

MALAYSIAN SUSTAINABLE PALM OIL
—
ANNUAL SURVEILLANCE ASSESSMENT 1
Public Summary Report

Palmgroup Holdings Sdn Bhd
Head Office: Level 25, Wisma Sanyan, No.1 Jalan Sanyan, 96000 Sibul, Sarawak, Malaysia
Certification Unit: Palmcol Sdn. Bhd. (Palmcol Estate)
Location of Certification Unit: Lot 2, Block 1, Arip Land District, Sibul Division, Sarawak.

Report prepared by:
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Report Number: 8814257

Assessment Conducted by:
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Section 1: Executive Summary

1.1 Organizational Information and Contact Person

MPOB License	539584002000 & 564007002000		
Company Name	Palmcol Sdn. Bhd.		
Address	Level 25, Wisma Sanyan, No.1 Jalan Sanyan, 96000 Sibul, Sarawak, Malaysia		
Group name if applicable:	Palmgroup Holdings Sdn Bhd		
Subsidiary of (if applicable)	-		
Contact Person Name	Andrew Wong Wen Ing		
Website	-	E-mail	andrewwong@mafrica.com.my
Telephone	084-856980	Facsimile	084-856981

1.2 Certification Information

Certificate Number	Plantations: MSPO 668094		
Issue Date	20/10/2017	Expiry date	19/10/2022
Scope of Certification	Estate: Production of Sustainable Oil Palm Fruits		
Stage 1 Date	03/08/2016		
Stage 2 / Initial Assessment Visit Date (IAV)	20-21/1/2017		
Continuous Assessment Visit Date (CAV) 1	01/08/2018		
Continuous Assessment Visit Date (CAV) 2	N/A		
Continuous Assessment Visit Date (CAV) 3	N/A		
Continuous Assessment Visit Date (CAV) 4	N/A		

Other Certifications

Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
N/A			

1.3 Location of Certification Unit

Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Longitude	Latitude
Palmcol Estate	Lot 2, Block 1, Arip Land District, Sibul Division, Sarawak.	112° 37' 29.64"E	2° 49' 30.72" N

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1.4 Plantings & Cycle						
Estate	Age (Years) - ha					
	1-3	>3-7	>7-15	>15-20	>20-25	>25
Palmcol Estate	16.13	4231.81	487.55			
Total (ha)	16.13	4231.81	487.55			

1.5 Certified tonnage of FFB Production			
Producer Group	Estimated (July 2017–June 2018)	Actual (July 2017–June 2018)	Forecast (July 2018–June 2019)
Palmcol Estate	114,455.94 mt	103,714.92 mt	116,972.00 mt
TOTAL	114,455.94 mt	103,714.92 mt	116,972.00 mt

1.6 Certified Tonnage (Not Applicable)			
Mill Capacity: XX MT/hr	Estimated	Actual	Forecast
	FFB mt	FFB mt	FFB mt
SCC Model:	CPO (OER: %) mt	CPO (OER: %) mt	CPO (OER: %) mt
	PK (KER: %) mt	PK (KER: %) mt	PK (KER: %) mt

1.7 Description of Supply Base					
Estate	Total Planted (Mature + Immature)(ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Palmcol Estate	4,735.49	348.17	106.54	5,190.20	91.24
Total	4,735.49	348.17	106.54	5,190.20	91.24

1.8 Details of Certification Assessment Scope and Certification Recommendation:
<p>BSI Services Malaysia Sdn Bhd has conducted the Annual Surveillance Assessment 1 of Palmcol Sdn Bhd, Palmcol Estate Certification Unit, located in Sibul, Sarawak and infrastructure.</p> <p>The assessment was conducted onsite to assess the compliance of the certification unit against the MS 2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholder and MSP0 Guidance. The onsite assessment was conducted on 01/08/2018.</p> <p>Based on the assessment result Palmcol Sdn Bhd, Palmcol Estate Certification Unit complies with the MS 2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholder and recommended for continued certification.</p>

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
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The Vertical Business Suites, Bangsar South
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BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems.

Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted from 01/08/2018. The audit programme is included as Appendix A. The approach to the audit was to treat the Palmcol Sdn Bhd, Palmcol Estate as a MSP0 Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

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

The estates or smallholders sample were determined based on formula $S = r\sqrt{n}$ where n is the number of estates while when applicable, the smallholders sample were determined following the MSP0 Certification Requirement. The sampling of smallholders were based on the formula $(r\sqrt{n})$; where r is the risk factor (may defers 1, 1.5 and 2 depending on risk), where n is total number of group members. The sampled smallholder listed in Appendix C.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the MSP0 requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

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

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

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

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This report was internally reviewed by BSI MSPO Technical Reviewer.

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

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

Tentative Date of Next Visit: August 1, 2019 - August 1, 2019

Total No. of Mandays: 3

BSI Assessment Team:**Mohd Hafiz Mat Hussain – Lead Auditor**

He holds Bachelor Degree in Plantation Technology and Management, graduated from University Technology Mara (UiTM) on 2009. He has 4 years working experience in oil palm plantation industry. He also has the experiences as an auditor for several standards including ISO 9001, ISO 140001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2013, Endorsed RSPO P&C Lead Auditor Course in 2014, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2016. He had been involved in RSPO auditing since May 2013 within Malaysia, Papua New Guinea, Solomon Islands, Gabon and Liberia. During this assessment, he assessed on the aspects of legal, mill best practices, estate best practices, safety and health, environmental and workers and stakeholders consultation.

Mohamed Hidhir Zainal Abidin – Team Member

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

Muhammad Fadzli – Team Member

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

Section 3: Assessment Findings

3.1 Details of audit results

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

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

3.2 Details of Nonconformities and Opportunity for improvement

The nonconformity is listed below.

During the Annual Surveillance Assessment there were Three (3) Major nonconformities raised. The Palmcol Estate Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

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

Major Nonconformities:		
Ref	Area/Process	Clause
1664970-201808-M1	Palmcol Estate	4.4.4.2
Requirements:	The occupational safety and health plan should cover the following: b)The risk of all operations shall be assessed and documented	
Statement of Nonconformity:	Risk for all operation was not comprehensively assessed and documented	
Objective Evidence:	The latest safety risk assessment dated 22/6/18 did not comprehensively cover. The specific activities for Phase 5 – labour quarters and workshop upgrading has yet to be identified.	
Corrections:	<ol style="list-style-type: none"> To carry out workplace risk assessment by the Safety & Health Committee (SHC) to identify the hazard and the appropriate control measure. The finding will be discussed in the SHC to be used to improve the HIRAR register. Create HIRARC for building construction and upgrading. 	
Root cause analysis:	Limited and no mandatory involvement in functions other than the operational area especially safety department in the business case development project by contractors for construction/upgrading building facility for workshop, labour quarters and others.	
Corrective Actions:	<ol style="list-style-type: none"> All new operational area or new project in future must carry out risk assessment to establish HIRARC before start work. An internal memo/circular will be issued to ensure everyone will follow this instruction. To brief the HIRARC to workers and contractors and to continuously monitor the implementation. 	

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Assessment Conclusion:	Audit team have reviewed the evidence submitted and the major NC has been satisfactorily closed provided with the adequate supporting evidence for NC closure. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 18/9/2018
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Major Nonconformities:		
Ref	Area/Process	Clause
1664970-201808-M2	Palmcol Estate	4.4.5.9
Requirements:	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	
Statement of Nonconformity:	Wages of work on rest day was not paid according to Labour Ordinance Sarawak (Act A1237), Section 105C, subsection (5).	
Objective Evidence:	<p>Sampled of payslip for the workers found that their work on rest day were not paid in accordance to Labour Ordinance Sarawak (Act A1237), Section 105C, subsection (5).:</p> <p>Sampled the payslip for month of May 2018 and June 2018 as below:</p> <ol style="list-style-type: none"> 1. MY00003667 2. MY00003867 3. MY00005786 4. MY00004844 5. MY00005875 6. DEV01-01 	
Corrections:	To issue a new circular according to latest labour requirements & to compensate workers based on audit findings.	
Root cause analysis:	The existing circular has not been updated for some time because there is no person in charge to do the monitoring.	
Corrective Actions:	<ol style="list-style-type: none"> 1. To ensure that any relevant memo/ circular is updated with the latest statutory requirement. 2. Senior HR Executive at Head Office will be assigned to assist in monitoring company internal policy (memo/ circular, etc) and to inform the management if there any need for the policy to be reviewed to meet the latest statutory requirements on Labour Ordinance Sarawak (Act A1237), Section 105C, subsection (5). 	
Assessment Conclusion:	Audit team have reviewed the evidence submitted and the major NC has been satisfactorily closed provided with the adequate supporting evidence for NC closure. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 18/9/2018	

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Major Nonconformities:		
Ref	Area/Process	Clause
1664970-201808-M3	Palmcol Estate	4.5.3.4
Requirements:	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.	
Statement of Nonconformity:	All empty pesticide containers were not disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health.	
Objective Evidence:	Site observation at workers line site found that there was an evidence of empty pesticide containers was found mix with domestic waste bin in Labour Quarters, Phase 5, Road 26.	
Corrections:	<ol style="list-style-type: none"> 1. Conduct awareness briefing to the workers regarding empty chemical container that all pesticide & herbicide chemical need to premix at the premix store and the unused empty gallon after perform spraying work at field must be collected and send back to store for treatment before disposal. 2. To carry out periodically inspection to ensure there is no chemical containers bring back to labour line and disposed inside the waste bins. 	
Root cause analysis:	There is no proper recording system for empty chemical container.	
Corrective Actions:	To create monitoring Log Book to properly monitored all chemical containers movement. The monitoring system will emphasized on records keeping for all chemical containers been issued out/returned as well records after treatment (Triple Rinsing). Further investigation will carry out to trace back the shortage records so that the management can come out with a proper solution for continuous improvements.	
Assessment Conclusion:	Audit team have reviewed the evidence summited and the major NC has been satisfactorily closed provided with the adequate supporting evidence for NC closure. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 18/9/2018	

Noteworthy Positive Comments	
1.	Positive comments from all stakeholders interviewed

3.3 Status of Nonconformities Previously Identified and OFI

Major Nonconformities:		
Ref	Area/Process	Clause
1431236201701-M1	Palmcol Estate	4.3.1.1
Requirements:	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.	
Statement of Nonconformity:	Compliance with the applicable local, state, national and ratified international laws and regulations was not effectively implemented	
Objective Evidence:	i) No permit to buy diesel obtained from KPDNKK as per Regulation 9(2), Control of Supplies Act 1974 ii) No valid work permit obtained for TKI workers (Passport# B3673873, B4117612 and B3673731) as per requirement under License to Employ Non-Resident Employee Under Section 119, Labour Ordinance (Sarawak, CAP 76) iii) Permit for salary deduction was not obtained from Labour Department as todate.	
Close out Evidence:	i) Permit to buy diesel applied through BLESS system dated 24/3/17. Refer to submission ref# BL2017024752. Fire Department has done onsite inspection on 17/3/17 to support the application. Refer to recommendation letter by Fire Department dated 21/3/17, ref# JBPM/SK/ZSU:700-5/1/20 Jld.9 ii) Visit pass (temporary employment) verified for: - Passport B4117612 (employed as plantation worker), permitted until 10/3/18 - Passport B3673873 (employed as plantation worker), permitted until 10/3/18 - Passport B3673731 (employed as plantation worker), permitted until 10/3/18 iii) Permit for salary deduction is still in the process of approval. Refer to email confirmation on 5/4/17 by Enforcement Officer, Labour Department.	
Assessment Conclusion:	Audit team have reviewed the evidence submitted and the major NC has been satisfactorily closed provided with the adequate supporting evidence for NC closure. Continuous implementation will be further verified in the next assessment visit. The major NC was closed out on 17/4/17 Verification during ASA1: There is no recurrence of the issue during ASA1. Thus, the Major NC was effectively closed.	

Major Nonconformities:		
Ref	Area/Process	Clause
1431236201701-M2	Palmcol Estate	4.5.3.2
Requirements:	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products.	

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Statement of Nonconformity:	Waste management plan was not effectively implemented
Objective Evidence:	<ul style="list-style-type: none"> i) No evidence to show disposal was made by DOE licensed contractor on 16 February 2016. ii) No records of disposal @ 6th schedule was not available for the said disposal
Close out Evidence:	<ul style="list-style-type: none"> i) Verified license of DOE contractor, Kien San Metal Sdn Bhd. Refer to license to transport, serial# 001740 valid until 30/4/17 and license to store, serial#001739 valid until 30/4/17 for the said company. ii) Verified 6th schedule @ consignment note for SW305 disposal on 23/3/17 collected by Kien San Metal Sdn Bhd
Assessment Conclusion:	<p>Audit team have reviewed the evidence submitted and the major NC has been satisfactorily closed provided with the adequate supporting evidence for NC closure. Continuous implementation will be further verified in the next assessment visit. The major NC was closed out on 17/4/17</p> <p>Verification during ASA1: There is no recurrence of the issue during ASA1. Thus, the Major NC was effectively closed.</p>

Major Nonconformities:

Ref	Area/Process	Clause
1431236201701-M3	Palmcol Estate	4.5.6.3
Requirements:	A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.	
Statement of Nonconformity:	A HCV management plan was not established and effectively implemented.	
Objective Evidence:	No HCV management plan established based on the draft HCV assessment dated 8/12/16.	
Close out Evidence:	Verified HCV management plan dated 4/3/17 developed based on the HCV assessment report recommendation. The plan includes protection of rivers, protection of habitat and species at risk, protection of remnant peat swamp forest, monitoring of water quality, fire prevention control and improved communication with communities to monitor results.	
Assessment Conclusion:	<p>Audit team have reviewed the evidence submitted and the major NC has been satisfactorily closed provided with the adequate supporting evidence for NC closure. Continuous implementation will be further verified in the next assessment visit. The major NC was closed out on 17/4/17</p> <p>Verification during ASA1: There is no recurrence of the issue during ASA1. Thus, the Major NC was effectively closed.</p>	

3.4 Issues Raised by Stakeholders

IS #	Description
1	<p>Feedbacks: Contractors – They have signed on the agreement prior commence of work. They were understood on the terms and conditions such as the payment terms. They informed that the payment made by Palmcol Estate was on time. In conclusion, they have good relationship with the managements.</p> <p>Management Responses: The management will continue to maintain good relationship with the contractors.</p> <p>Audit Team Findings: Verified on the agreement and payment advice found that the payments were made promptly.</p>
2	<p>Feedbacks: Workers’ Representatives – They informed that they have signed on the agreement in home country and in the plantations. No contract of substitution occurred. The salary offered in home country was the similar when arrived to the plantations. They were treated equally and no discrimination reported. If they have any complaints or grievances, they will report to the supervisor or mandore or fill in the Complaint & Grievance Book.</p> <p>Management Responses: The management will ensure they treat all the workers fairly and no contract substitution will happen.</p> <p>Audit Team Findings: No further issue.</p>
3	<p>Feedbacks: Village Head – No land dispute case reported so far. He has good relationship with the management. He also aware of the complaint & grievance procedure. He informed that there were some local villagers worked in the plantations and mill.</p> <p>Management Responses: The management will continue to ensure good relationship with the management and provide employment opportunities to the local communities.</p> <p>Audit Team Findings: No further issue.</p>

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1431236201701-M1	Major	21/1/17	Closed on 17/4/17
1431236201701-M2	Major	21/1/17	Closed on 17/4/17
1431236201701-M3	Major	21/1/17	Closed on 17/4/17
1664970-201808-M1	Major	01/8/18	Closed on 18/9/18
1664970-201808-M2	Major	01/8/18	Closed on 18/9/18
1664970-201808-M3	Major	01/8/18	Closed on 18/9/18

3.6 Summary of the findings by Principles and Criteria

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

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	A policy for the implementation of MSPO shall be established. - Major compliance -	Palmcol Sdn Bhd has established a policy on sustainable palm oil production. Signed b MD, Mr Tiong Chiong Hee dated 20/4/16. Refer to MSPO Management Policy and Procedure, PGHSB/SOPP/014/2016,version 1 dated 20/4/16	Complied
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	The established policy has emphasized on the commitment for key legal, social and environmental consideration with the objective of improving the milling and estate operation.	Complied
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.	Internal audit was carried by Sustainability team on 24,26-27/4/18 for Palmcol estate. Audit covered both documentation and field operation for the mill. Rating was given based on audit finding. Audit report was	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	available with the summary of findings for each respective work units. Total of 73 non-conformities raised by the internal auditor and still in the progress of closing.	
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. - Major compliance -	Palmcol Estate has implemented Internal Audits Procedure under the established procedure, to MSPO Management Policy and Procedure, PGHSB/SOPP/014/2016, version 1 dated 20/4/16 which prepared by Assistant Manager OHS and Environment, Mr Raymond Nyian. The procedure has incorporated the internal auditor competency requirement. By default, internal audit is planned once a year. Latest change was sighted, dated 27/2/18 for the replace of various TQM meeting to follow the ISO document.	Complied
4.1.2.3	Report shall be made available to the management for their review. - Major compliance -	Internal audit report dated 30/4/18 was made available for management review.	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for	MSPO management review was carried out on 20/6/18. The meeting was carried out at Palmcol office with the management team and staff.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	<p>effective implementation of MSPO and decide on any changes, improvement and modification.</p> <p>- Major compliance -</p>	<p>All pertinent elements for MSPO implementation has been reviewed and presented to top management. In addition, monthly TQM management meeting was also discussing on the MSPO elements on top of group's performance review.</p>	
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	<p>The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.</p> <p>- Major compliance -</p>	<p>Palmcol Estate has established management plan on social, safety and health and environmental impact. The plan are documented and available for references.</p> <p>Verified the management plan for 2016 which covers social, environmental, safety and best practices as well as biodiversity aspect in plantation. Monthly update will be presented via TQM management meeting in HQ.</p>	Complied
4.1.4.2	<p>The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption.</p> <p>- Major compliance -</p>	<p>Palmcol Estate has optimised the use of mechanised operations to reduce pollutions and in the same time improved efficiency of field operation. Verified in CAPEX for 2018, budget allocated for 12 MT bins (Hook and Lift System). This to improve FFB evacuation and to avoid backlogs in the field.</p>	Complied
4.1.4.3	<p>An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.</p> <p>- Major compliance -</p>	<p>Palmcol Estate has appointed the assistant manager as in charge person to implement and monitor any new technologies being implemented and training of other personnel's. No new technology adopted by the estate for field operation. Any changes to the current practices must be justified and approved by management prior to</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		implementation. Training will be provided to respective workers that involved with any new technologies.	
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	<p>The management shall communicate 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.</p> <p>- Major compliance -</p>	<p>Palmgroup had continued to implement the Communication and Consultation Procedure (version 1) dated 21st December 2015. The procedure describe on the communication with the internal and external stakeholders.</p> <p>Mr. Robin Soon Jungang has been appointed as Estate Social and Legal Coordinator which will be responsible in implementation and maintain of Company’s Social and Legal Management System. The appointment letter dated 2/5/2018 which issued by Estate Manager was sighted.</p> <p>Records of consultation and communication is available in following documents:</p> <ul style="list-style-type: none"> a. ST 18- Register of Dispute b. ST 19- Monitoring of request c. Complaint/ suggestion record d. Consultation records with community log book 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p>List of external stakeholders was available which included stakeholder from nearby village, contractors, FFB suppliers, government bodies, internal stakeholders. The list was last update on June 2018.</p> <p>Training (complaint and grievance procedures, communication and consultation procedure) has been conducted too all the workers in estate on 22/6/2018.</p>	
4.2.1.2	<p>Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>Palmcol Estate holds copies of each of the management documents that were required to be publicly available. Copies of the document such as documents related to environmental and social issues, plans for pollution prevention, records of complaints and grievances were available upon request. The memo was displayed on the information notice board.</p>	Complied
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p>Palmcol Estate had continued to implement the Communication and Consultation Procedure (version 1) dated 21st December 2015. The procedure describe on the communication with the internal and external stakeholders.</p>	Complied
4.2.2.2	<p>A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.</p> <p>- Minor compliance -</p>	<p>Mr. Robin Soon Jungang has been appointed as Estate Social and Legal Coordinator which will be responsible in implementation and maintain of Company's Social and Legal Management System. The appointment letter dated 2/5/2018 which issued by Estate Manager was sighted.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.2.2.3	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained. - Major compliance -	List of external stakeholders was available which included stakeholder from nearby village, contractors, FFB suppliers, government bodies, internal stakeholders. The list was last update on June 2018. Training (complaint and grievance procedures, communication and consultation procedure) has been conducted too all the workers in estate on 22/6/2018. The records book of stakeholder or interested party who has viewed or obtained document from Palmcol Estate was sighted.	Complied
Criterion 4.2.3 – Traceability			
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). - Major compliance -	SOP on the traceability of the FFB has been established under Guidelines on Traceability Procedures, PGHSB/SOPP/001/2017, rev:01 dated November 2016.	Complied
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	Traceability inspection report carried out on daily basis based on daily task assignment @ muster chit. Refer to harvesting activities dated 1/8/18 at Phase 5.	Complied
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system. - Minor compliance -	Mr Teng Tion Kee has been assigned to maintain the traceability system. The appointment letter dated 1/12/16 with job responsibility has been clearly defined.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.2.3.4	Records of sales, delivery or transportation of FFB shall be maintained. - Major compliance -	All records inspected confirmed the documents for delivery and transportation of FFB are updated accordingly and updated daily to the established traceability procedure. i) Daily weighbridge summary, PH5 @ phase 5 dated 29 June 2018.	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. - Major compliance -	Palmcol Estate has maintained the systems for documentation, checking and assessment of legal compliance with applicable laws and regulations. Inspection of records showed that the Palmcol Estate has maintained legal compliance with statutory requirements. Sample of permit and license sighted at Palmcol Estate were : i)MPOB licence – registered under Palmcol Sdn Bhd, 564007002000 (1,626.62 ha) & 539584002000 (2,976.71 ha) valid until 31/10/18 and 31/5/19. Area statement: 4,735.49 ha ii)Trading License – The Business, Professions and Trading License Ordinance. (Borang I, Seksyen 5, 23 dan 24(2)) – No. A 659201 valid until 31/7/2019	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p>iii) EIA approval base on Environment (Prescribed Activities) Order 1994, refer to approval ref: (13)NREB/6-1/2D/32 dated 17 November 2006.</p> <p>iv) Permit for salary deduction from Labour Department dated 21/2/2018 No. JTKSWK/PG/012/18(Mukah) for food ration.</p> <p>v) Permit buy diesel obtained from KPDNKK as per Regulation 9(2), Control of Supplies Act 1974, no. Q 010048 valid until 24/5/2018. The estate currently in progress to renew the license using BLESS system on 8/6/2018 and waiting for approval from KPDNKK.</p>	
4.3.1.2	<p>The management shall list all laws applicable to their operations in a legal requirements register.</p> <p>- Major compliance -</p>	<p>A Legal Compliance procedure has been established ref# OT05 dated December 2016. All operating units have Legal & Other Requirements Register (LORR) covering all the necessary regulatory requirements.</p>	Complied
4.3.1.3	<p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p>- Major compliance -</p>	<p>Tracking system to ensure any changes in the relevant regulation been well implemented through communication from the Group head Office to the mill management.</p> <p>On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented.</p> <p>E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance														
4.3.1.4	The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements. - Minor compliance -	Asst. Manager, Mr Robin Soon Anak Jungang is the person responsible to monitor compliance and to track and update the changes in regulatory requirements as per appointment letter dated 2/5/2018.	Complied														
Criterion 4.3.2 – Lands use rights																	
4.3.2.1	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users. - Major compliance -	<p>Legal ownership, history of lands tenure and the actual use of land available for verification. Total of 3 land title (state lease land) lease period ended on 21/3/2060 with the total title of 5,190.20 ha. The special term of the land is for the purpose of agriculture/processing of crops. Summary of land title as per below:</p> <table border="1"> <thead> <tr> <th>Land Title no.</th> <th>Status</th> <th>Location</th> <th>Tenure/lease period</th> </tr> </thead> <tbody> <tr> <td>03-LCLS-045-001-00001</td> <td>Lease of state land</td> <td>Arip Land, Sibul</td> <td rowspan="3">Until 21/3/2060</td> </tr> <tr> <td>10-LCLS-044-181-00003</td> <td>Lease of state land</td> <td>Balingian, Sibul</td> </tr> <tr> <td>10-LCLS-044-181-00005</td> <td>Lease of state land</td> <td>Balingian, Sibul</td> </tr> </tbody> </table>	Land Title no.	Status	Location	Tenure/lease period	03-LCLS-045-001-00001	Lease of state land	Arip Land, Sibul	Until 21/3/2060	10-LCLS-044-181-00003	Lease of state land	Balingian, Sibul	10-LCLS-044-181-00005	Lease of state land	Balingian, Sibul	Complied
Land Title no.	Status	Location	Tenure/lease period														
03-LCLS-045-001-00001	Lease of state land	Arip Land, Sibul	Until 21/3/2060														
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10-LCLS-044-181-00005	Lease of state land	Balingian, Sibul															
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land. - Major compliance -	<p>Legal ownership, history of lands tenure and the actual use of land available for verification. Total of 3 land title (state lease land) lease period ended on 21/3/2060 with the total title of 5,190.20 ha. The special term of the land is for the purpose of agriculture/processing of crops. Summary of land title as per below:</p>	Complied														

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Criterion / Indicator		Assessment Findings				Compliance
		Land Title no.	Status	Location	Tenure/lease period	
		03-LCLS-045-001-00001	Lease of state land	Arip Land, Sibul	Until 21/3/2060	
		10-LCLS-044-181-00003	Lease of state land	Balingian, Sibul		
		10-LCLS-044-181-00005	Lease of state land	Balingian, Sibul		
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	Legal perimeter boundary markers using boundary pegs clearly demarcated at visited site. There are more than 10 boundary pegs installed at the boundary of the estate and are evidence in Layout Plan with details GPS Coordinate. On top of boundary marker, physical boundary (trenches) is constructed boundary area. This process is guided under, Guidelines on Boundary Pegs Establishment and Maintenance Procedure , PGHSB/SOPP/002/2018, ver: 01.				Complied
4.3.2.4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	There was no dispute in the Palmcol Estate after the audit last year until this surveillance audit. Sighted the record, ST18: Register of dispute. If there is any legal acquisition of land title, the estate will respond according to established procedure, Identification of Customary Land Rights and Compensation Procedures (PGHSB/SOPP/005/2015) dated 21st December 2015.				Complied

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.3.3 – Customary rights			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	The estate lands were legally leased by the company, Palmcol Sdn Bhd. The existing estates were not encumbered by any customary land rights. The company was constructed trenches, wooden pegs and painted the palms to differentiate the land boundaries. No issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders reported during the time of audit.	Complied
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available. - Minor compliance -	The estate lands were legally owned and leased by the company, Palmcol Sdn Bhd. The existing estates were not encumbered by any customary land rights. The company was constructed trenches, wooden pegs and painted the palms to differentiate the land boundaries.	Complied
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance -	The estate lands were legally owned and leased by the company, Palmcol Sdn Bhd. The existing estates were not encumbered by any customary land rights. The company was constructed trenches, wooden pegs and painted the palms to differentiate the land boundaries. No issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders reported during the time of audit.	Complied
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			

Criterion / Indicator		Assessment Findings	Compliance
4.4.1.1	<p>Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.</p> <p>- Minor compliance -</p>	<p>The Social Impact Assessment (SIA) was conducted on 5th – 9th October 2015 by WildAsia including consideration of feedbacks from the stakeholder engagement meeting. Below are the details of the reviewed SIA:</p> <ul style="list-style-type: none"> - Introduction - Site Location and Size - Land Use - Human Environment - List of Stakeholders Nearby the Site - Survey Methodology - Identify Direct and Indirect Potential Impacts from operation - Mitigation Plan - Monitoring and Review <p>The SIA included mitigation plan for the identified negative impacts and also the monitoring and review of the impacts. The timeframe and responsible person to for SIA management plan has been incorporated in the latest plan, Social Impact Assessment Management Plan, dated 21/6/2018.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		Training (complaint and grievance procedures, communication and consultation procedure) has been conducted too all the workers in estate on 22/6/2018.	
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented. - Major compliance -	<p>Palmgroup Holdings had continued to implement Complaint and Grievance Procedures with Doc. No. PGHSB/SOPP/002/2015 dated 21/12/2015 to enable internal and external stakeholder to complaints.</p> <p>According to the procedure, all the complaints and grievances will be recorded in each individual form. The forms can be filling and drop into the suggestion box at the office or send to PIC. Complaints form available for internal workers as well as external stakeholders (stage 1 & stage 2 to 3).</p> <p>All cases of complaints were reported to the mill management. Complaint forms and details were sighted in the Complaint and Grievances file. Most cases were closed. The last case was reported on 20/6/2018.</p>	Complied
4.4.2.2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties. - Major compliance -	<p>Complaint/Suggestion records for Internal and External Stakeholders was implemented. Seen the complaint forms and found most of the complaints were related to house damage issues.</p> <p>All cases of complaints were reported to the mill management. Complaint forms and details were sighted in the Complaint and</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		Grievances file. Most cases were closed. The last case was reported on 20/6/2018.	
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint. - Minor compliance -	The complaint form was available at the office. Besides, suggestion box was available in the office area where the stakeholders were able to lodge complaint or suggestion at any time.	Complied
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time. - Minor compliance -	Interviewed with internal and external stakeholder during stakeholder consultation found that they were aware of the complaint procedure and were briefed by the management during stakeholder meeting.	Complied
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. - Major compliance -	The management has started to implement the complaint form since Jan 2016. The records of complaint were available from Jan 2016 up to date.	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	Growers should contribute to local development in consultation with the local communities. - Minor compliance -	Palmcol Estate was monitored on Social Activities for Y2018 such as: 1. Road repair to Longhouse 2. Culvert installation and drain construction 3. Donation	Complied

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Criterion / Indicator	Assessment Findings	Compliance	
Criterion 4.4.4: Employees safety and health			
4.4.4.1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented. - Major compliance -	Palmcol estate has implemented an OSH Management Plan for improvement of safety of employees for 2018-2019. Verified daily, monthly, quarterly and annual programme incorporated in the OSH management plan for 2018-2019.	Complied
4.4.4.2	The occupational safety and health plan shall cover the following: a) A safety and health policy, which is communicated and implemented. b) The risks of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to pesticides: i. all employees involved shall be adequately trained on safe working practices ii. all precautions attached to products shall be properly observed and applied d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation	Palmcol Estate has safety and health policy that has been communicated to the staff and workers. On site supervisors and estate assistant managers ensure the implementation of it. HIRARC – Latest review, dated 22/6/18 and 4/4/18. Coverage of activities (Field maintenance, manuring, transportation, farm tractor, workers transportation, diesel station, domestic waste, security, worksop and warehouse) included in the register. The coverage of activities such as visiting construction site has yet to be detailed out under specific activity for Phase 5 – labour quarters and workshop upgrading. Thus major NC was issued. New revisited CHRA dated 25 th September 2017 was carried out by registered assessor, JKPP IH 127/171-2(71)-2017/02. In addition to specific training courses, safety briefings are given during muster to reinforce awareness, such as correct wearing of PPE. Chemical register dated 28/2/18 was sighted.	Major nonconformance

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Criterion / Indicator	Assessment Findings	Compliance
<p>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>- Major compliance -</p>	<p>Total of 24 chemicals and there was no class IA and IB used for weeding and P&D treatment. For bagworm treatment, Cypermethrin under class II chemical was used.</p> <p>SDS for the said chemicals are available at the store in Dual-language (Bahasa Malaysia and English). I.e Cypermethrin, EBOR 2030 and BASTA 15.</p> <p>Records were available of PPE issued to individual workers and contractors, including signatures to confirm receipt.</p> <p>Palmcol estate follows the SOP for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (CLASS) Regulation 2013 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. Refer to SOP for chemical handling dated February 2015.</p> <p>Palmcol Estate has established Safe & Standard Operating Procedure for Oil Palm Plantations (SSOP) dated February 2015. Estate upkeep, crop evacuation, chemical and agrochemical management, transportation of workers, utilities management, Pest control and welding works @ hot work etc.</p> <p>Medical surveillance was last done for 6 batches of workers from workshop, store, chemical sprayer and mixer. The medical surveillance programme started in June 2017 and completed in November 2017 by Occupational Health Doctor DOSH Reg. No. JKKP HQ/10/DOC/00/147.</p>	

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Criterion / Indicator	Assessment Findings	Compliance
	<p>Based on the result, 3 workers were found to be unfit due to exposure of chemical (organophosphate) and medical removal protection has been initiated on 4/8/17. The said workers removed from his previous work area (nursery) to general works. Verified JKPP 7 submitted to DOSH on 4/8/17 by OHD.</p> <p>At the estate, there is a designated OSH Coordinator who is responsible for organising safety training, meetings and investigation and reporting of accidents and Incidents.</p> <p>Palmcol Estate :</p> <p>Appointment of SHC – Estate manager (Chairman): Andrew Wong Wen Ing (8/2/18), ref#MAF/PCSB/HRD/OSH-SHC/18-001, SHC secretary: Unchau Melintang (8/2/17), ref# MAF/PCSB/HRD/OSH-SHC/18-001</p> <p>Safety committee meeting for 2018:</p> <p>i)#1: 10/2/18</p> <p>ii)#2: 5/5/18</p> <p>Monthly safety workplace inspection (SWI), Quarters Inspection (QI) and Job Safety Assesement (JSA) carried out prior to meeting.</p> <p>Latest meeting minute available for review. Agenda related to workplace inspection, quarters inspection and job safety assessment has been discussed in the meeting.</p>	

Criterion / Indicator	Assessment Findings	Compliance
	<p>Workplace inspection, JSA and line site inspection will be carried out prior to SHC meeting. Records were available confirming that quarterly OSH meetings had been held at the estate.</p> <p>Emergency Preparedness and Response Plan was developed for the following type of scenario :</p> <ul style="list-style-type: none"> i)ERP for Fire ii)ERP for wild animal attack iii)ERP for Chemical Spillage iv) ERP for Bush Fire (estate and forest area) <p>The estate has site specific Plans (refer to the above) including maps showing assembly areas and up-to-date lists of emergency contacts with training conducted to communicate the Plan. Interviews of estate staff and workers confirmed understanding of emergency response. The last fire evacuation training 13/1/18.</p> <p>First Aid Kits are provided at various work sites at the estates and inspection confirmed these had been appropriately stocked. Total of 8 certified first aider available at Palmcol Estate.</p> <p>All accidents are investigated and reported to Head Office and well as DOSH. Accident statistics for Palmcol Estate as follows :</p> <p>Based on JKPP 8 for 2017;</p> <ul style="list-style-type: none"> i) 13 cases with 9 LTI. No LTI case reported for 2018. 	

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Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.4.5: Employment conditions			
4.4.5.1	<p>The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.</p> <p>- Major compliance -</p>	<p>Palmgroup continued to implement Human Rights Policy dated 5/5/2017 signed by Managing Director. The company was committed to ensure every individual were treated with fairness, dignity and respect. The company will respect the rights of every individual as expressed in the Code of Conduct for Industrial Harmony. Training of the policy was conducted on 7/6/2018 by the Assistant Manager of Palmcol Estate. Seen the training attendance list where all the workers from different activities were participated in the training, photo evident and training materials. Besides, the policy was publicly displayed at the information notice board inside, outside the office and in the mill.</p>	Complied
4.4.5.2	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>- Major compliance -</p>	<p>The top management of Palmgroup is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the "Human Rights Policy".</p> <p>There were no evidences of any form of discrimination based on race, national origin, religion, gender, union and political affiliation and is covered in the policy as well. Interview with workers indicates that there is no such discrimination occurs in the workplace</p>	Complied
4.4.5.3	<p>Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p>	<p>There was an employment contracts for staff and workers. Pay and conditions were documented and found above the Minimum Wage Order 2016. Sampled of employment contracts confirmed that terms and conditions were clearly outlined and signed by the worker. Sampled of the payslips confirmed that the workers were paid in accordance with Minimum Wage Order 2016.</p> <ol style="list-style-type: none"> 1. MY00003667 2. MY00003867 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		3. MY00005786 4. MY00002635 5. MY00004844 6. MY00005875 7. AHM09 8. DEV01-01	
4.4.5.4	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>There was a permanent contractor available in the mill, work. Palmgroup Palm Oil Mill Sdn Bhd arranges contracts for packing of bunch ash. The contract dated 1/1/2016 between Palmgroup POM and T&K Engineering Co. clearly stated that the contractor must strictly follow all applicable national and ratified international laws. Sighted the contractors' worker agreement, Pay and conditions were documented and found above the Minimum Wage Order 2016. All the workers permit for SIA Brothers Enterprise and BCM Service (S) Sdn Bhd were found valid.</p> <ol style="list-style-type: none"> 1. A8915940- SIA Brothers Ent 2. A7196048 - SIA Brothers Ent 2. B8393327 – BCM Service (S) Sdn Bhd 3. A3341665 - BCM Service (S) Sdn Bhd 	Complied
4.4.5.5	<p>The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>All the recruited workers were registered in the Labour Registration Record where personal details such as name, nationality, next of kin, education standard, date of employed, job description, wage rate, date of birth and etc was stated in the registration card. Sampled of the Labour Registration Card as below:</p> <ol style="list-style-type: none"> 1. MY00003667 2. MY00003867 3. MY00005786 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		4. MY00002635 5. MY00004844 6. MY00005875 7. AHM09 8. DEV01-01	
4.4.5.6	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>Employment contracts were acknowledged and kept a copy by the workers verified through interviewed with the workers. The terms and conditions were clearly stated in the contract such as salary, annual leaves and public holiday entitlement, rate of work on rest day, overtime and etc. Sampled of employment contracts as below:</p> 1. MY00003667 2. MY00003867 3. MY00005786 4. MY00002635 5. MY00004844 6. MY00005875 7. AHM09 8. DEV01-01	Complied
4.4.5.7	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.</p> <p>- Major compliance -</p>	<p>Palmcol Estate has established a time recording system (checkroll payroll process) for all employees.</p> <p>Time recording system has been implemented by scan card system for all mill employees.</p> <p>The working hours for all employees has been clearly documented in the Employment Contract and displayed in the office to ensure transparent for both employees and employer.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.8	<p>The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.</p> <p>- Major compliance -</p>	<p>From the overtime transaction of the workers, noted that some of the workers exceeded the OT limit of 104 hours per month. There was permit obtained from labour Department for such issues. The permit (JTKSWK/HKLM/002/17/(MUKAH)) dated 28/3/2017 was sighted.</p>	Complied
4.4.5.9	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p>- Major compliance -</p>	<p>Documented payslip was distributed to individual workers on the day of payment. Wages and overtime were paid according to the time recording system (checkroll payroll process). Total hours of overtime and daily attendance were recorded in the time card. However sampled of payslip for the workers found that their work on rest day were not paid in accordance to Labour Ordinance Sarawak (Act A1237), Section 105C-Work on rest day, subsection (5): An employee employed on piece rated who works on a rest day shall be paid twice his ordinary rate per piece.</p> <p>Sampled the payslip for month of May 2018 and June 2018 as below:</p> <ol style="list-style-type: none"> 1. MY00003667 2. MY00003867 3. MY00005786 4. MY00004844 5. MY00005875 6. DEV01-01 <p>Thus, major nonconformity was raised.</p>	Major nonconformance

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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 -	Palmcol Estate has provided yearly bonus, monthly incentive which are paid according to staff's performances Apart from that, the management also provides free housing facilities with water and electricity. In addition, employees will be sent to nearby clinic and the cost is reimbursable.	Complied
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation. - Major compliance -	On-site living quarters are provided to general workers and staff. Observed that the living quarters are habitable and have amenities such as water and electricity.	Complied
4.4.5.12	The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace. - Major compliance -	The management continued to implement the policy and guidelines to prevent all forms of sexual harassment and violence of work place, namely "Sexual Harassment Policy" which was established by the management of Palmgroup Holdings on 22 nd Feb 2016. Up to date, there is no case reported since last assessment. The training for sexual harassment policy was conducted by Chairman of women committee on 22/6/2018 to all employees especially women and conducted for male workers on 27/6/2018 by Assistant Manager.	Complied
4.4.5.13	The management shall respect the right of all employees to form or join trade union and allow workers own	Palmgroup has continued to implement Policy on Freedom of Association and Collective Bargaining dated 21st March 2016. The	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	<p>representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p>- Major compliance -</p>	<p>company was committed and allowed their stakeholders such as employees, clients, business partner to form or join any association.</p> <p>Interviews of staff and workers confirmed Palmgroup POM supports freedom of association and collective bargaining. Although there were no Labour Unions, workers and staff are represented in Joint Consultative Committee (JCC). Members are elected from representatives of every division including foreign workers. The latest meeting was held on 20/3/2018 and attended by the elected members and estate management.</p>	
4.4.5.14	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education programmes. Children shall not exposed to hazardous working conditions.</p> <p>- Major compliance -</p>	<p>Palmgroup was continued to implement Child Labour Policy which was signed by Senior Human Resource Manager dated 22/6/2018. No workers below than 18 years old will be recruited. Document verified on the Employee Master List confirmed that all the workers employed were above 18 years old.</p>	Complied
Criterion 4.4.6: Training and competency			
4.4.6.1	<p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p> <p>- Major compliance -</p>	<p>Palmcol Estate has prepared an Annual Training Plan for 2018 and 2019 for workers and contractors that lists the internal and external training courses scheduled for the year. Training carried out for 2018:</p> <ul style="list-style-type: none"> i) Policy statement for workers (29/6/18) ii) SSOP training for harvesting (24/5/18) iii) SSOP training for triple rinse (25/6/18) iv) Fire Evacuation Drill (13/1/18) 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		v) PPE training (26/3/18) vi) Chemical Handling/Mixing Training (1/3/18)	
4.4.6.2	Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description. - Major compliance -	Palmcol Estate has conducted training needs assessment prior to prepare the annual training plan for the year 2018 for all the employee groups including new and existing workers and staffs. Training programmes is based on worker’s competency requirements. Workers must be properly trained before assigned to the respective work units. On-site observation @ assessment will be carried out by field staff and assistant to monitor training effectiveness.	Complied
4.4.6.3	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. - Minor compliance -	Continuous training programme is planned and implemented covering all employees and contractors as per the documented training procedure. For example in 2018, all relevant MSPO training programme which consist of occupational safety and health, environmental, bio-diversity and social has been planned as part of part of continuous training programme for the estate.	Complied
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented. - Major compliance -	Palmcol Estate has an Environmental policy that has been signed by the managing director, dated 6 January 2014 and environmental management plan with relevant to the applicable laws and regulations. Interviews of staff and workers found that the policy has been communicated and implemented.	Complied

Criterion / Indicator		Assessment Findings					Compliance										
4.5.1.2	<p>The environmental management plan shall cover the following:</p> <ul style="list-style-type: none"> a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. <p>- Major compliance -</p>	<p>The established environmental management plan has covered the environmental aspects and impacts based on Palmcol Estate Sdn Bhd activities; refer to Form 1: Identification and Significance Determination of Environmental Aspect and Setting Objective and Targets, version: Feb 2017, reviewed on 2/3/2018.</p> <p>Main estate activities such as herbicides spraying, P&D spraying, manuring, harvesting and pruning, EFB mulching, harvesting and loose fruit collection, chemical mixing, chemical storage and handling, replanting and nursery management was documented in the procedure.</p> <p>The estate has revise the register of environment Aspect and Impacts significance identification in 27/2/2017 by including support activities for the estate such as chemical storage, chemical premix, workers housing, water treatment plan and workshop operation in the : Identification and Significance Determination of Environmental Aspect and Setting Objective and Targets.</p>					Complied										
4.5.1.3	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.</p> <p>- Major compliance -</p>	<p>The environmental improvement plan has been implemented as per planned programme as observed in the document Environmental Improvement plan 2018:</p> <table border="1"> <thead> <tr> <th>Impact</th> <th>Perimeter to monitor</th> <th>Monitoring point</th> <th>Frequency</th> <th>Evidence</th> </tr> </thead> <tbody> <tr> <td>Domestic Waste management</td> <td>Domestic waste collection</td> <td>All labour line</td> <td>Twice in a week</td> <td>Domestic waste collection</td> </tr> </tbody> </table>					Impact	Perimeter to monitor	Monitoring point	Frequency	Evidence	Domestic Waste management	Domestic waste collection	All labour line	Twice in a week	Domestic waste collection	Complied
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Domestic Waste management	Domestic waste collection	All labour line	Twice in a week	Domestic waste collection													

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Criterion / Indicator		Assessment Findings					Compliance
						by Syarikat Seni Bumi Month: June 2018 Weight June: 3.79 ton Weight Todate : 73.10 ton	
		Peat Manageme nt	Water Level Control	Peat Subsidence Monitoring	Quarterly	Water Level Summary Record 2015 – 2018 Phase 3 2016: 54.61 cm 2017: 52.60 cm Phase 4	

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Criterion / Indicator		Assessment Findings				Compliance
					2016: 50.72 cm 2017: 48.90 cm	
		<p>As per the requirements under, The Natural Resources an Environment (Prescribed Activities) Order 1994, refer to approval ref: (13)NREB/6-1/2D/32 dated 17 November 2006, environmental improvement plan was carried out as per the EIA approval, under section 5.5: environmental monitoring system and compliance.</p> <p>5.5.1 Monitoring of water quality (quarterly) 5.5.2 Monitoring of subsidence (twice per year) 5.5.3 Monitoring of ground water (fortnightly) 5.5.4 Drain water level monitoring 5.5.5 Monitoring of other environmental and socio-economic parameters</p> <p>The above monitoring has been monitored on every 3 month based on the EIA approval conditions. Environmental Monitoring Report (EMR) shall be submitted to Natural Resources and Environmental Board (NREB) once every 3 months. Verified the latest EMR Report 1st quarter of 2018. Refer to report# NREB/6-1/2D/32 (Feb-Apr 18). The visit was carried out in March 2018. Based on the EMR, 5 water smpling point were selected (WM1- Upstream Sg Anak, WM2-Dowstream Sg Anak at phase 4, WM3- outlet discharge at phase 5, WM4-outlet discharge point between phase 4 and 5 , WM5- Sg Mana).</p>				

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Criterion / Indicator		Assessment Findings	Compliance
		Based on the result, water quality monitoring is generally within Class IIB of NWQS at all monitoring points.	
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	Palmcol estate's environmental improvement programme also includes continual improvement plans. Verified continuous improvement programme for rain harvesting system in the estate.	Complied
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives. - Major compliance -	Annual training programme of the estate includes environmental awareness and compliance related trainings to the executives, staffs and workers. MSPO and environmental awareness programme was conducted on 21/7/18 for all workers and contractor. This programme has include the need of environmental conservation in the estate and in line with company's environmental policy and objectives. The estate also has displayed the environmental policy at the noticed board as one way to communicate with the workers.	Complied
4.5.1.6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed. - Major compliance -	Environmental related matters were discussed during morning briefing and safety meeting. Workers interview reveal that they are free and encouraged to discuss environmental issues with the management. In addition, quarterly environmental meeting was last conducted on 3/7/2018. All pertinent environmental matters were discussed during the meeting.	Complied
Criterion 4.5.2: Efficiency of energy use and use of renewable energy			

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Criterion / Indicator		Assessment Findings	Compliance
4.5.2.1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period. - Major compliance -	The estate maintains records of energy usage, which is reported monthly to head office. The use of the fossil fuel against the FFB production is being monitored. Diesel consumption for 2016: 371,013 litre Diesel consumption for 2017: 358,153 litre	Complied
4.5.2.2	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations. - Major compliance -	Palmcol estate has estimation on total energy required. This estimation was compared to the actual usage by monthly and reported to the head office for monitoring. Fossil fuel@ diesel usage is mainly from estate vehicle and generator set as there was no electricity supply from government @ Sarawak Energy. Palmcol Estate generate their own electricity for domestic and office consumption.	Complied
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	There was no use of renewable energy at Palmcol Estate as to date. Operation of diesel set and vehicle is fully dependent on fossil fuel.	Complied
Criterion 4.5.3: Waste management and disposal			
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	Based on the established procedures under, Domestic Waste Management Policy & BMP, ET001 dated 12/8/13 and Scheduled Waste Handling and Storage Guidance, PGHSB/SOPP/014/2016 dated 21/11/16 among the waste products identified and documented including general waste and scheduled waste. Sources of waste were from, estates and housing area. Common waste identified including domestic waste and scheduled waste.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		For estates, its reusable and recyclable wastes identified included empty fertilizer bags and triple rinsed empty chemical containers. Organic biomass waste generated by estates including fronds and chipped fell palms. Other specific activities such as estate vehicle workshop generate few categories of scheduled waste such as SW 305, SW 306, SW 409 and SW 410.	
4.5.3.2	<p>A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <ul style="list-style-type: none"> 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 <p>- Major compliance -</p>	<p>Documented pollution prevention plan for Palmcol Sdn Bhd was emphasized in the pollution prevention plan where the site visit confirmed that the practice of reduce, reuse and recycle of materials has been implemented throughout the estate.</p> <p>Noted records of triple rinsed container either to be used back for pre-mix activities or pierced and disposed to recycler. The estate has appointed G-Planter Sdn. Bhd. as the recycler for the empty pesticide container as per email. Dated 1/3/2018.</p>	Complied
4.5.3.3	<p>The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.</p> <p>- Major compliance -</p>	<p>For scheduled wastes, the handling was done according to the legal requirement where a scheduled waste store was constructed for storage.</p> <p>SW handling and disposal was done by Kien san Metal, license no 001740, comply with regulation</p>	Complied
4.5.3.4	<p>Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's</p>	<p>Empty pesticide containers were triple rinse and punctured before return back to supplier. Empty chemical container need to be marked or painted before re-used back for pre-mix.</p>	Major nonconformance

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Criterion / Indicator		Assessment Findings	Compliance
	<p>labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.</p> <p>- Major compliance -</p>	<p>Verified latest inventory records as July 2018 found that all triple rinsed and punctured container were recycled back to supplier latest on 31 July 2018.</p> <p>Site observation at workers line site found that there is evidence of empty pesticide containers was found mix with domestic waste bin in Labour Quarters, Phase 5, Road 26.</p> <p>Thus, Major non-conformance was issued.</p>	
4.5.3.5	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p> <p>- Minor compliance -</p>	<p>Domestic waste are being disposed at approved municipal council landfill either Sibul or Balingian dumpsite. Centralized waste location was located at phase 1 before collection made to the approved land fill. It was noted that the collection centre is away from watercourse. Collection was contracted to Sykt Seni Bumi. Verified the collection for the month of June 2018 from weighbridge ticket:</p> <p>June 2018: 3.79 ton Todate 2018: 73.10 ton</p>	Complied
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.</p> <p>- Major compliance -</p>	<p>Palmcol estate has done environmental impact and aspect identification involving all the activities within the estate. Refer to Form 1: Identification and Significance Determination of Environmental Aspect and Setting Objective and Targets, Revise version Feb 2017</p>	Complied
4.5.4.2	<p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p>	<p>Environmental improvement plan for 2018 has include assessment of all polluting activities within the estate operation such as solid waste</p>	Complied

Criterion / Indicator		Assessment Findings				Compliance
	- Major compliance -	and scheduled waste, air emissions and water discharges. Sample of activities and related mitigation measure as per below table:				
		Work Unit	Source of Pollution	Mitigation plan	Person In Charge	
		Workshop	Waste generated from vehicle servicing	i)Waste categorized as schedule waste ii)Disposal via DOE license contractor	Workshop personnel/fore man	
Criterion 4.5.5: Natural water resources						
4.5.5.1	The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a. Assessment of water usage and sources of supply. b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities. c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application,	Water management plan is based on the conditions stipulated in the EIA report and the established procedure for Water Management In Peat Soil (BMP and Policy) dated 1 st July 2014. The plan involved the management of ground and surface water as well as the peat subsidence monitoring. As per EMR, water quality monitoring was monitored every quarterly and selected sampling station. There were 5 sampling station identified (W1-W5) taken from (WM1- Upstream Sg Anak, WM2-Dowstream Sg Anak at phase 4, WM3- outlet discharge at phase 5, WM4-outlet discharge point between phase 4 and 5 , WM5- Sg Mana) and other small stream located in the estates. Refer to certificate of analysis for latest quarter, EL/WE/18/0246 dated				Complied

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Criterion / Indicator	Assessment Findings	Compliance																														
<p>maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</p> <p>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p>- Major compliance -</p>	<p>21/3/18 . Latest EMR, ref. no. NREB/6-1/2D/32 (February to April 2018)g is referred to. Based on the EMR report, protection of water quality in compliance with class IIB of NWQS and NREB approvals requirements.</p> <p>As for the water management in peat soil, drain stopper@ weirs constructed as to control the water flow and to avoid flooding. Water level indicator was placed at certain location for the monitoring. Water level monitored on daily basis. & monitoring points located for each phases and for peat subsidence 5 monitoring points were located.</p> <p>Water level monitoring</p> <table border="1" data-bbox="1048 834 1854 1070"> <thead> <tr> <th>Phase</th> <th>Average water level (2015-2018) Updated June 2018</th> </tr> </thead> <tbody> <tr><td>1</td><td>47.37 mm</td></tr> <tr><td>2</td><td>47.57 mm</td></tr> <tr><td>3</td><td>47.62 mm</td></tr> <tr><td>4</td><td>50.41 mm</td></tr> <tr><td>5</td><td>44.36 mm</td></tr> </tbody> </table> <p>Peat subsidence monitoring.</p> <table border="1" data-bbox="1048 1134 1865 1369"> <thead> <tr> <th>Phase</th> <th>2018 monitoring</th> <th>Total subsidence (2015-2018) Updated June 2018</th> </tr> </thead> <tbody> <tr><td>1</td><td>7</td><td>85 mm</td></tr> <tr><td>2</td><td>3</td><td>13 mm</td></tr> <tr><td>3</td><td>0</td><td>7 mm</td></tr> <tr><td>4</td><td>35</td><td>136.40 mm</td></tr> <tr><td>5</td><td>45</td><td>241.40 mm</td></tr> </tbody> </table>	Phase	Average water level (2015-2018) Updated June 2018	1	47.37 mm	2	47.57 mm	3	47.62 mm	4	50.41 mm	5	44.36 mm	Phase	2018 monitoring	Total subsidence (2015-2018) Updated June 2018	1	7	85 mm	2	3	13 mm	3	0	7 mm	4	35	136.40 mm	5	45	241.40 mm	
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Criterion / Indicator		Assessment Findings	Compliance
		<p>Palmcol estate has prepared a map showing riparian buffer zones and demarcated the areas prior to replanting for all the estates. Field inspection at Palmcol estate confirmed that the buffer zone beside the stream was maintained and undisturbed. No evidence of intrusion observed during site review.</p> <p>Total of 55 ha riparian buffer zone identified with the estate area.</p>	
4.5.5.2	<p>No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p>- Minor compliance -</p>	<p>There were no construction of bunds, weirs and dams across main rivers or waterways passing through an estate. Weirs and bunds constructed only at filed drain as part of estate’s water management plan for peat.</p>	Complied
4.5.5.3	<p>Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).</p> <p>- Minor compliance -</p>	<p>Water management plan includes BMP on peat, rain water harvesting, desilting of road side drains and etc.</p>	Complied
Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value			
4.5.6.1	<p>Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p> <p>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p>	<p>Palmcol estate has engaged a consultant (Wild Asia) in 2016 to conduct a biodiversity assessment of the land at the Estate as well as preparation of site-specific short-term and long-term HCV Management Plans. The final report dated 25/2/17 available for review. From the report, it was noted that 5 types of HCV identified, HCV1 to HCV 6 except for HCV2. Presence of the rare and endemic Bornean Ground Cuckoo with categorized under IUCN list would categorize the area under HCV 1.3 (endemic species)</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.</p> <p>- Major compliance -</p>		
4.5.6.2	<p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>a) Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</p> <p>- Major compliance -</p>	<p>Based on the report, there are HCV and rare, threatened, or endangered species being identified within the estate area. On top of the HCV report information, list of protected and totally protected wildlife provided by Sarawak Forestry displayed at prominent location with the estate. The pictorial information available at phase 1 notice board and line site.</p> <p>No illegal hunting signages are prominently erected at the estate entrance and other strategic area and awareness training has been given to workers and other stakeholders. The latest awareness training was carried out on 17/4/18 on HCV protection, RTE and protected animals as well as discouraging of illegal hunting.</p>	Complied
4.5.6.3	<p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p>- Major compliance -</p>	<p>Management plan for HCV is documented under HCV Mitigation Plan, ver;1 1(Mar 2017)/SU dated 21/6/18. Quarterly patrolling was carried out by HCV patrol team on illegal hunting, encroachment of area, illegal fishing and open burning. Based on January (13/1/18) and April (21/4/18), no records of illegal activity observed. Sighting of animal (bird, protected and totally protected species etc) was carried out concurrently during patrolling. The latest sighting record dated 17/4/18 has recorded totally protected species (Asian Black Hornbill).</p>	Complied
Criterion 4.5.7: Zero burning practices			

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Criterion / Indicator		Assessment Findings	Compliance
4.5.7.1	Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice. - Major compliance -	There was no replanting at Palmcol Estate. No evidence of open burning sighted during site review.	Complied
4.5.7.2	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop. - Major compliance -	Not applicable for Palmcol Estate	Complied
4.5.7.3	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws. - Major compliance -	Not applicable for Palmcol Estate	Complied
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. - Minor compliance -	Not applicable for Palmcol Estate	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			

Criterion / Indicator		Assessment Findings	Compliance
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored. - Major compliance -	Palmcol Estate has well established management systems for monitoring and control of best practice implementation at its estate. This includes the programme of regular internal audits by Sustainability Department and agronomist for maintaining and improving the production. In addition, 3rd party Plantation Advisory visit by Pantropical Agricultural Services (PANTROPAS) Sdn Bhd was conducted on from 23 to 27 March 2017 and 14 to 19 August 2017 Refer to report dated 1/9/2017. Areas of visit scope (crop recovery, harvesting guidelines, field upkeep and maintenance, frond stacking discipline, manuring matters, pest management, FFB production. Palmcol estate: 107,749.54 mt	Complied
4.6.1.2	Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals. - Major compliance -	Palmcol Estate has 93% of very deep peat (>250 cm), low-ash peat/organic soil of Anderson 3 Series. Significant areas (6.7%) are also endowed with the shallower peat soils of Anderson 1 and 2 series, with peat depths of 200-250cm and 150-200 cm. Minor soil in the estate include Mukah and Bijat Series. Summary of soil type and terrain within Palmcol Estate: Soil type Terrain Area (ha) % Anderson 1,2 & 3 Generrally flat, though dome shaped; Flat (0-6o) 68 1.3 Anderson 2 284 5.4 Anderson 3 4,835 93 Bijat/Anderson Flat (0-6o) 13 0.3 Inspection of field conditions at estate showed well established and maintained groundcover vegetation.	Complied
4.6.1.3	A visual identification or reference system shall be established for each field. - Major compliance -	Palmcol estate generally flat with (0-6o) elevation based on EIA report carried out by NREB registered consultant; registration# NREB/F/00021 (Ecosol Consultancy Sdn Bhd). The project is entitled "The Proposed Palmcol Oil Palm Plantation on Lot 14 of Balingian Land District, Mukah and Sibul Division".	Complied

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	Palmcol Estate has implemented a management system for monitoring and reporting of performance against production targets for achieving long-term economic and financial viability.	Complied
4.6.2.2	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years. - Major compliance -	The earlier planting was in 2007. The next cycle of replanting would be in 20-25 year time as recommended by plantation advisory.	Complied
4.6.2.3	The business or management plan may contain: a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production : cost per tonne of FFB d) Price forecast e) e) Financial indicators : cost benefit, discounted cash flow, return on investment - Major compliance -	Annual business plan in the form of annual budget and the projection for 2 years prepared as guidance for future planning. The business plan contains FFB yield and costs of production, etc. It also includes environment, social (workers and staffs welfare), and health and safety component and associated capital expenditure (CAPEX) as per the following: Sample of CAPEX for 2018: i) Plant and Machinery – 12 MT bin (Hook lift system) ii) Building – 3R recycling station iii) Construction of workers quarters (10 doors) iv) Workshop upgrading (washing bay, scheduled waste store and vehicle repair)	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.6.2.4	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented. - Major compliance -	Palmcol Estate monitored the estate performance against the targets. It also recommends changes to the plans if necessary based on monthly production report submitted to HQ. Refer to the annual production report for 2017 and cross reference to MPOB EL4 report which also submitted on monthly basis.	Complied
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	The pricing method has been clearly stated in the contract and contractors are explained on the term of contracts prior to the signing of contract. Sample of contract checked: i) Contract labour agreement (harvesting of FFB) – BCM Services (Sarikei) Sdn Bhd, valid until 31/12/18. ii) Contract labour agreement (harvesting of FFB) – SIA'S Brother Enterprise Company, valid until 31/12/18. iii) Contract work agreement (harvesting of FFB) – Contract no. PCSB/NC18010019 valid until 31/12/18	Complied
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	Sample contract and payment record verification together with interviews of suppliers and contractor found the payments has been made as per contract. i)BCM Services (Sarikei) Sdn Bhd, payment for period from 26 May 2018 to 30 June 2018 – payment no. PCSB/PE18060067 and PCSB/PE18060097.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.6.4: Contractor			
4.6.4.1	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	Palmcol Estate has initiated the MSPO awareness to all its contractors. Interview with the contractors found that they have limited information on the MSPO requirements even though the mill has conducted awareness training. This will be followed up for further details during next assessment. Awareness training for contractors was carried out together with check roll workers on 30/12/16. The purpose of training is to promote MSPO awareness for the contractor and also workers.	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Palmcol Estate has prepared a standard contract for all the contractors. The signed copy of the contract available at the estate office. Sample of contract labour agreement for harvesting contractor and maintenance work; i) Hong Sing Teck, contract valid from 1/1/18 to 31/12/18, contract#NC16010002.	Complied
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required. - Minor compliance -	Palmcol Estate has no objection to allow BSI auditors to verify the assessment through physical inspection if required.	Complied
4.6.4.4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted. - Major compliance -	Palmcol Estate has appoint assistants manager for each phase (1 to 5) to observe the control points applicable to the tasks performed by the contractor.	Complied

Criterion / Indicator	Assessment Findings	Compliance
<p>4.7 Principle 7: Development of new planting</p> <p>There was 16.30 Ha planted with oil palm in 2016. Previously, the area was nursery for oil palm. The management planted 2,452 of oil palm seedlings at that area. The nursery was started to operate in 2007. After completed the planting of oil palm in 2013 at Palmcol Estate, the nursery was abonden and the management decide to plant oil palms. Thus, Principle 7 was not applicable.</p>		

4.0 Assessment Conclusion and Recommendation:

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment, Palmcol Sdn Bhd, Palmcol Estate Certification Unit complies with the MS 2530-3:2013. It is recommended that the certification of Palmcol Estate Certification Unit is approved and continued.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: Raymond Nyian	Name: Mohd Hafiz Mat Hussain
Company name: Palmgroup Holdings Sdn. Bhd.	Company name: BSI Services Malaysia Sdn Bhd
Title: Manager (Sustainability)	Title: Lead Auditor
Signature: 	Signature: 
Date: 10/10/2018	Date: 05 th October 2018

Appendix A: Assessment Plan

Date	Time	Subjects	HH	MH	MF
Wednesday 01/08/18	08:30 – 09:00	Opening Meeting at Palmcol Estate <ul style="list-style-type: none"> • Presentation by Palmcol Estate • Presentation by BSI Lead Auditor -introduction of team member and assessment agenda • Confirmation of assessment scope and finalizing audit scope 	√	√	√
	09:00-11:00	Palmcol Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc.), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc	√	√	√
	10:30-11:30	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	√		
	11:00 – 12:30	Document review (MS:2530 Part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting.	√	√	√
	12:30 – 13:30	Lunch / Break	√	√	√
	13:30 – 16:00	Continue with Document review and site verification if deemed necessary.	√	√	√
	16:00	Preparation for closing meeting at Palmco Estate	√	√	√
	16:30 – 17:30	Closing meeting	√	√	√

Appendix B: List of Stakeholders Contacted

Internal Stakeholders

Workers' Committee Representatives Gender Committee Representatives Sprayers Harvesters Mill Operators
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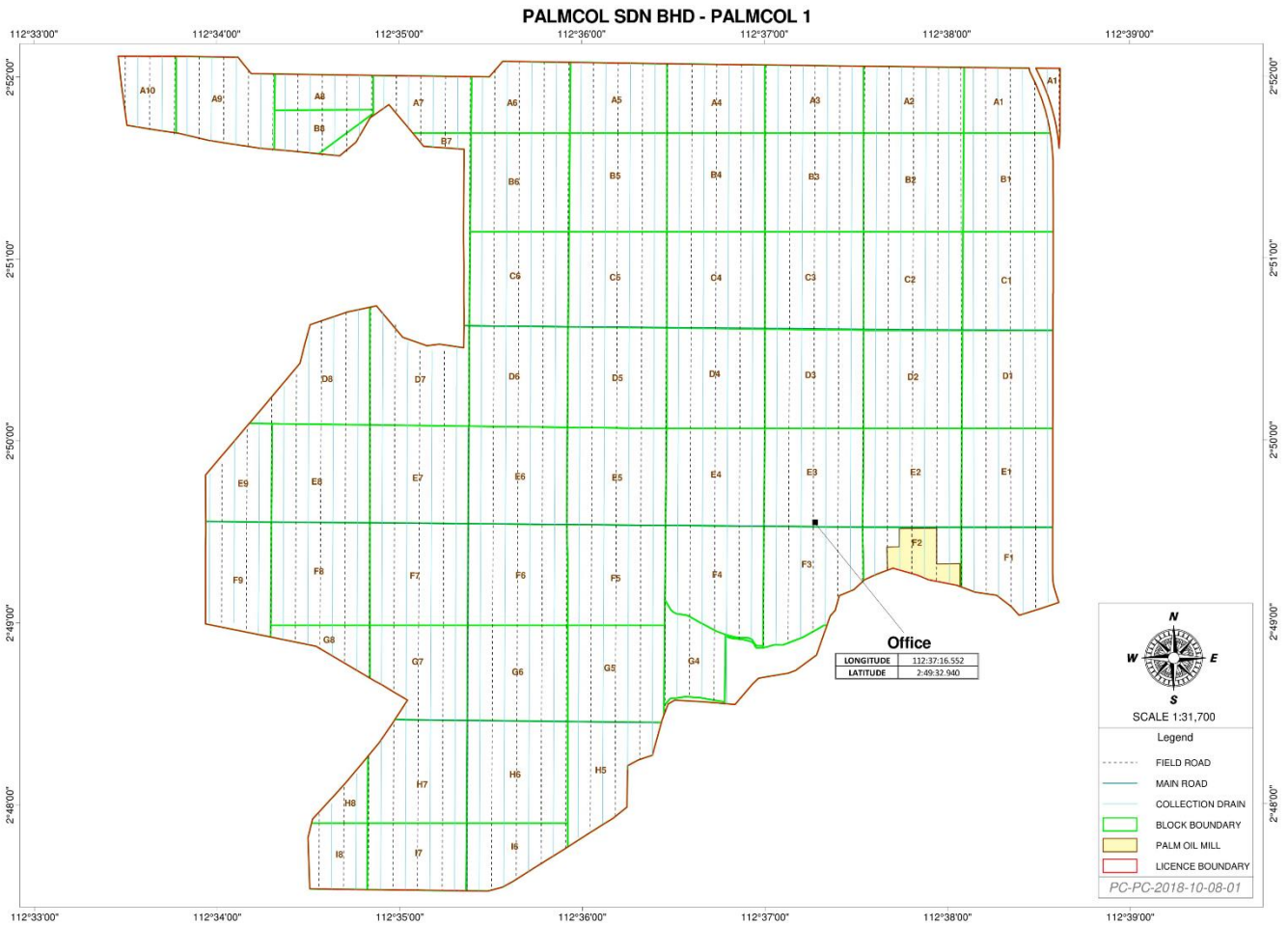
External Stakeholders

Government Departments	NGOs and others	Local Communities
Not attended during Stakeholder meeting with auditor.	Contractors	Village Head

Appendix C: Smallholder Member Details

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

Appendix D : Field Map of Palmcol Estate



Appendix E: List of Abbreviations Used

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