>- Minor compliance -</b>	labour law. Nonetheless, with regards to mill operations, there was no contractor hired to carry out any job on behalf of the mill.	
<b>4.4.5.5</b>	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. <b>- Major compliance -</b>	There is a list of employees consist of employee number, name, check roll type, joining date and status in the SAP system – Sime Estate Mill Upstream Application (SEMUA) System Employee Master Listing.	Complied
<b>4.4.5.6</b>	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. <b>- Major compliance -</b>	Employees have been provided with employment contract which referred to the collective agreement between Sime Darby Plantation (Sabah) Sdn Bhd and Sabah Plantation Industry Employees Union (SPIEU). The collective agreement for estates were available for verification.	Complied
<b>4.4.5.7</b>	The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers. <b>- Major compliance -</b>	Time recording at the mill was implemented through recording of punch card system, which records the time-in and time-out of an employee. The records were updated on daily basis and attendance of workers was monitored regularly through site supervision.	Complied
<b>4.4.5.8</b>	The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable. <b>- Major compliance -</b>	Working time found to be in accordance with legal requirement: Working hours i.e.: Daily rated workers (2 shifts):  <u>Shift A</u> Working hours = 0800 to 1600 Break time = 1100 to 1200	Complied

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		<p><u>Shift B</u>            Working hours = 1600 to 0000            Break time = 2000 to 2100</p> <p>Auxiliary police (3 shifts):            Shift 1 working hours = 0700 to 1500            Break time = 1200 to 1230</p> <p>Shift 2 working hours = 1500 to 2300            Break time = 1800 to 1830</p> <p>Shift 3 working hours = 2300 to 0700            Break time = 0400 to 0430</p>	
<b>4.4.5.9</b>	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p><b>- Major compliance -</b></p>	<p>Hours of overtime were recorded in the payslip and rate was paid according to the regulatory requirements and collective agreements.</p>	Complied
<b>4.4.5.10</b>	<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><b>- Minor compliance -</b></p>	<p>Among the benefits offered by the company:</p> <ul style="list-style-type: none"> <li>• Productivity incentive</li> <li>• Turn-out incentive</li> <li>• Transport allowance</li> <li>• Telephone allowance</li> </ul>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
<b>4.4.5.11</b>	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities. <b>- Major compliance -</b>	The mill workers are provided with free housing facilities which includes water and electricity supply. Based on the visit to the labour quarters, it was noted that the housing condition was accordance to the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446). Each house has a living room, 3 bedrooms, 1 bathroom, 1 toilet and a kitchen. The visits by Visiting Medical Office (VMO) to the housing were also well organised by the management, where records of visits were maintained for reference.	Complied
<b>4.4.5.12</b>	The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace. <b>- Major compliance -</b>	SDPB has incorporated its policy on violence and sexual harassment in the "Group Sustainability & Quality Policy Statement" mentioned in Indicator 4.1.1.2 where the management is committed to prevent sexual harassment and other forms of violence. Interview with some of the workers showed no evidence of sexual harassment or violence happened so far.	Complied
<b>4.4.5.13</b>	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. <b>- Major compliance -</b>	SDPB has incorporated its policy on freedom of association in the "Group Sustainability & Quality Policy Statement" mentioned in Indicator 4.1.1.2 where the management is committed and respect the rights of all personnel to join or form any organizations of their choice and to bargain collectively. Interview with the workers confirmed that they are allowed to join any trade union freely.	Complied
<b>4.4.5.14</b>	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. <b>- Major compliance -</b>	SDPB has incorporated its policy on protecting the rights of children in the "Group Sustainability & Quality Policy Statement" mentioned in Indicator 4.1.1.2. Based on verification of workers register, there was	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		no evidence that anyone below 18 years of age was recruited for employment.	
<b>Criterion 4.4.6: Training and competency</b>			
<b>4.4.6.1</b>	All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training. - <b>Major compliance</b> -	Sandakan Bay POM have established a training program for all workers based on the training need analysis conducted on a yearly basis. HIS and Basic Wages Calculation training and briefings were sighted at the estates. Interview with the workers and staff indicated that they were aware on the wage's calculation and price per mt FFB. Records of trainings were maintained by the mill as per the following: <ul style="list-style-type: none"> <li>• LOTO, Work Permit, Confine Space, and PPE Training – 18/07/2022</li> <li>• Fire Training – 28/03/2022</li> <li>• Chemical Handling Training – 18/07/2022</li> </ul>	Complied
<b>4.4.6.2</b>	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. - <b>Major compliance</b> -	Sandakan Bay POM conducted training need analysis for all employees, management and contractors. The training need analysis was conducted based on the job designation and training required by the job type. Sighted the Training Need Analysis for all estates. (e.g., ESH Training Matrix for CY2022).	Complied
<b>4.4.6.3</b>	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. - <b>Minor compliance</b> -	A training programme has been developed and available in the Training Requirement for Operating Units (Mill). The trainings were sighted to have also included Gender Specific Training and involves staffs, workers and contractors.	Complied
<b>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</b>			

Criterion / Indicator		Assessment Findings	Compliance
<b>Criterion 4.5.1:</b> Environmental Management Plan			
<b>4.5.1.1</b>	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. <b>- Major compliance -</b>	There is an Environmental Management Policy for the mill issued and endorsed in Jan 2015 by the Managing Director. Inside the policy among others has stated that the Company is committed to protecting the environment and conserving biodiversity through sustainable development. Policy is available and objectives stated therein, "The environmental impact evaluation for boiler operation, power generation, crude palm oil storage leakage and spillage, ruptured, effluent pond ruptured, anaerobic process pong release of gas to atmosphere". This is policy is prominently displayed in the office along with other Company's Policies. It is communicated to the employees via training and weekly briefing session. Refer 4.5.1.6.	Complied
<b>4.5.1.2</b>	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations <b>- Major compliance -</b>	The Policy is available, and the objectives stated therein as signed dated 01/12/2019. The environmental aspects and impact evaluation cover the following areas/activities among others: a) FFB reception / ramp management b) Sterilization / Pressing / Threshing /Kernel station c) Boiler house / Engine room d) Crude palm oil storage leakage and spillage e) Effluent pond ruptured f) Anaerobic process release of gas to atmosphere g) Water treatment plant h) Workshop	Complied

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Criterion / Indicator		Assessment Findings			Compliance
4.5.1.3	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.</p> <p><b>- Major compliance -</b></p>	This plan is available and updated for the FY 2022. The environmental issues for improvement outlined by Sandakan Bay Complex Palm Oil Mill are shown below:			Complied
		No	Environmental Issues	Mitigating Measures	
		1	Workshop - oil, lubricants, grease	Containment via bund oil trap, disposal as SW. Proper flooring housekeeping.	
		2	Lines sites / housing	Wastewater monitoring, septic tank leakage monitoring, awareness and supervision of zero open burning	
		3	Effluent water pollution	Anaerobic pond for effluent treatment prior to discharging to waterways.	
		4	Emission - Legislative Compliance	to comply with Clean Air Regulations 2014 and installation of VORSEP in 2020 to improve boiler air emission.	
		5	Chemical store spillage	Agrochemical spillage - containment via spillage kit with proper bunding and drainage system into spillage sump	
4.5.1.4	<p>A programme to promote the positive impacts should be included in the continual improvement plan.</p> <p><b>- Minor compliance -</b></p>	This is available as elaborated in indicator 4.5.1.3 above. Improvement planned for both short and long terms are detailed along with the identified issues.			Complied
4.5.1.5	<p>An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives.</p> <p><b>- Major compliance -</b></p>	A training program is available in the SOU Training Program updated on a yearly basis or revised as per the management requirement. Included in this programme are subjects related to environment e.g., environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training. Details of training and briefing records expressed under indicator 4.4.6.1.			Complied

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Criterion / Indicator		Assessment Findings	Compliance						
<b>4.5.1.6</b>	<p>The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.</p> <p><b>- Major compliance -</b></p>	<p>The mill management has meeting to discuss any related issues regarding on the environment issues. The meeting was conducted on 06/07/2022, attended by 7 representatives from employer and 8 representatives from workers. Among the agenda discussed during the meeting are:</p> <ul style="list-style-type: none"> <li>- Scheduled waste management report.</li> <li>- Effluent discharge BOD.</li> <li>- Effluent production and released.</li> <li>- Water usage.</li> <li>- Diesel usage.</li> <li>- Boiler stack monitoring.</li> <li>- Others.</li> </ul>	Complied						
<b>Criterion 4.5.2:</b> Efficiency of energy use and use of renewable energy									
<b>4.5.2.1</b>	<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><b>- Major compliance -</b></p>	<p>The mill management has developed Energy Management Plan which was review on January 2022. The plan covers as follow:</p> <table border="1"> <thead> <tr> <th>Issue</th> <th>Action taken</th> <th>PIC</th> </tr> </thead> <tbody> <tr> <td>High water consumption</td> <td> <p>Mill initiate recycling of turbine cooling vacuum dryer and kernel heater condensate water back to water catchment.</p> <p>To implement dry cleaning on weekdays and wet cleaning on weekends.</p> <p>To utilize high pressure water jet cleaner.</p> </td> <td>AM</td> </tr> </tbody> </table>	Issue	Action taken	PIC	High water consumption	<p>Mill initiate recycling of turbine cooling vacuum dryer and kernel heater condensate water back to water catchment.</p> <p>To implement dry cleaning on weekdays and wet cleaning on weekends.</p> <p>To utilize high pressure water jet cleaner.</p>	AM	Complied
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Criterion / Indicator		Assessment Findings				Compliance																		
			To carry out regular inspection leakage on water pipeline.																					
		High diesel consumption	To run boiler No. 3 and 2 units turbine in order to reduce diesel consumption during operation. Mill to maintained steam/total above 70%.	AM																				
		High power consumption	To run boiler no 3 and 2units turbine in order to reduce power consumption during operation.	AM																				
		<p>Monthly record on energy consumption for non-renewable sources were kept and documented. It is monitored to optimise use of renewable energy. Data is being compiled for comparison and control future improvement. Following is the data for diesel, water and electricity usage 2021 and 2022 record at mill:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>FFB</th> <th>Diesel</th> <th>Electric</th> <th>Mt /Litre</th> <th>Mt /KwH</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>84487</td> <td>217189</td> <td>229355</td> <td>2.57</td> <td>27.15</td> </tr> <tr> <td>2021</td> <td>235643</td> <td>565113</td> <td>4626928</td> <td>2.40</td> <td>19.64</td> </tr> </tbody> </table>				Year	FFB	Diesel	Electric	Mt /Litre	Mt /KwH	2022	84487	217189	229355	2.57	27.15	2021	235643	565113	4626928	2.40	19.64	
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<b>4.5.2.2</b>	<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><b>- Major compliance -</b></p>	<p>The projection consumption of diesel for the mill has been documented on annual basis based on the Financial Year Budget with the latest available is for FY2022.</p>				Complied																		

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Criterion / Indicator		Assessment Findings	Compliance																						
4.5.2.3	The use of renewable energy should be applied where possible. <b>- Minor compliance -</b>	As for power supply (electricity) the mill using energy generated from biogas plant.	Complied																						
<b>Criterion 4.5.3: Waste management and disposal</b>																									
4.5.3.1	All waste products and sources of pollution shall be identified and documented. <b>- Major compliance -</b>	<p>Mill management have identified all waste products and sources of pollution in Waste Management and Reduction Plan. Among the Waste Management and Reduction Plan sampled were as follows:</p> <table border="1"> <thead> <tr> <th>Schedule Waste Code</th> <th>Name of Schedule Waste</th> </tr> </thead> <tbody> <tr> <td>SW102</td> <td>Waste of lead acid batteries</td> </tr> <tr> <td>SW109</td> <td>Used fluorescent tube</td> </tr> <tr> <td>SW110</td> <td>Waste from electrical and electronic.</td> </tr> <tr> <td>SW305</td> <td>Spent lubricating oil</td> </tr> <tr> <td>SW306</td> <td>Used hydraulic oil</td> </tr> <tr> <td>SW322</td> <td>Waste of non-halogenated organic solvent.</td> </tr> <tr> <td>SW409</td> <td>Chemical bottle, contaminated jute.</td> </tr> <tr> <td>SW410</td> <td>Used filter, used rags</td> </tr> <tr> <td>SW427</td> <td>Mineral sludge</td> </tr> <tr> <td>SW430</td> <td>Obsolete laboratory chemical</td> </tr> </tbody> </table>	Schedule Waste Code	Name of Schedule Waste	SW102	Waste of lead acid batteries	SW109	Used fluorescent tube	SW110	Waste from electrical and electronic.	SW305	Spent lubricating oil	SW306	Used hydraulic oil	SW322	Waste of non-halogenated organic solvent.	SW409	Chemical bottle, contaminated jute.	SW410	Used filter, used rags	SW427	Mineral sludge	SW430	Obsolete laboratory chemical	Complied
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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. <b>- Major compliance -</b>	<p>The mill management has listed 13 type of schedule waste generated in their premise (SW101, SW109, SW110, SW305, SW306, SW322, SW409, SW410, SW427 and SW430).</p> <p>Inventory of schedule waste was submitted to the DOE on monthly basis. Sighted and reviewed the records which was made available to the audit team.</p>	Complied																						

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Criterion / Indicator		Assessment Findings	Compliance
		<p>The mill has engaged Legenda Bumimas Sdn Bhd as a licensed contractor to dispose the scheduled wastes. Latest disposal was made on 28/07/2022. Sample of SW disposed as follow:</p> <ul style="list-style-type: none"> <li>a. SW109 2022072820NKXB42; disposed on 28/07/2022, weighted item at 0.1600 Mt.</li> <li>b. SW110 2022072821F2G97U; disposed on 28/07/2022, weighted item at 0.0025 Mt.</li> <li>c. SW322 2022072821X5PCNM; disposed on 28/07/2022, weighted item at 0.1900 Mt.</li> <li>d. SW410 202202820N52XZ8; disposed on 28/07/2022, weighted item at 0.1300 Mt.</li> <li>e. SW409 2022028200ZM3DX; disposed on 28/07/2022, weighted item at 0.6000 Mt.</li> <li>f. SW305 2022072819D6P812; disposed on 28/07/2022, weighted item at 0.7700 Mt.</li> </ul>	
<b>4.5.3.3</b>	<p>The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005</p> <p><b>- Major compliance -</b></p>	<p>The SOP on Scheduled Waste disposal is established and implemented. Details as provided in SDP MQMS Standard Operating Procedure Section VII- Scheduled Waste (Hazardous Waste) Management ref no. SD/SDP/PSQM (ESH) /203-EN1 dated 26/2/2015. The inventory of the waste generated is recorded using the "E-SWISS" inventory system. Methodology of SW disposal is also described in indicator 4.5.3.2 above. All SW are disposed to Legenda Bumimas Sdn Bhd. Details as sampled as shown under indicator 4.5.3.2.</p>	Complied
<b>4.5.3.4</b>	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.</p> <p><b>- Minor compliance -</b></p>	<p>The mill utilized the landfill area located in Tun Tan Estate. All domestic waste is collected 2/3 x /week by estate management. Collections are made from a centralized point accumulated internally by the estate</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		management from the living quarters and office complex. The risk of contamination has been minimized through this system.	
<b>Criterion 4.5.4:</b> Reduction of pollution and emission			
<b>4.5.4.1</b>	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.</p> <p><b>- Major compliance -</b></p>	<p>The polluting activities are identified and documented in the following documents and assessments. Latest review on 04/1/2022.</p> <ul style="list-style-type: none"> <li>a. Identification &amp; Management of wastewater 2021               <ul style="list-style-type: none"> <li>i. Type of waste produced</li> <li>ii. Treatment / contamination method</li> <li>iii. Reuse/recycle/disposal method</li> </ul> </li> <li>b. Waste Management Plan 2021               <ul style="list-style-type: none"> <li>i. Type of waste/description</li> <li>ii. Location / Management Plan</li> <li>iii. Person -In-Charge</li> </ul> </li> <li>c. Pollution Preventive Plan 2021               <ul style="list-style-type: none"> <li>i. Pollution Source and Concerns</li> <li>ii. Mitigation / Monitoring &amp; Action Plan</li> <li>iii. Person-In-Charge</li> </ul> </li> </ul> <p>Areas of focus include activities at the chemical store / workshop / store / scheduled waste / diesel tank / boiler house / effluent pond / WTP.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance												
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. <b>- Major compliance -</b>	<p>The pollution prevention plan and plan to reduce GHG emission dated 04/1/2022 has been sighted. Mitigation plan, actions and time frame has been identified. In addition, the Waste Management Plan for FY2022 is available. The following tabled the management action plan to reduce GHG emission from the mill activities.</p> <table border="1"> <thead> <tr> <th>No</th> <th>Issues &amp; Strategies</th> <th>Action Plan</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Reduce diesel consumption at mill operation</td> <td>To monitor diesel usage To ensure vehicle scheduled maintenance optimum gen set usage</td> </tr> <tr> <td>2</td> <td>Reduce smoke emission to the air</td> <td>To effectively implement the CEMS eliminate use of wet shell as fuel</td> </tr> <tr> <td>3</td> <td>Reduce electricity usag</td> <td>Monitor usage vs baseline install capacitor at identified large power consumption motor install LED bulb for the lighting system</td> </tr> </tbody> </table> <p>All efforts and action plan for the identified pollutants and emission above is adequate to comply with the requirement. All identified issues have significant impacts to the environment. The mill also monitored and maintained records on Palm GHG. This compilation is made at Head Office level and made for the entire SOU.</p>	No	Issues & Strategies	Action Plan	1	Reduce diesel consumption at mill operation	To monitor diesel usage To ensure vehicle scheduled maintenance optimum gen set usage	2	Reduce smoke emission to the air	To effectively implement the CEMS eliminate use of wet shell as fuel	3	Reduce electricity usag	Monitor usage vs baseline install capacitor at identified large power consumption motor install LED bulb for the lighting system	Complied
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4.5.4.3	Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations. <b>- Major compliance -</b>	<p>According to the complaint schedule permit, the mill is permitted to discharge the effluent to the water course. DOE have set a permissible level for mill to discharge the effluent to water course as follow:</p> <table border="1"> <thead> <tr> <th>Parameter</th> <th>Standard</th> </tr> </thead> <tbody> <tr> <td>BOD level</td> <td>20 mg/l</td> </tr> <tr> <td>Suspended solid</td> <td>200 mg/l</td> </tr> <tr> <td>Oil and grease</td> <td>20 mg/l</td> </tr> <tr> <td>Ammonium Nitrate</td> <td>150 mg/l</td> </tr> </tbody> </table>	Parameter	Standard	BOD level	20 mg/l	Suspended solid	200 mg/l	Oil and grease	20 mg/l	Ammonium Nitrate	150 mg/l	Complied		
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Criterion / Indicator		Assessment Findings				Compliance																														
		Total Nitrogen	200 mg/l																																	
		pH	5.0 > x >9.0																																	
		Analysis result (some) for effluent discharged to water course are as follow:																																		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Parameter</th> <th>pH</th> <th>BOD</th> <th>SS</th> <th>TN</th> <th>AN</th> </tr> </thead> <tbody> <tr> <td>March</td> <td>8.8</td> <td>14</td> <td>117</td> <td>189</td> <td>105</td> </tr> <tr> <td>April</td> <td>8.8</td> <td>14</td> <td>106</td> <td>184</td> <td>103</td> </tr> <tr> <td>May</td> <td>8.8</td> <td>14</td> <td>106</td> <td>184</td> <td>102</td> </tr> <tr> <td>June</td> <td>8.8</td> <td>13</td> <td>97</td> <td>181</td> <td>102</td> </tr> </tbody> </table>				Parameter	pH	BOD	SS	TN	AN	March	8.8	14	117	189	105	April	8.8	14	106	184	103	May	8.8	14	106	184	102	June	8.8	13	97	181	102	
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<b>Criterion 4.5.5: Natural water resources</b>																																				
<b>4.5.5.1</b>	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: <ol style="list-style-type: none"> <li>a) Assessment of water usage and sources.</li> <li>b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.</li> <li>c) Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</li> </ol> <p><b>- Major compliance -</b></p>	Water management plan for year 2022 was made available to audit team and reviewed. The plan covers as follow: <ol style="list-style-type: none"> <li>a. Reduction of water usage.</li> <li>b. Water contingency plan.</li> <li>c. Water discharge.</li> </ol> <ol style="list-style-type: none"> <li>a. Water supply for mill consumption comes from water catchment. As for record, the mill has consumed water as follow:                             <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th>Year</th> <th>Water usage</th> <th>FFB</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>416732</td> <td>233929.74</td> <td>1.781</td> </tr> <tr> <td>2022 (as at July)</td> <td>210270</td> <td>98224.84</td> <td>2.141</td> </tr> </tbody> </table> </li> <li>b. Water quality analysis conducted every 3 months once while for microbiology analysis tested by monthly. 3 samples were taken to</li> </ol>				Year	Water usage	FFB	Ratio	2021	416732	233929.74	1.781	2022 (as at July)	210270	98224.84	2.141	Complied																		
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Criterion / Indicator		Assessment Findings	Compliance																																												
		<p>analyse the microorganism and the reading shows that no microorganism was detected. Water quality analysis also shows the satisfactory results which below the parameters permitted by Department of Environment.</p> <p>c. Empty fruit bunch was recycled organic fertilizer to replenish nutrient for palm oil while for excess water is collected and reused for palm oil processing.</p>																																													
<b>4.5.5.2</b>	<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><b>- Major compliance -</b></p>	<p>According to the complaint schedule permit, the mill is permitted to discharge the effluent to the water course. DOE have set a permissible level for mill to discharge the effluent to water course as follow:</p> <table border="1"> <thead> <tr> <th>Parameter</th> <th>Standard</th> </tr> </thead> <tbody> <tr> <td>BOD level</td> <td>20 mg/l</td> </tr> <tr> <td>Suspended solid</td> <td>200 mg/l</td> </tr> <tr> <td>Oil and grease</td> <td>20 mg/l</td> </tr> <tr> <td>Ammonium Nitrate</td> <td>150 mg/l</td> </tr> <tr> <td>Total Nitrogen</td> <td>200 mg/l</td> </tr> <tr> <td>pH</td> <td>5.0 &gt; x &gt;9.0</td> </tr> </tbody> </table> <p>Analysis result (some) for effluent discharged to water course are as follow:</p> <table border="1"> <thead> <tr> <th>Parameter</th> <th>pH</th> <th>BOD</th> <th>SS</th> <th>TN</th> <th>AN</th> </tr> </thead> <tbody> <tr> <td>March</td> <td>8.8</td> <td>14</td> <td>117</td> <td>189</td> <td>105</td> </tr> <tr> <td>April</td> <td>8.8</td> <td>14</td> <td>106</td> <td>184</td> <td>103</td> </tr> <tr> <td>May</td> <td>8.8</td> <td>14</td> <td>106</td> <td>184</td> <td>102</td> </tr> <tr> <td>June</td> <td>8.8</td> <td>13</td> <td>97</td> <td>181</td> <td>102</td> </tr> </tbody> </table>	Parameter	Standard	BOD level	20 mg/l	Suspended solid	200 mg/l	Oil and grease	20 mg/l	Ammonium Nitrate	150 mg/l	Total Nitrogen	200 mg/l	pH	5.0 > x >9.0	Parameter	pH	BOD	SS	TN	AN	March	8.8	14	117	189	105	April	8.8	14	106	184	103	May	8.8	14	106	184	102	June	8.8	13	97	181	102	Complied
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Criterion / Indicator	Assessment Findings	Compliance	
<b>4.6 Principle 6: Best Practices</b>			
<b>Criterion 4.6.1: Mill Management</b>			
<b>4.6.1.1</b>	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p><b>- Major compliance -</b></p>	<p>SOP was established for the Estates, Mill. &amp; Agricultural Manual, Sustainability Plantation Management System and EQMS (Estate Quality Management System) were distributed to all operating units as a guidance document to conduct estate operation.</p> <p>The SOP covers the mill operation which start from the FFB receiving, sorting, sterilisation, threshing, press, oil room, and kernel plant operation.</p> <p>Site inspection and interview with workers confirmed that the SOP had been implemented and they understood the requirements of the SOP, the bottom-line of which is Good Milling Practice and the care for their safety and health and the environment.</p> <p>On another note, the monitoring of the use of appropriate PPE at the kernel plant by the workers at the POM can be further improved (OFI).</p>	<p>OFI</p>
<b>4.6.1.2</b>	<p>All palm oil mills shall implement best practices.</p> <p><b>- Major compliance -</b></p>	<p>The mill management implement the best practise through supervising the control points of each process indicators, starting from the FFB quality inspection which required all FFB going to process must be ripe. Then, monitoring of sterilisation process which the steam pressure and time of sterilisation is well monitored as per the SOP. During digestion proses, the control point is where temperature is monitored. There are multiple critical control points that are being monitored through checklist, charts and verification is done by mill executive.</p> <p>Mill also check their best practise by having internal audit conduct in the mill, as well as quality audit and visiting engineer. This is to ensure</p>	<p>Complied</p>

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Criterion / Indicator		Assessment Findings	Compliance
		that the management is in line with the policies, procedure set by the company.	
<b>Criterion 4.6.2:</b> Economic and financial viability plan			
<b>4.6.2.1</b>	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - <b>Major compliance</b> -	Business planning to ensure long-term economic and financial viability was evident. The annual budgets for the period 2022 to 2027 were sighted. The budget provisions covered activities for machinery upkeep, welfare, capital expenditure, RSPO/MSPO compliance etc. The budgets included projections on yield/ha, and total cost of production per MT of FFB as well as CPO and PK (products). CAPEX - capital expenditure mainly for buildings, furniture, and others asset related expenses.	Complied
<b>Criterion 4.6.3:</b> Transparent and fair price dealing			
<b>4.6.3.1</b>	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - <b>Major compliance</b> -	The pricing method for services such as desilting of ETP ponds, CPO/PK transportation, has been clearly stated in the Letter of Offer (LOA) and contract agreement. Whereas the pricing mechanism for purchasing FFB from third parties is guided by the MPOB pricing guideline.	Complied
<b>4.6.3.2</b>	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - <b>Major compliance</b> -	All contracts were awarded through tendering system at Zone Level. Approved contractors will be given the LOA. Payments were all made in timely manner and no complaint from the contractor so far.	Complied
<b>Criterion 4.6.4:</b> Contractor			
<b>4.6.4.1</b>	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.	This requirement has been specified in a letter dated 01/7/2017 on RSPO/ISCC/MSPO awareness on to all the contractors, vendors of the mill. This letter was sighted and has stated that all Contractors need	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- <b>Major compliance</b> -	to follow RSPO/ISCC/MSPO guideline in accordance with the Sime Darby Plantation of Estate Quality Management System.	
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - <b>Major compliance</b> -	Contract agreements between the mill and its contractors were made available. Generally, the elements of sustainability such as obligations to legal compliance, workers' welfare, safety, and environmental issues. Contracts between Pengangkutan Kekal Sdn Bhd (CPO barge transport) and Yee Ping Trading Sdn Bhd (CPO & PK road transport), were verified.	Complied
4.6.4.3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required. - <b>Minor compliance</b> -	The requirement of accepting MSPO accredited auditors to audit against the contractors was communicated through a memo dated 20/7/2020. The engaged contractors have given their acknowledgement by signing the memo.	Complied

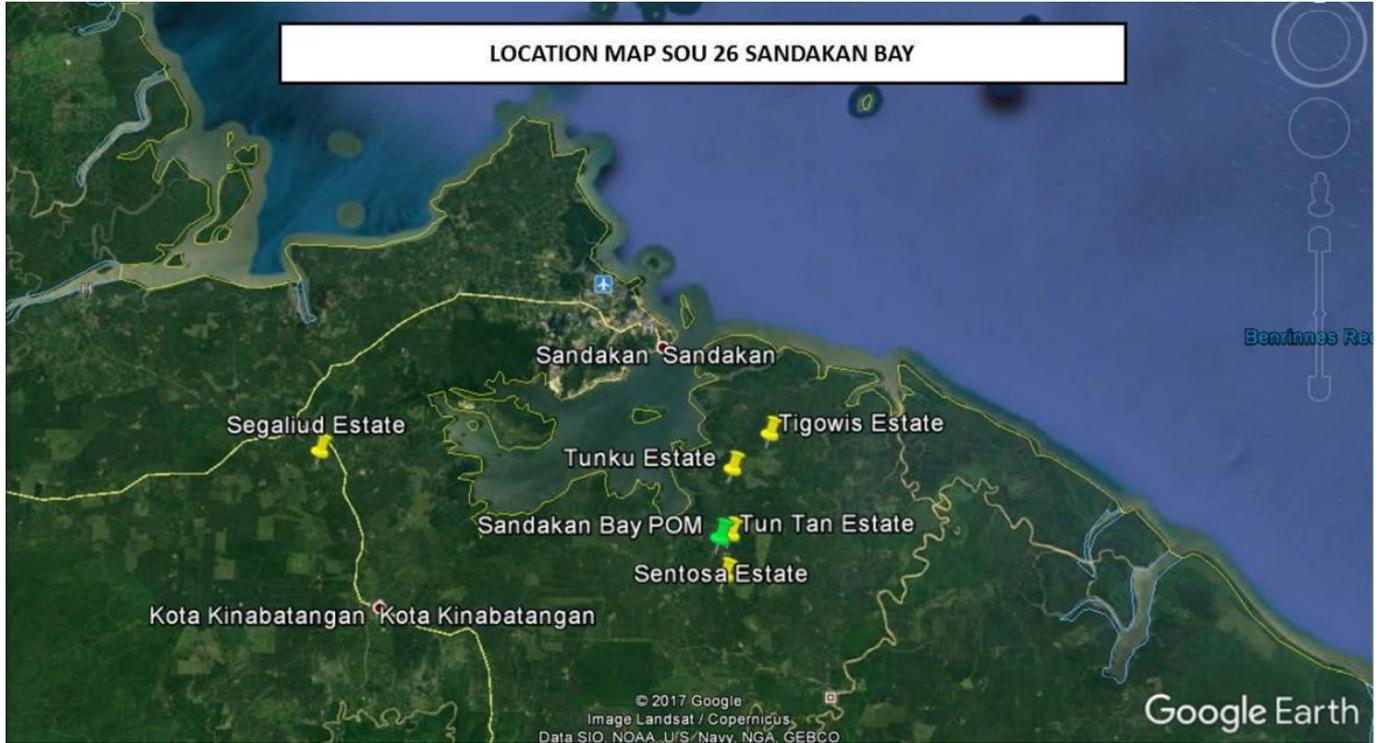
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**Appendix B: Smallholder Member Details**

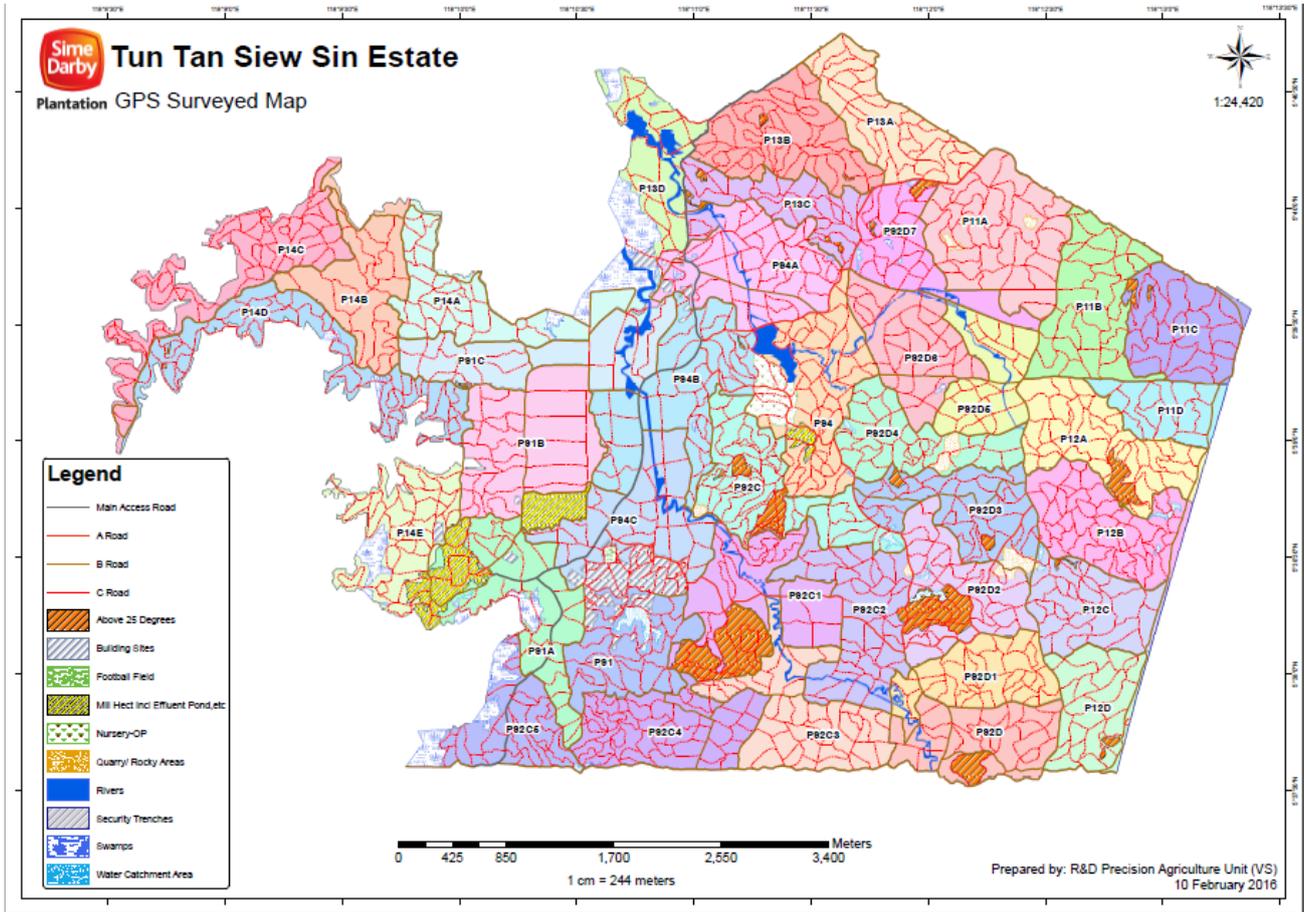
No.	Smallholder		Location of Planted Area (District)	GPS Coordinates		Certified Area (ha)	Planted Area (ha)
	Name	MPOB License Number		Latitude	Longitude		
	NA						

**Appendix C: Location and Field Map**

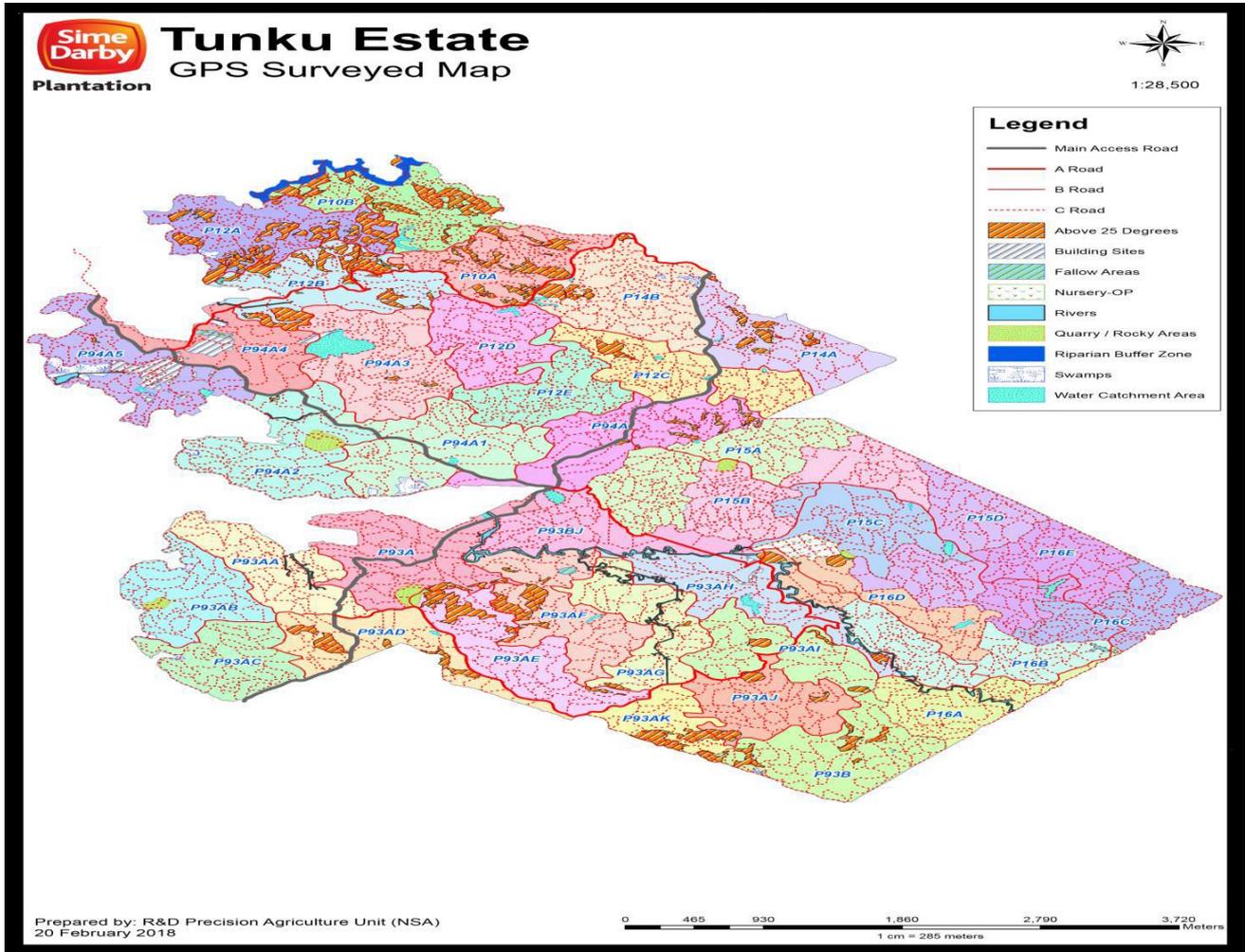
**Sandakan Bay Palm Oil Mill**



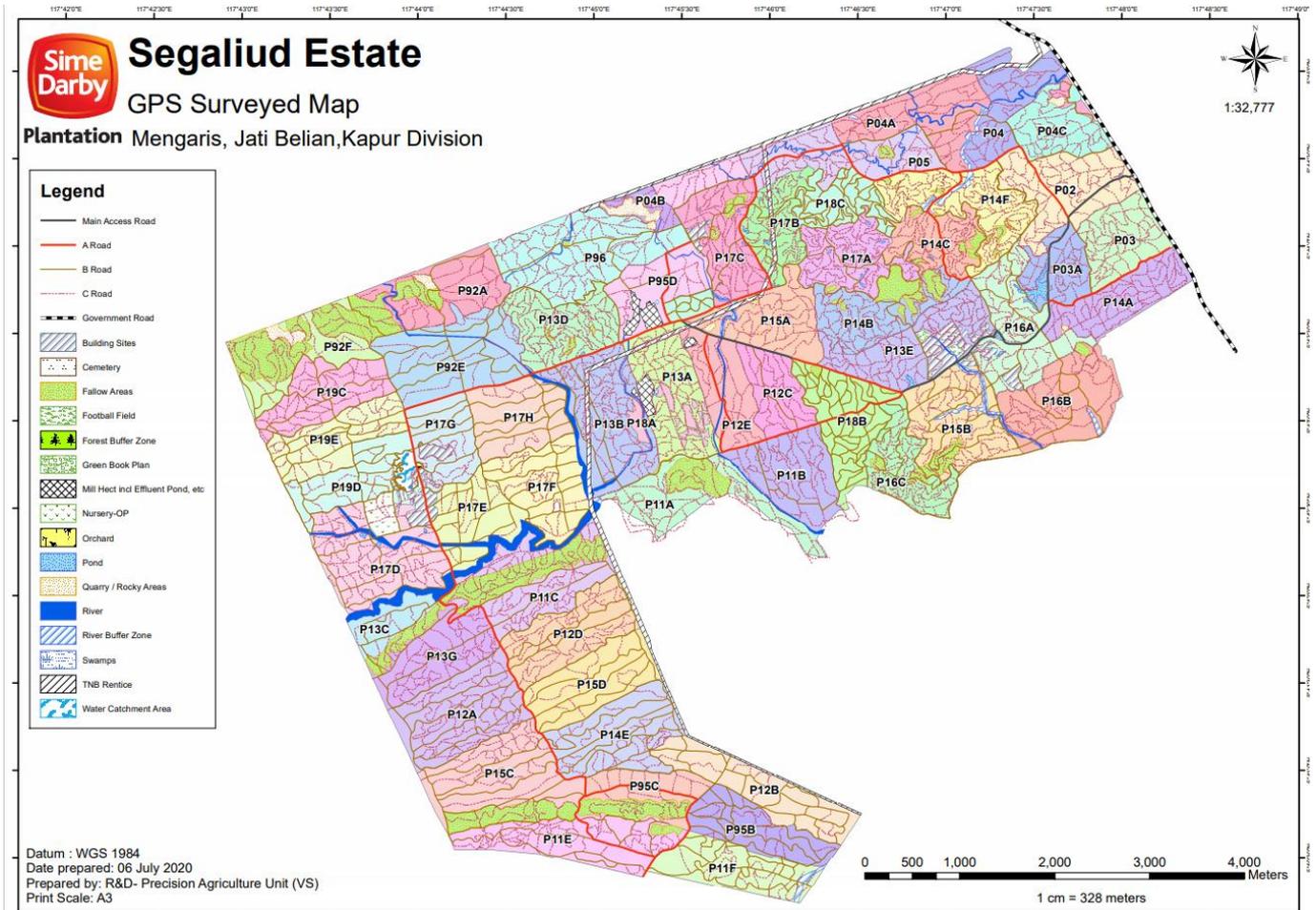
**Tun Tan Estate**



**Tunku Estate**



**Segaliud Estate**



**Appendix D: 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