

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

<b>Palmgroup Holdings Sdn Bhd</b>
Head Office: Level 25, Wisma Sanyan, No.1 Jalan Sanyan, 96000 Sibul, Sarawak, Malaysia
Certification Unit: <b>Palmgroup Palm Oil Mill Sdn. Bhd.</b> (Palmgroup POM)
Location of Certification Unit: Lot 2, Block 1, Arip Land District, Sibul Division, Sarawak.

**Report prepared by:**  
**Mohd Hafiz Bin Mat Hussain (Lead Auditor)**

**Report Number: 8814256**

**Assessment Conducted by:**

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## Section 1: Executive Summary

<b>1.1 Organizational Information and Contact Person</b>			
MPOB License	541881004000		
Company Name	PALMGROUP PALM OIL MILL 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	Tiong Ung Hee		
Website	-	E-mail	uhtiong@mafrica.com.my
Telephone	016-8669851	Facsimile	-

<b>1.2 Certification Information</b>			
Certificate Number	Plantations: MSPO 656803		
Issue Date	20/10/2017	Expiry date	19/10/2022
Scope of Certification	Mill: Production of Sustainable Palm Oil and Palm Oil Products		
Stage 1 Date	03/08/2016		
Stage 2 / Initial Assessment Visit Date (IAV)	16 – 19/01/2017		
Continuous Assessment Visit Date (CAV) 1	31/07/2018		
Continuous Assessment Visit Date (CAV) 2	N/A		
Continuous Assessment Visit Date (CAV) 3	N/A		
Continuous Assessment Visit Date (CAV) 4	N/A		

<b>Other Certifications</b>			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
N/A			

<b>1.3 Location of Certification Unit</b>			
Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Longitude	Latitude
Palmgroup Palm Oil Mill Sdn Bhd	Lot 2, Block 1, Sg. Arip Land District, Sibul Division, Sarawak Malaysia.	112 <sup>o</sup> 38' 4.34"E	2 <sup>o</sup> 49' 26.15" N

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1.4 Plantings & Cycle						
Estate	Age (Years) - ha					
	1-3	>3-7	>7-15	>15-20	>20-25	>25
N/A						
<b>Total (ha)</b>						

1.5 Certified tonnage of FFB Production			
Producer Group	Estimated (July 2017–June 2018)	Actual (July 2017–June 2018)	Forecast (July 2018–June 2018)
N/A			
<b>TOTAL</b>			

1.6 Certified Tonnage			
Mill Capacity: 90 MT/hr	Estimated (July 2017–June 2018)	Actual (July 2017–June 2018)	Forecast (July 2018–June 2018)
	FFB	FFB	FFB
	554,835 mt	425,624.90 mt	574,980 mt
SCC Model: MB	CPO (OER: 19.32%)	CPO (OER: 18.35%)	CPO (OER: 19.50%)
	104,062 mt	80,264.24 mt	112,121 mt
	PK (KER: 3.60%)	PK (KER: 3.37%)	PK (KER: 3.60%)
	18,812 mt	14,697.96 mt	20,699 mt

1.7 Description of Supply Base					
Estate	Total Planted (Mature + Immature)(ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
N/A					
<b>Total</b>					

1.8 Details of Certification Assessment Scope and Certification Recommendation:
<p>BSI Services Malaysia Sdn Bhd has conducted the Annual Surveillance Assessment 1 of Palmgroup Palm Oil Mill Sdn Bhd, Palmgroup POM 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 2530-4:2013 Part 4: General principles for palm oil mills and MSPO Guidance. The onsite assessment was conducted on 31/07/2018.</p> <p>Based on the assessment result Palmgroup Palm Oil Mill Sdn Bhd, Palmgroup POM Certification Unit complies with the MS 2530-4:2013 Part 4: General principles for palm oil mills and recommended for continued certification.</p>

## Section 2: Assessment Process

### Certification Body:

BSI Services Malaysia Sdn Bhd,  
Unit 3, Level 10, Tower A  
The Vertical Business Suites, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel +603 2242 4211 Fax +603 2242 4218  
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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 31/07/2018. The audit programme is included as Appendix A. The approach to the audit was to treat the Palmgroup Palm Oil Mill Sdn Bhd, Palmgroup POM as a MSPO Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with 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 2530-4:2013 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 MSPO Certification Requirement. The sampling of smallholders were based on the formula  $(r\sqrt{n})$ ; where r is the risk factor (may defers 1, 1.5 and 2 depending on risk), where n is total number of group members. The sampled smallholder listed in Appendix C.

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

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

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.

This report was internally reviewed by BSI MSPO Technical Reviewer.

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

<b>1. Assessment Program</b>					
<b>Name (Mill / Plantation / Group smallholders)</b>	<b>Year 1 (Certification)</b>	<b>Year 2 (ASA 1)</b>	<b>Year 3 (ASA 2)</b>	<b>Year 4 (ASA 4)</b>	<b>Year 5 (ASA 5)</b>
Palmgroup POM	√	√	√	√	√

**Tentative Date of Next Visit: July 31, 2019 -**

**Total No. of Mandays: 3 mandays**

**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 Four (4) Major nonconformities raised. The Palmgroup POM Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

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

Major Nonconformities:		
Ref	Area/Process	Clause
1664969-201807-M1	Palmgroup POM	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 20/6/18 did not include the new mill extension project. Relevant construction risk has yet to be identified.	
Corrections:	<ol style="list-style-type: none"> <li>To carry out workplace risk assessment by the Safety &amp; Health Committee (SHC) to identify the hazard and appropriate control measure. The finding will be discussed in the SHC meeting to improve the HIRARC register.</li> <li>Create HIRARC for building construction upgrading.</li> </ol>	
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"> <li>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.</li> <li>To brief the HIRARC to workers and contractors and to continuously monitor the implementation.</li> </ol>	
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	



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	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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<b>Major Nonconformities:</b>		
Ref	Area/Process	Clause
1664969-201807-M2	Palmgroup POM	4.6.1.1
Requirements:	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	
Statement of Nonconformity:	Standard operating procedures was not comprehensively documented and implemented.	
Objective Evidence:	The established SOP for confined space dated June 2018 was not comprehensively cover the pertinent component as per Industrial Code Of Practice (ICOP) for Confined Space 2010.	
Corrections:	To review and amend the SOP for confined space by add-in/include the relevant requirement from the Industrial Code of Practice (ICOP) for Confined Space 2010.	
Root cause analysis:	No monitoring activities carry out to review the adequacy of the information to follow the requirement.	
Corrective Actions:	All SOP need to continuously review by the SHC during their committee meeting to ensure that it is always relevant meeting the statutory requirements. A plan shall be established to monitor the activity.	
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	

<b>Major Nonconformities:</b>		
Ref	Area/Process	Clause
1664969-201807-M3	Palmgroup POM	4.4.4.1
Requirements:	An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented	
Statement of Nonconformity:	Occupational safety and health plan was not effectively implemented.	
Objective Evidence:	i) Last audiometric testing was carried out on 2/3/17. The annual audiogram was not done in the interval of 12 month form the date of last monitoring. ii) The latest LEV monitoring was carried out on 18/4/17. The annual monitoring was not done in the interval of 12 month form the date of last monitoring.	
Corrections:	Immediately to engaging assessor to produce the report and to follow the findings and recommendations.	
Root cause analysis:	Tracking activity was not done on a regular schedule and centralized.	
Corrective Actions:	Engineer Lau has been assigned to keep the records in Sibu Office and will coordinate with Site Safety Officer to set up a monitoring schedule plan for keeping Mill Manager updated and informed. Arrangement to look for assessor will be made	

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	earlier before the expiring date. Once the assessor is engaged, the assessment date shall be fix by then to ensure there is no delay in assessment at site and in reporting progress.
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

<b>Major Nonconformities:</b>		
<b>Ref</b>	<b>Area/Process</b>	<b>Clause</b>
1664969-201807-M4	Palmgroup POM	4.5.1.2
Requirements:	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations	
Statement of Nonconformity:	The environment impact assessment was not fully identified and documented.	
Objective Evidence:	The established environmental aspect and impact analysis have not identified new construction of following buildings:- i. Workshop ii. Chemical Store iii. Schedule Waste Store iv. Effluent Ponds	
Corrections:	To established environmental aspect and impact analysis for new construction of following buildings:- i. Workshop ii. Chemical Store iii. Schedule Waste Store iv. Effluent Ponds	
Root cause analysis:	The monitoring activity on the environmental aspect and impact was not effectively implemented by the environmental committee.	
Corrective Actions:	The Environmental Committee shall continuously monitor the activity by conducting environmental aspect & impact assessment to evaluate the risk and to discuss the environmental related issue of the new construction as frequent as possible when required until it is decided that the environmental related risk is manageable and within control.	
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
1431235201701-M1	Palmgroup POM	4.4.3.1
Requirements:	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.	
Statement of Nonconformity:	Compliance with applicable local, state, national and ratified international laws and regulations was not effectively implemented.	
Objective Evidence:	i) There was no environmental competent person for CePPOME and CePSWaM as per requirement "Jadual Pematuhan" #001691 ii) No permit to buy diesel obtained from KPDNKK as per Regulation 9(2), Control of Supplies Act 1974 iii) Processing capacity stated in the MPOB license# 541881004000; validity period 01- Sept-2016 to 31-Aug-2017 only 120,000mt which less than actual processing capacity of 397,207.76 mt for 2016. iv) Permit for salary deduction was not obtained from Labour Department as todate.	
Close out Evidence:	i) Verified registration of 2 mill personnel ( Tiong Ung Hee and Yii Ann Naa) for the CePPOME course under Enviro Academy scheduled on 21-25/8/17. Refer course confirmation via email dated 6/4/17. A sustainability/HQ personnel has attended CePSWaM training on 3-7/4/17. ii) Palmgroup POM has obtained diesel permit from KPDNKK, serial# Q010049, purchasing volume of 36,00 liter valid from 25/5/17 -24/5/18 iii) Approval granted from MPOB for increase of processing capacity from 120,000 mt to 450,000 mt. Refer to MPOB license#541881004000 valid until 31/8/17 iv) Salary deduction permit was granted from Labour Department. Refer to levi deduction approval, ref# JTKSWK/PL/008/17/(SBU) effective from 13/4/17.	
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 17/4/2017  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
1431235201701-M2	Palmgroup POM	4.4.4.4
Requirements:	An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemente	
Statement of Nonconformity:	Occupational safety and health policy and plan was not effectively implemented	

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Objective Evidence:	<p>i) Medical surveillance was not carried as per CHRA recommendation. No specific test for n-Hexane (2,5-Hexadione) carried for those exposed for the said chemical.</p> <p>ii) No baseline audiometric testing carried out as to date.   iii) No local exhaust ventilation (LEV) monitoring and Chemical Exposure Monitoring (CEM) carried out as to date.</p>
Close out Evidence:	<p>i) Medical surveillance was carried out on 27/2/17 – 2/3/17 for total 6 lab operators. N-Hexane (2,5-Hexadione) test has been included in the programme. Verified lab testing report and certificate of fitness for the said workers and found to be fit to work.</p> <p>ii) Baseline audiometric testing was carried out in March 2017 for total of 100 workers. Refer to report ref# GGOSH/PUA-MAFRICA/2017/01 by Global Green OSH Services Sdn Bhd. Follow-up on the results will be further verified in the next audit.   iii) Baseline LEV testing was carried out on 18/4/17 by ESI Sampling. Refer to job ref# ESIS/PQ/LEV-MPOM/17/01 dated 17/2/17.</p>
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 of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 17/4/2017</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
1431235201701-M3	Palmgroup POM	4.5.3.2
Requirements:	A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.	
Statement of Nonconformity:	Waste management plan was not effectively implemented to avoid and reduce pollution	
Objective Evidence:	<p>i) Observed during site visit, outlet from monsoon drain to EFB dumping area was silted with oil scum and EFB. The sump is directly discharge to the nearby drain.</p> <p>ii) SW305 was last disposed by Kien San Metal Sdn Bhd, (6000 liter), SW102 ( 8 units)</p> <p>- No disposal records (6th consignment) available for the said disposal arrangement</p> <p>- No transport license for SW handling obtained by Kien San Metal Sdn Bhd.</p> <p>iii) Discharge outlet from diesel tank containment bund was not installed with drain valve. Spills and oil leakages will directly flows to nearby monsoon drain without any mitigation measures</p>	
Close out Evidence:	i) Monsoon drain assessment was carried out on 6/3/17. Verified picture of clean outlet monsoon drain together with oil trap installation for additional mitigation measures.	

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	<p>ii) Online reporting system @ E-SWiS was used for scheduled waste management. Verified sample of 6th schedule printed out from e-SWiS, consignment note# 2017041607X987TY and summary of waste inventory for each type waste generated. Scheduled waste collected by license DOE contractor, Kien San Metal Sdn Bhd. Verified 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.</p> <p>iii) Verified discharge outlet connected to oil trap and the other outlet completely closed/blank to avoid spillage entering the drain.</p>
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 of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 17/4/2017</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
1431235201701-M4	Palmgroup POM	4.4.5.8
Requirements:	The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable.	
Statement of Nonconformity:	Working hours of the individual worker was not comply with legal regulation	
Objective Evidence:	No permit for OT more than 104 hours obtained from Labour Department. Sample workers , security guard ( MY00005465 OT – 117.77 hrs , MY00005278, total OT-105.23 hrs )	
Close out Evidence:	Permit for extension of overtime limit approved for maximum of 156 hours granted by Labour Department Sarawak. Refer to permit serial# JTKSWK/HKLM/001/17(MUKAH) effective on 28/3/17.	
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 of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 17/4/2017</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	<b>Feedbacks:</b> 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.
	<b>Management Responses:</b> The management will continue to maintain good relationship with the contractors.
	<b>Audit Team Findings:</b> Verified on the agreement and payment advice found that the payments were made promptly.
2	<b>Feedbacks:</b> 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.
	<b>Management Responses:</b> The management will ensure they treat all the workers fairly and no contract substitution will happen.
	<b>Audit Team Findings:</b> No further issue.
3	<b>Feedbacks:</b> 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.
	<b>Management Responses:</b> The management will continue to ensure good relationship with the management and provide employment opportunities to the local communities.
	<b>Audit Team Findings:</b> No further issue.

**3.5 Summary of the Nonconformities and Status**

CAR Ref.	CLASS	ISSUED	STATUS
1431235201701-M1	Major	19/1/17	Closed on 17/4/17
1431235201701-M2	Major	19/1/17	Closed on 17/4/17
1431235201701-M3	Major	19/1/17	Closed on 17/4/17
1431235201701-M4	Major	19/1/17	Closed on 17/4/17
1664969-201807-M1	Major	31/7/18	Closed on 18/9/18
1664969-201807-M2	Major	31/7/18	Closed on 18/9/18
1664969-201807-M3	Major	31/7/18	Closed on 18/9/18
1664969-201807-M4	Major	31/7/18	Closed on 18/9/18

**3.6 Summary of the findings by Principles and Criteria**

**A) MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill – Palmgroup POM**

Criterion / Indicator		Assessment Findings	Compliance
<b>4.1 Principle 1: Management commitment &amp; responsibility</b>			
<b>Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy</b>			
<b>4.1.1.1</b>	Policy for the implementation of MSPO shall be established. - <b>Major compliance</b> -	Palmgroup Palm Oil Mill 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
<b>4.1.1.2</b>	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. - <b>Major compliance</b> -	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
<b>Criterion 4.1.2 – Internal Audit</b>			

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<p><b>4.1.2.1</b></p>	<p>Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.</p> <p><b>- Major compliance -</b></p>	<p>Internal audit was carried by Sustainability team on 28/9/16 for Palmgroup Mill. Audit covered both documentation and field operation for the mill. Rating was given based on audit finding. Audit report was available with the summary of findings for each respective work units. Total of 58 non-conformities raised by the internal auditor and still in the progress of closing.</p>	<p>Complied</p>
<p><b>4.1.2.2</b></p>	<p>The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.</p> <p><b>- Major compliance -</b></p>	<p>Palmgroup Palm Oil Mill Sdn Bhd has implemented Internal Audits Procedure under the established procedure, to MSPO Management Policy and Procedure, PGHSB/SOPP/014/2016, version 1 dated 20/4/16 which prepared by Assistant Manager OHS and Environment, Mr Raymond Nyian.</p> <p>The procedure has incorporated the internal auditor competency requirement. By default, internal audit is planned once a year. No finding recorded in the last internal audit and only a few comments for improvement recorded in the report.</p> <p>Latest change was sighted, dated 27/2/18 for the replace of various TQM meeting to follow the ISO document.</p>	<p>Complied</p>
<p><b>4.1.2.3</b></p>	<p>Reports shall be made available to the management for their review.</p> <p><b>- Major compliance -</b></p>	<p>Internal audit report dated 18/6/18 was made available for management review</p>	<p>Complied</p>
<p><b>Criterion 4.1.3 – Management Review</b></p>			
<p><b>4.1.3.1</b></p>	<p>The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.</p>	<p>MSPO management review was carried out on 17/7/18. The meeting was carried out at Palmgroup POM office with the management team and staff. All pertinent elements for MSPO implementation has been reviewed and presented to top</p>	<p>Complied</p>



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	- Major compliance -	management. In addition, monthly TQM management meeting was also discussing on the MSPO elements on top of group's performance review.	
<b>Criterion 4.1.4 – Continual Improvement</b>			
<b>4.1.4.1</b>	The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.  - Major compliance -	Palmgroup Palm Oil Mill Sdn Bhd has established management plan on social, safety and health and environmental impact. The plan are documented and available for references.  <b>Verified the management plan for 2016 which covers social, environmental, safety and best practices as well as biodiversity aspect in palm oil mill operation. Monthly update will be presented via TQM management meeting in HQ.</b>	Complied
<b>4.1.4.2</b>	The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.  - Major compliance -	The mill manager will be responsible to monitor and improves practices of new information and techniques or new industry standards and technology to be implemented.	Complied
<b>4.2 Principle 2: Transparency</b>			
<b>Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements</b>			
<b>4.2.1.1</b>	The management shall communicate adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.	Palmgroup had continued to implement the Communication and Consultation Procedure (version 1) dated 21 <sup>st</sup> December 2015. The procedure describe on the communication with the internal and external stakeholders.	Complied

	<p><b>- Major compliance -</b></p>	<p>Mr. Wong Sie Chel has been appointed as Mill Social and Legal Coordinator which will be responsible in implementation and maintain of Company's Social and Legal Management System. The appointment letter dated 27/07/2016 which issued by Mill Manager in charge was sighted.</p> <p>Records of consultation and communication is available in following documents:</p> <ul style="list-style-type: none"> <li>a. ST 18- Register of Dispute</li> <li>b. ST 19- Monitoring of request</li> <li>c. Complaint/ suggestion record</li> <li>d. Consultation records with community log book</li> </ul> <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 3/7/2018.</p> <p>Training (complaint and grievance procedures, communication and consultation procedure) has been conducted too all the workers in POM on 29/7/2018.</p>	
<p><b>4.2.1.2</b></p>	<p>The management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or</p>	<p>Palmgroup POM holds copies of each of the management documents that were required to be publicly available. Copies of the document such as documents related to environmental and</p>	<p>Complied</p>

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	social outcomes. - <b>Major compliance</b> -	social issues, plans for pollution prevention, records of complaints and grievances were available upon request. The memo was displayed on the information notice board.	
<b>Criterion 4.2.2 – Transparent method of communication and consultation</b>			
<b>4.2.2.1</b>	Procedures shall be established for consultation and communication with the relevant stakeholders. - <b>Major compliance</b> -	Palmgroup had continued to implement the Communication and Consultation Procedure (version 1) dated 21 <sup>st</sup> December 2015. The procedure describe on the communication with the internal and external stakeholders.	Complied
<b>4.2.2.2</b>	The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i> . - <b>Minor compliance</b> -	Mr. Wong Sie Chel has been appointed as Mill Social and Legal Coordinator which will be responsible in implementation and maintain of Company’s Social and Legal Management System. The appointment letter dated 27/07/2016 which issued by Mill Manager in charge was sighted.	Complied
<b>4.2.2.3</b>	A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained. - <b>Major compliance</b> -	List of external stakeholders was available which included stakeholder from nearby village, contractors, FFB suppliers, government bodies, internal stakeholders. The list was last update on 3/7/2018.  Training (complaint and grievance procedures, communication and consultation procedure) has been conducted too all the workers in POM on 29/7/2018.  The records book of stakeholder or interested party who has viewed or obtained document from Palmgroup POM was sighted.	Complied
<b>Criterion 4.2.3 – Traceability</b>			

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<p><b>4.2.3.1</b></p>	<p>The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability.</p> <p><b>- Major compliance -</b></p>	<p>Supply Chain Procedures (Mill) Mass Balance, PGHSB/SOPP/001/2017 version 1 dated November 2016 describes the procedure for monitoring and to ensure accuracy of sustainable and non-sustainable receipts, dispatches and stock balance to conform to the requirement of RSPO/MSPO. These include:</p> <ul style="list-style-type: none"> <li>a. Certificate number</li> <li>b. Name of certificate owner and estate name</li> <li>c. Date</li> <li>d. Weighbridge ticket Id</li> <li>e. Transporter Name</li> <li>f. Source Location</li> <li>g. FFB Weight and etc</li> <li>h. Traceability identification</li> </ul> <p>The traceability procedure has covered the procedure for external supplier which including the pre and post traceability.</p> <p>All the FFB suppliers are registered with MPOB with a valid license of selling FFB to the mill. Licenses of the FFB supplier are sighted during the audit. All the licenses are still valid.</p> <p>The weighbridge ticket will be issued during the delivery of FFB from the estate to mill as well as delivery of CPO and PK from mill to refinery. For example for certified estates (Palmcol and Palmcol2 estate), identification stamped on the weighbridge ticket as per below:</p> <p>i) Palmcol Estate – weighbridge ticket no. 212416 dated 25/7/18, ID: MSPO certificate No. MSPO 656803</p>	<p>Complied</p>
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		ii) Palmcol2 estate – weighbridge ticket no. 212121 dated 23/7/18, ID: MSPO certificate No. 50451420 MSPO3.	
<b>4.2.3.2</b>	The management shall conduct regular inspections on compliance with the established traceability system.  - <b>Major compliance</b> -	Daily production report and sales & stock movement (MT) are available for 2018 to date . The mass balance sheet template was used to monitor incoming and outgoing of FFB and palm product (CPO and PK). The balance sheet has segregated the certified and non-certified FFB and palm product (CPO and PK).  Mr. Wong Sie Chel has been appointed in charge of traceability. Refer to appointment letter dated 25/10/16.	Complied
<b>4.2.3.3</b>	The management shall identified and assign suitable employees to implement and maintain traceability system.  - <b>Minor compliance</b> -	Mr. Wong Sie Chel has been appointed in charge of traceability. Refer to appointment letter dated 25/10/16.	Complied
<b>4.2.3.4</b>	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.  - <b>Major compliance</b> -	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel were maintained at the mill.  Example of records evidence are as below: a. Daily production Record dated 30 June 2018 sampled: i. FFB Received from own supplier ii. FFB Received from outsider iii. FFB Processed iv. CPO Produced v. PK Produced vi. OER	Complied

		<ul style="list-style-type: none"> <li>vii. KER</li> <li>b. Sale and Stock Movement dated 30 June 2018 sampled:             <ul style="list-style-type: none"> <li>i. CPO Despatch</li> <li>ii. PK Despatch</li> <li>iii. Empty Bunch Ash</li> <li>iv. Sludge Oil</li> <li>v. Palm Kernel Shell</li> </ul> </li> <li>c. Weighbridge ticket</li> <li>d. Sales and purchase record</li> </ul> <p>The mill has generated a monthly CPO/ PK product sales statement on daily basis.</p>	
<p><b>4.3 Principle 3: Compliance to legal requirements</b></p>			
<p><b>Criterion 4.3.1 – Regulatory requirements</b></p>			
<p><b>4.3.1.1</b></p>	<p>All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.</p> <p><b>- Major compliance -</b></p>	<p>Palmgroup POM has maintained the systems for documentation, checking and assessment of legal compliance with applicable laws and regulations. Inspection of records showed that the Palmgroup POM has yet to comply with legal and statutory requirements as per the following: Sample of Permit and license sighted were :</p> <ul style="list-style-type: none"> <li>i) Gensets written approval, 280kW and 1000 kW, ref#AS(SWK)(B)31/152/000/0579(a) dated 9 April 2010.</li> <li>ii) Incinerator 1 &amp; 2, AS(SWK)(B)31/152/000/057 Jld.2 (3a) dated 23/8/2010</li> </ul>	<p>Complied</p>

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		<ul style="list-style-type: none"> <li>iii) Incinerator 3 &amp; 4, AS(SWK)(B)31/152/000/057 Jld.2 (22a) dated 12/3/2012</li> <li>iv) Steam Boiler and chimney, AS(SWK)(B)91/110/621/2519(a) &amp; (b) dated 11/11/2009</li> <li>v) MPOB license # 541881004000; validity period 01-Sept-2017 to 31-Aug-2018 for 450,000mt per year.</li> <li>vi) DOE issued Written Approval with reg. no. P-KBKKS(13)/07/2018 dated 4 April 2018 for Palmgroup Palm Oil Mill as they applied for Establishment of Biogas Ponding System and Upgrading Effluent Ponding System for Proposed 150 MT/HR Palm Oil Mill Extension.</li> <li>vii) Mill DOE license and compliance schedule #001691; validity 1-Jul-2016 to 30-Jun-2017 for 60 MT FFB/hr and method of POME discharge on waterways. (BOD below 50ppm).</li> <li>viii) Permit no. JTKSWK/PG/008/17/(SBU) for salary deduction issued from Labour Department dated 13 April 2017.</li> </ul>	
<p><b>4.3.1.2</b></p>	<p>The management shall list all relevant laws related to their operations in a legal requirements register.</p> <p><b>- Major compliance -</b></p>	<p>All operating units have Legal &amp; Other Requirements Register (LORR) covering all the necessary regulatory requirements. Refer to legal register, OT05 dated 11/1/17. Sustainability department have reviewed and updated the applicable and relevant legal such as:</p> <ul style="list-style-type: none"> <li>i)Minimum wages order 2016</li> </ul>	<p>Complied</p>

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		<p>ii)OHSА 1994 – USECHH 2000, SHC 1996, NADOPOD 2004, CLASS Regulation 2013</p> <p>iii) FMA, Noise Exposure Regulations 1989</p> <p>iv)ICOP, Confined Space 2010</p> <p><b>v)FMA, Person In Charge Regulation (amendment)2014</b></p>	
<b>4.3.1.3</b>	<p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p><b>- Major compliance -</b></p>	<p>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><b>E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites.</b></p>	Complied
<b>4.3.1.4</b>	<p>The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements.</p> <p><b>- Minor compliance -</b></p>	<p>The person in charge is Mr Wong Sie Chel (assistant manager). Refer to the appointment letter dated 27/7/16 (PPOM/PH/SlH/001).</p> <p>Job description established for the Social and Legal Coordinator : -To ensure compliance with relevant statutory and meet sustainable standard - Update all documents and records - Monitor and update register of Social and Legal Improvement or CA</p>	Complied
<b>Criterion 4.3.2 – Lands use rights</b>			
<b>4.3.2.1</b>	<p>The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.</p>	<p>Palmgroup POM was developed in 2007 and begin its operation in 2010. The land title under classification: mixed zone lane and under country land: 3524 Ha stated that the land is used for</p>	Complied



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	- <b>Major compliance</b> -	agricultural, production and processing purpose. For the POM, the land size used only 30ha.	
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.  - <b>Major compliance</b> -	Memorandum of sublease between Palmcol Sdn Bhd and Palmgroup POM Sdn Bhd dated 19 Nov 2007 is available.  There is no issue on land use claims evidence during the audit.	Complied
4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.  - <b>Major compliance</b> -	The land title under classification: mixed zone lane and under country land: 3524 Ha stated that the land is used for agricultural, production and processing purpose. For the POM, the land size used only 30ha	Complied
4.3.2.4	Where there are, or haven been disputes, documented proof of legal acquisition of land and fair compensation that have been or are being made to previous owners and occupants; shall made available and that these should have been accepted with free prior informed consent (FPIC).  - <b>Minor compliance</b> -	There was no dispute in the Palmgroup POM at the time of audit. Sighted the record, ST18: Register of dispute.	Complied
<b>Criterion 4.3.3 – Customary rights</b>			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.  - <b>Major compliance</b> -	Not applicable since the land title was kept by Palmcol Estate. Sighted the memorandum of sublease between Palmcol Sdn Bhd (Landlord) and Palmgroup Palm Oil Mill Sdn Bhd dated 19/11/2007.	Complied

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<p><b>4.3.3.2</b></p>	<p>Maps of an appropriate scale showing extent of recognized customary rights shall be made available.  <b>- Minor compliance -</b></p>	<p>Not applicable since the land title was kept by Palmcol Estate. Sighted the memorandum of sublease between Palmcol Sdn Bhd (Landlord) and Palmgroup Palm Oil Mill Sdn Bhd dated 19/11/2007.</p>	<p>Complied</p>
<p><b>4.3.3.3</b></p>	<p>Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.  <b>- Major compliance -</b></p>	<p>Not applicable since the land title was kept by Palmcol Estate. Sighted the memorandum of sublease between Palmcol Sdn Bhd (Landlord) and Palmgroup Palm Oil Mill Sdn Bhd dated 19/11/2007.</p>	<p>Complied</p>
<p><b>4.4 Principle 4: Social responsibility, health, safety and employment condition</b></p>			
<p><b>Criterion 4.4.1: Social Impact Assessment (SIA)</b></p>			
<p><b>4.4.1.1</b></p>	<p>Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.  <b>- Minor compliance -</b></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"> <li>- Introduction</li> <li>- Site Location and Size</li> <li>- Land Use</li> <li>- Human Environment</li> <li>- List of Stakeholders Nearby the Site</li> <li>- Survey Methodology</li> <li>- Identify Direct and Indirect Potential Impacts from operation</li> <li>- Mitigation Plan</li> <li>- Monitoring and Review</li> </ul>	<p>Complied</p>

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		The SIA included mitigation plan for the identified negative impacts and also the monitoring and review of the impacts. The timeframe and responsible person to for SIA management plan has been incorporated in the latest plan, Social Mitigation Plan, dated 11/6/2018.	
<b>Criterion 4.4.2: Complaints and grievances</b>			
<b>4.4.2.1</b>	A system for dealing with complaints and grievances shall be established and documented.  - <b>Major compliance</b> -	<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 &amp; 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 (ST 19). Most cases were closed and some are still pending. The last case was reported on 19/07/2018.</p>	Complied
<b>4.4.2.2</b>	The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties.  - <b>Major compliance</b> -	<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.</p>	Complied

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		Complaint forms and details were sighted in the Complaint and Grievances file (ST 19). Most cases were closed and some are still pending. The last case was reported on 19/07/2018.	
<b>4.4.2.3</b>	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints. <b>- Minor compliance -</b>	The 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
<b>4.4.2.4</b>	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time. <b>- Minor compliance -</b>	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
<b>4.4.2.5</b>	Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request. <b>- Major compliance -</b>	The management has started to implement the complaint form since May 2013. The records of complaint were available from May 2013 up to date.	Complied
<b>Criterion 4.4.3: Commitment to contribute to local sustainable development</b>			
<b>4.4.3.1</b>	Palm oil miller should contribute to local development in consultation with the local communities. Where the mill is an integral part of plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation. <b>- Minor compliance -</b>	Palmgroup POM was monitored on Social Activities for Y2018 such as: <ol style="list-style-type: none"> <li>1. Donation water tank to local communities.</li> <li>2. Remove wild plants that cause river blockage</li> <li>3. Donation during Pragawai @ Mantar Gawai Dayak 2018</li> <li>4. Visit by "Unit Kawalan Malaria"</li> <li>5. Road maintenance for SK Sungai Anak, Selanagu</li> </ol>	Complied

Criterion 4.4.4: Employees safety and health		
<p><b>4.4.4.1</b></p> <p>An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented.</p> <p><b>- Major compliance -</b></p>	<p>An Occupational Safety &amp; Health Policy dated 1 October 2010 signed by Managing Director is available and been displayed at entrance of POM office. Safety and Health policy signed by MD, Mr Tiong Chiong Hee on 1/10/10</p> <p>Occupational Safety and Health Plan for 2018-2019 has include related OSH compliance monitoring activities:</p> <p>Daily Task or Handle in Case by case basis</p> <ul style="list-style-type: none"> <li>i) Contractor and workers monitoring (PPE, SWP, Cleanliness)</li> <li>ii) Compliance monitoring (CHRA, noise monitoring, chemical register)</li> </ul> <p>Monthly task</p> <ul style="list-style-type: none"> <li>i) SOP training</li> <li>ii) Workplace inspection, plan is monthly (actual is 3 monthly)</li> <li>iii) Monthly inspection (Fire fighting)</li> <li>iv) LEV monitoring (monthly)</li> </ul> <p>Annual</p> <ul style="list-style-type: none"> <li>i) JKPP 8 submission</li> <li>ii) Fire Drill</li> </ul>	<p>Major nonconformance</p>

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		<p>iii) Inspection and renewal of CF iv) Audiometric test v) Medical Surveillance vi) LEV monitoring (annual)</p> <p>However, the occupational safety and health plan was not effectively implemented:</p> <p>i) Last audiometric testing was carried out on 2/3/17. The annual audiogram was not done in the interval of 12 month form the date of last monitoring. ii) The latest LEV monitoring was carried out on 18/4/17. The annual monitoring was not done in the interval of 12 month form the date of last monitoring.</p> <p>Thus, major nonconformance was raised.</p>	
<p><b>4.4.4.2</b></p>	<p>The occupational safety and health plan should cover the following:</p> <p>a) A safety and health policy, which is communicated and implemented. b) The risk of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill: i. All employees involved are adequately trained on safe working practices; ii. All precautions attached to products should be properly observed and applied; d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as</p>	<p>a) Palmgroup POM has safety and health policy that has been communicated to the staff and workers. On site supervisors and Mill assistant managers ensure the implementation of it. Implementation of OSH Plan for 2018-2019 was verified as per the following:</p> <p>ESI Sampling Sdn Bhd i) Area noise mapping and initial employee exposure monitoring by DOSH registered assessor, JKPP HIE 127/5/3-1(N047). Noted the high noise area &gt; 90 dBA (engine room, boiler, kernel plant and sterilizer station). The baseline audiometric was carried out on 2/3/17 involving 100 workers. Refer to report GGOSH/PUA-MAFRICA/2017/01. From the report, there were total of 60 workers</p>	<p>Major nonconformance</p>

	<p>identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept ant the concerns of employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p><b>- Major compliance -</b></p>	<p>with hearing impairment. The annual audiogram was not done in the interval of 12 month form the date of last monitoring.</p> <p>iii) Medical surveillance was carried last year on 10/11/17 as per CHRA recommendation by registered OHD, HQ/10/DOC/00/147. Specific test for n-Hexane (2,5-Hexadione) has been included together with manganese exposure. Based on the results (USECHH 3 and 4), no detrimental of health recorded and all fit to work.</p> <p>b) Palmgroup POM has reviewed the Safety Risk Assessment (HIRARC) for the main tasks on 20/6/18. Review was carried out due to accident occurrence at kernel plant. There are new project (mill extension) has yet to be included in the register.</p> <p>Thus, major non-conformance was raised.</p> <p>c) In addition to specific training courses, safety briefings are given during muster to reinforce awareness, such as correct wearing of PPE.</p> <p>SDS for all the chemicals used are available at the store in Dual-language (Bahasa Malaysia and English). Sample of SDS sighted – IPA (isopropanol), EDTA Solution and Ammonia Buffer Solution.</p> <p>d) Records were available of PPE issued to individual workers and contractors, including signatures to confirm receipt. Standard of PPE used for lab analyst :</p> <p>i)Nitrile glove – (37-176-9)</p> <p>ii)Respirator – 3M 8210 (N95), double cartridge type (3M 6003) organic vapor cartridge.</p> <p>iii) Anti-fog goggle</p>	
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		<p>e)SOP established for laboratory and chemical handling – SOP on Chemical Storage and Handling for PPOM. Last training was conducted for Chemical Spillage Training – 25/8/17</p> <p>Revisited CHRA dated 10/4/17 was carried out by registered assessor, HQ/16/ASS/00/35. Recommendation :</p> <ul style="list-style-type: none"> <li>i) Medical Surveillance (Lab: N-hexane)</li> <li>ii) PCEM (Personal Chemical Exposure Monitoring for n-Hexane, in-inhalable dust and welding fume).</li> <li>iii) Training (Chemical Safe Handling)</li> </ul> <p>Personal Chemical Exposure Monitoring (PCEM) was last carried out on 29/6/18 by consultant ESI sampling. The final report is still in progress and will be further verified in the next audit.</p> <p>LEV monitoring was last done on 18/4/17 by registered assessor, JKPP HIE 127/171-3/2(193). Based on the report, average face velocity measured was above recommended value by ACGIH.</p> <p>f) At the Mill, there is a designated OSH Coordinator who is responsible for organising safety training, meetings and investigation and reporting of accidents and Incidents.</p> <p>SHC Chairman &amp; OSH coordinator/secretary : SHC Chairman – Tiong Ung Hee dated of appointment 12/1/14 Secretary – Tahir Geling, dated of appointment – 12/3/18</p> <p>g) Records were available confirming that quarterly OSH meetings had been held at the Mill. The latest SHC meeting was carried out on 24/7/18 and the first meeting for 2018 on 12/3/18. The latest Workplace Inspection was done by SHC committee on 9 &amp; 13/6/18. This will used as inputs for the meeting.</p>	
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		<p>h) The Mill has site specific Plans including maps showing assembly areas and up-to-date lists of emergency contacts with training conducted to communicate the Plan. Interviews of Mill staff and workers confirmed understanding of emergency response procedures. Emergency response team has been established for fire fighter, first aider, spillage and accident investigation. The last fire evacuation drill was conducted on 12/12/17.</p> <p>i) First Aid Kits are installed at various work stations at the Mill and inspection confirmed these had been appropriately stocked.</p> <p>j) All accidents were investigated and reported to Head Office and DOSH. There were 2 incident cases in 2017 involving 2 LTI case. Verified JKKP 6 and JKKP 8 for 2017</p>	
<b>Criterion 4.4.5:</b> Employment conditions			
<b>4.4.5.1</b>	<p>The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.</p> <p><b>- Major compliance -</b></p>	<p>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 28/7/2018 by</p>	Complied

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		the Mill Engineer of Palmgroup POM. Seen the training attendance list where all the workers from different stations were participated in the training, photo evident and training materials. Besides, the policy was publicly displayed at the information notice board inside, outside the office and in the mill.	
<b>4.4.5.2</b>	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.  <b>- Major compliance -</b>	The top management of Palmgroup is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the "Human Rights Policy".  There were no evidences of any form of discrimination based on race, national origin, religion, gender, union and political affiliation and is covered in the policy as well. Interview with workers indicates that there is no such discrimination occurs in the workplace	Complied
<b>4.4.5.3</b>	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.  <b>- Major compliance -</b>	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.  1. MY00004115 2. MY00004322 3. MY00004500 4. MY00004783 5. MY00005212	Complied

		6. MY00005637 7. MY00005646	
<b>4.4.5.4</b>	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p><b>- Minor compliance -</b></p>	<p>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&amp;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 T&amp;K Engineering Co. were found valid.</p> <p>1. B3517214 2. B2433533 3. B0766196 4. B2200186 5. B7918595</p>	Complied
<b>4.4.5.5</b>	<p>The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p><b>- Major compliance -</b></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> <p>1. MY00004115 2. MY00004322 3. MY00004500 4. MY00004783</p>	Complied

		<p>5. MY00005212</p> <p>6. MY00005637</p> <p>7. MY00005646</p>	
<b>4.4.5.6</b>	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.</p> <p><b>- Major compliance -</b></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> <p>1. MY00004115</p> <p>2. MY00004322</p> <p>3. MY00004500</p> <p>4. MY00004783</p> <p>5. MY00005212</p> <p>6. MY00005637</p> <p>7. MY00005646</p>	Complied
<b>4.4.5.7</b>	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.</p> <p><b>- Major compliance -</b></p>	<p>POM has established a time recording system (scan card system) 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

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<p><b>4.4.5.8</b></p>	<p>The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable.</p> <p><b>- Major compliance -</b></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/001/17/(MUKAH)) dated 28/3/2017 was sighted.</p>	<p>Complied</p>
<p><b>4.4.5.9</b></p>	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p><b>- Major compliance -</b></p>	<p>Documented payslip was distributed to individual workers on the day of payment. Wages and overtime were paid according to the time recording system (scan card system). Total hours of overtime and daily attendance were recorded in the time card. Sampled the payslip for month May 2018 and June 2018 as below:</p> <ol style="list-style-type: none"> <li>1. MY00004115</li> <li>2. MY00004322</li> <li>3. MY00004500</li> <li>4. MY00004783</li> <li>5. MY00005212</li> <li>6. MY00005637</li> <li>i. 7. MY00005646</li> </ol>	<p>Complied</p>
<p><b>4.4.5.10</b></p>	<p>Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings.</p> <p><b>- Minor compliance -</b></p>	<p>Palmgroup POM has provided yearly bonus, monthly incentive which are paid according to staff's performances</p> <p>Apart from that, the management also provides free housing facilities with water and electricity. In addition, employees will be sent to nearby clinic and the cost is reimbursable.</p>	<p>Complied</p>

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<p><b>4.4.5.11</b></p>	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.</p> <p><b>- Major compliance -</b></p>	<p>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.</p>	<p>Complied</p>
<p><b>4.4.5.12</b></p>	<p>The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.</p> <p><b>- Major compliance -</b></p>	<p>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<sup>nd</sup> Feb 2016.</p> <p>Up to date, there is no case reported since last assessment. The training for sexual harassment policy was conducted by Admin Executive on 25/7/2018 to all employees especially women.</p>	<p>Complied</p>
<p><b>4.4.5.13</b></p>	<p>The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p><b>- Major compliance -</b></p>	<p>Palmgroup has continued to implement Policy on Freedom of Association and Collective Bargaining dated 21st March 2016. The 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 17/4/2018 and attended by the elected members and mill management. Frequency of meeting is every 3 month.</p>	<p>Complied</p>
<p><b>4.4.5.14</b></p>	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.</p>	<p>Palmgroup was continued to implement Child Labour Policy which was signed by Senior Human Resource Manager dated 22/2/2016. No workers below than 18 years old will be recruited. Document</p>	<p>Complied</p>

	- Major compliance -	verified on the Employee Master List confirmed that all the workers employed were above 18 years old.	
<b>Criterion 4.4.6: Training and competency</b>			
<b>4.4.6.1</b>	All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.  - Major compliance -	<p>Palmgroup POM has prepared an Annual Training Plan 2018 -2019 for workers and contractors that lists the internal and external training courses scheduled for the year.</p> <p>Training plan and records for 2018-2019 as follows:</p> <ul style="list-style-type: none"> <li>i) Complaint and grievance training (22/6/18)</li> <li>ii) PPE training (27/7/18)</li> <li>iii)SSOP for genset operation training (17/4/18)</li> <li>iv)SSOP for boiler operation training (25/5/18)</li> <li>v) SSOP Sterilizer operation training (24/3/18)</li> <li>vi) Sexual Harassment Policy Training ( 25/7/18)</li> <li>vii) Women’s Right Policy Training ( 25/7/18)</li> </ul>	Complied
<b>4.4.6.2</b>	Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.  - Major compliance -	<b>Palmgroup POM has prepared an Annual Training Plan 2018-2019 based on the training needs. This includes the internal and external training courses scheduled for the year.</b>	Complied

<p><b>4.4.6.3</b></p>	<p>A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.</p> <p>- <b>Minor compliance</b> -</p>	<p><b>Continuous training programme is planned and implemented covering all employees and contractors as per the documented training procedure. Refresher training on SOP is emphasised for all operator to ensure safety and standard practices being followed for consistent implementation.</b></p>	<p>Complied</p>
<p><b>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</b></p>			
<p><b>Criterion 4.5.1: Environmental Management Plan</b></p>			
<p><b>4.5.1.1</b></p>	<p>An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.</p> <p>- <b>Major compliance</b> -</p>	<p>Palmgroup POM has established an environmental policy and environmental management plan with relevant to the applicable laws and regulations. Policy was signed by managing director on 6 January 2014.</p> <p>Interviews of staff and workers found that the policy has been implemented and communicated regularly through morning briefing and displayed on notice board.</p>	<p>Complied</p>
<p><b>4.5.1.2</b></p>	<p>The environmental management plan shall cover the following:</p> <p>a) An environmental policy and objectives;</p> <p>b) The aspects and impacts analysis of all operations</p> <p>- <b>Major compliance</b> -</p>	<p>The established environmental aspect and impact analysis have not identified new construction of following buildings:-</p> <ul style="list-style-type: none"> <li>i. Workshop</li> <li>ii. Chemical Store</li> <li>iii. Schedule Waste Store</li> <li>iv. Effluent Ponds</li> </ul> <p>Thus, Major nonconformance was raised.</p>	<p>Major Nonconformance</p>



<p><b>4.5.1.3</b></p>	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored. <b>- Major compliance -</b></p>	<p>The continuous monitoring was implemented on timely basis where the planned programs which derived from list of significant environmental aspect. Results of the programs that were monitored will determine operational changes whether have positive or negative environmental impacts. List for environmental improvement plan as such:</p> <ul style="list-style-type: none"> <li>i) Water quality monitoring</li> <li>ii) Domestic waste management</li> <li>iii) Scheduled waste management</li> <li>iv) Management of hydrocarbon waste</li> <li>v) Chemical management</li> <li>vi) Peat Management</li> <li>vii) Labor line upkeep</li> <li>viii) Air quality management</li> </ul> <p>The latest reviewed for the Environmental Plan 12/07/2018</p>	<p>Complied</p>
<p><b>4.5.1.4</b></p>	<p>A programme to promote the positive impacts should be included in the continual improvement plan. <b>- Minor compliance -</b></p>	<p>Palmgroup POM environmental improvement programme also includes continual improvement plans. For example, rain water harvesting system installed at labour line and also at the mill compound as to support the water supply from mill's water treatment plant.</p>	<p>Complied</p>

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<p><b>4.5.1.5</b></p>	<p>An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives.</p> <p><b>- Major compliance -</b></p>	<p>Annual training programme of the mill includes environmental awareness and compliance related trainings to the executives, staffs and workers.</p> <p>Site observation by interviews of staff and workers found that the policy has been implemented and communicated regularly through morning briefing and displayed on notice board.</p>	<p>Complied</p>
<p><b>4.5.1.6</b></p>	<p>The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.</p> <p><b>- Major compliance -</b></p>	<p>Environmental related matters were discussed during morning briefing and safety meeting. Workers interview reveal that they are encouraged to discuss environmental issues with the management.</p> <p>In addition, quarterly environmental meeting was last conducted on 21/06/2018 All pertinent environmental matters were discussed during the meeting.</p>	<p>Complied</p>
<p><b>Criterion 4.5.2: Efficiency of energy use and use of renewable energy</b></p>			
<p><b>4.5.2.1</b></p>	<p>Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period</p> <p><b>- Major compliance -</b></p>	<p>Palmgroup POM maintains records of energy usage, which is reported monthly to head office. The use of the steam turbine for electricity generation has been optimised in order to reduce the dependence on diesel fossil fuel. No electric supply from SECCO @ Sarawak Energy for Palmgroup POM and fully dependent on diesel powered generator and steam turbine.</p> <p>FFB processed for 2016: 397,207.76 mt</p> <p><b>FFB processed for 2017: 397,207.76 mt</b></p>	<p>Complied</p>

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<p><b>4.5.2.2</b></p>	<p>The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.</p> <p><b>- Major compliance -</b></p>	<p>Palmgroup POM has estimation of total energy required. This estimation was compared to the actual usage by monthly and reported to the head office for monitoring.</p> <p>Fossil fuel usage for 2016: 606483 litre Fossil fuel usage for 2017: 643011 litre</p>	<p>Complied</p>
<p><b>4.5.2.3</b></p>	<p>The use of renewable energy should be applied where possible.</p> <p><b>- Minor compliance -</b></p>	<p>Utilization of fossil fuels (diesel for genset) was monitored and control through stores stocks and materials checking reported on monthly basis. Effective maintenance plan and productive operation plan for genset including regular servicing of gensets as well as efficient operation of FFB process to fully utilize the free source of fuel i.e. biomass (fiber and shell) were implemented. The quantity of biomass also monitored to achieve the expected percentage of fiber (60 – 70%) and shell (30%) @ renewable energy (RE) produced and quantities being consumed. The consumption of RE is correlative with kWh of turbine operation as per the following figure:</p> <p>i)Turbine kWh generation for 2017: 9,101,889 kWh ii)Turbine kWh generation for 2016: 8,116,038 kWh</p>	<p>Complied</p>
<p><b>Criterion 4.5.3: Waste management and disposal</b></p>			
<p><b>4.5.3.1</b></p>	<p>All waste products and sources of pollution shall be identified and documented.</p> <p><b>- Major compliance -</b></p>	<p>Based on documented pollution prevention plan dated March 2016, among the waste products identified and documented including general waste and scheduled waste. Sources of waste were from the mill and housing area. Common waste identified including domestic waste and scheduled waste. Other specific type of waste</p>	<p>Complied</p>

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		generated by the mill is organic (biomass) waste which is also a source of renewable energy consists of fibres, shells, empty fruit bunches, boiler ashes and decanter solids. Other specific activities such as mill maintenance and estate vehicle workshop generate few categories of scheduled waste such as SW 305, SW 102 and SW 410.	
<b>4.5.3.2</b>	<p>A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for:</p> <p>a) Identifying and monitoring sources of waste and pollution.</p> <p>b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.</p> <p><b>- Major compliance -</b></p>	<p>Documented pollution prevention plan dated March 2016 was emphasized in the pollution prevention plan where the site visit confirmed that the practice of reduce, reuse and recycle of materials has been implemented throughout the company mill and estates. Process waste from production is being recycle back for operation. For example: Process Waste Usage/recycle Output usage Fibre and Shell Boiler fuel Steam for turbine operation Empty fruit bunch Incineration Bunch ash (fertilizer) Empty fruit bunch Mulching Moisture retention medium Boiler clinkers Road patching Alternative material for laterite Decanter cake/solid Animal feed &amp; fertilizer Animal feed &amp; fertilizer</p>	Complied
<b>4.5.3.3</b>	<p>The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005</p> <p><b>- Major compliance -</b></p>	<p>Method of scheduled waste handling was documented under Scheduled Waste Handling and Storage Guidance, PGHSB/SOPP/014/2016, version 1 dated 21/11/16.</p> <p>Designated storage area was constructed at Palmgroup POM with adequate mitigation measure such as spill kits and containment bunds. However, the mill currently build new schedule waste store.</p> <p>Scheduled waste were labelled and stored at designated area.</p> <p>Palmgroup POM kept the latest inventory for scheduled waste (5th schedule) and also via E-SWiS for online reporting. Due to unstable internet connection, 5th schedule kept for future reference.</p>	complied

		<p>Scheduled waste handling</p> <p>i)SW305 was last disposed by Kien San Metal Sdn Bhd, (2100 liter) , SW102 ( 9 units), and SW 410 ( 3.5 kg)</p> <p>- No disposal records (6th consignment) available for the said disposal arrangement</p> <p>- Transport license no for Kien San Metal Sdn Bhd: JPBT/KPLTPBT/16/ 001740</p>	
<b>4.5.3.4</b>	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.</p> <p><b>- Minor compliance -</b></p>	<p>Method of handling the domestic/general wastes are segregation at the collection point from offices and housing area before being disposed to the nearby approved landfill at Balingian District. Collection done by contractor twice per week.</p>	Complied
<b>Criterion 4.5.4: Reduction of pollution and emission</b>			
<b>4.5.4.1</b>	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.</p> <p><b>- Major compliance -</b></p>	<p>Based on the assessment of all polluting activities as of the Form 1: Identification and significant determination of environmental aspect and setting objectives and targets, version 1(Oct 2016)/SU, identified significant source of air pollution was from boiler and incinerator chimney. Current monitoring was through online boiler smoke density and alarm and six-monthly boiler and incinerator stack monitoring of dust particulate.</p> <p>1st half of 2016 : Report ref# PGPOM/ST-B1/2018\1 dated 20/3/18.</p> <p>Dust emission load: 0.381 g/Nm3 , dry @ 12% CO2 vs 0.4 g/Nm3 , dry @ 12% CO2</p>	Complied

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<p><b>4.5.4.2</b></p>	<p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p> <p><b>- Major compliance -</b></p>	<p>Palmgroup pollution prevention plan has been integrated into environmental improvement plan which is being reviewed on yearly basis. Based on pollution prevention plan dated March 2014, main source of significant pollutants and greenhouse gas (GHG) identified was methane (CH4) emission through POME treatment. The company are in process of obtaining proposals to construct methane capture facilities in POME treatment pond. Other less significant GHG emissions identified including COx, SOx and NO from various sources including fossil fuel, chemical and fertilizer consumptions. GHG emission calculated using and RSPO approved calculator, Palm GHG version 2.</p>	<p>Complied</p>
<p><b>4.5.4.3</b></p>	<p>Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.</p> <p><b>- Major compliance -</b></p>	<p>Palm Oil Mill Effluent (POME) treated through anaerobic pond treatment system where the licensed limit for final discharge BOD is 50mg/l for latest compliance schedule. Regular monitoring was conducted by the mill by taking the sample of waste water in final discharge point and water at the upstream and downstream of the river.</p> <p>(Sample: ESI Laboratory Sdn. Bhd. Certificate of analysis ref. # Palmgroup/22-06/100 dated 10/7/18), upstream = 3.2 mg/l BOD3, downstream = 3.3 mg/l</p> <p>Effluent final discharge analysis was monitored on monthly basis by accredited 3rd party laboratory (ESI Laboratory Sdn Bhd). Refer to the latest analysis dated 10/7/18, ref# Palmgroup/22-06/100. BOD3 recorded 4.6 mg/l and comply with the limit stipulated in mill's compliance schedule.</p> <p>In addition, PPOM also required to submit Quarterly Return Report to DOE. Latest quarter (April –June 2018) was verified.</p>	<p>Complied</p>

Criterion 4.5.5: Natural water resources		
<p><b>4.5.5.1</b></p> <p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> <li>a) Assessment of water usage and sources.</li> <li>b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.</li> <li>c) Ways to optimize water and nutrient usage and reduce wastage (<i>e.g.</i> having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</li> </ul> <p><b>- Major compliance -</b></p>	<p>Water management plan, incorporated under environmental monitoring plan dated 12/7/18 which includes water consumption management and availability of water for mill processing and domestic use. The rainfall data collected to monitor the availability of water.</p> <p>Water consumption were monitored and measured individually for mill processing, boiler, firefighting and housing. Average consumption todate for 2018 (todate) =1.18 m3/FFB processed</p> <p>Regular monitoring was conducted by the mill by taking the sample of waste water in final discharge point and water at the upstream and downstream of the river (Sungai Anak) (Sample: ESI Laboratory Sdn. Bhd. Certificate of analysis ref. # Palmgroup/22-06/100 dated 10/7/18), upstream = &lt;3.2 mg/l BOD3, downstream = &lt;3.3 mg/l. Final discharge result (monthly) is being monitored according to POME plan, 7 parameter tested ( pH, BOD, COD, TSS, VSS, O&amp;G and TN). BOD result is way below the limit stipulated in Compliance Schedule.</p> <p>Palmgroup POM has optimize water and nutrient usage and reduce wastage for mill operation and at workers line site. For example, water from turbine cooling water recycled back and used as process water for oil room and dilution. Rain water harvesting system has been installed at all line site for cleaning purpose.</p>	<p>Complied</p>

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<p><b>4.5.5.2</b></p>	<p>Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations. <b>- Major compliance -</b></p>	<p>Based on DOE license, ref: 001691; validity 1-Jul-2017 to 30-Jun-2018, method of POME discharge is water course and the BOD limit is below 50 ppm. Quarterly report submitted via OER "Online Environmental Reporting". Refer to the latest quarterly report submitted dated 19/7/18.</p>	<p>Complied</p>
<p><b>4.6 Principle 6: Best Practices</b></p>			
<p><b>Criterion 4.6.1: Mill Management</b></p>			
<p><b>4.6.1.1</b></p>	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored. <b>- Major compliance -</b></p>	<p>Palmgroup POM has established a system for monitoring and control of best practice implementation. This includes the programme of regular inspections and audits by GM and sustainability department for maintaining and improving the production.</p> <p>SOP for Palmgroup POM – January 2011(KP 2-5 ) &amp; Safe Working Procedure for mill operation—established in 2010 which consist of :</p> <ul style="list-style-type: none"> <li>i) Weighbridge (FFB, CPO &amp; PK despatch)</li> <li>ii) Loading Ramp</li> <li>iii) Sterilizer</li> <li>iv) Press</li> <li>v) Kernel Plant</li> <li>vi) Oil room</li> <li>vii) Engine room &amp; boiler</li> <li>viii) ETP</li> <li>ix) Workshop and Electrical work</li> </ul> <p>New established Permit To Work Procedure (hot work) dated July 2018 was sighted. Implementation record dated 30/7/18 was verified for the activity at Sterilizer (Welding Body Conveyor SFB</p>	<p>Major nonconformance</p>



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		<p>no.1 line A). Daily permit issuance is required and once completed, Site Safety Health Officer (SSHO) will sign-off/cancel the permit.</p> <p>Confined Space Procedure – has yet to be in lined with ICOP for Confined Space 2010. Thus, major non-conformance was raised.</p> <p>3<sup>rd</sup> party consultant visit was carried out on 5-6/3/18 to check on operational and mill processes. Under summary and comments; the consultant has detailed out a few recommendations for improvement on each specific area. For example for boiler operation, fire doors, furnace back fire has yet to be rectified for safe and efficient operation.</p>	
<b>4.6.1.2</b>	<p>All palm oil mills shall implement best practices..</p> <p><b>- Major compliance -</b></p>	<p>Sustainability department inspect and report on the operations on annual basis. The on-site managers develop the action plans from the GM visit report and internal audit report for improvement of the operations. Review of reports, action plans and site inspections confirmed consistent records of implementation of SOPs. This to ensure that performance is on track and best practices being consistently implemented.</p>	Complied
<b>Criterion 4.6.2:</b> Economic and financial viability plan			
<b>4.6.2.1</b>	<p>A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.</p> <p><b>- Major compliance -</b></p>	<p>Annual business plan in the form of annual budget and the projection for 2 years prepared as guidance for future planning. The business plan contains FFB yield, CPO, OER, and KER, costs of production, etc. It also includes environment, social (workers and staffs welfare), and health and safety component and associated capital expenditure (CAPEX) as per the following:</p> <p>Sample of CAPEX for 2018:</p>	Complied

		<p>i) Thresher Overhaul – improve efficiency</p> <p>ii) Moving floor fibre storage area – temporary storage area for excess fibre.</p> <p>iii) Boiler dust filtering system – for both boiler (ESP) and incinerator (bag filter). Expected to be completed by end of 2018.</p>	
<b>Criterion 4.6.3: Transparent and fair price dealing</b>			
<b>4.6.3.1</b>	<p>Pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p>- <b>Major compliance</b> -</p>	<p>Palmgroup POM offers FFB pricing as per MPOB guidelines and mills average OER. The pricing method has been clearly stated in the contract and agreed by the FFB supplier. Verified new FFB supplier contract for Abang Benjamin Bin Abang Aing, MPOB license: 492460-401000, effective starting from 1<sup>st</sup> January 2018. Pricing of FFB and term of payment is explicitly written in the contract.</p> <p>Other service contracts checked and verified:</p> <p>i) New transporter, YLL Co Sdn Bhd, effective on 1/2/18. Contract validity period: 3 years for the date of agreement.</p>	Complied
<b>4.6.3.2</b>	<p>All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.</p> <p>- <b>Major compliance</b> -</p>	<p>Sample contract and payment record verification together with interviews of suppliers and contractor found the payments has been made as per contract. Refer to new FFB supplier, Abang Benjamin Bin Abang Aing. Latest payment for June 2018, based on FFB delivery for the month. The payment was paid as per the agreement.</p>	Complied
<b>Criterion 4.6.4: Contractor</b>			

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<p><b>4.6.4.1</b></p>	<p>The management shall provide evidence of agreed contracts with the contractor.  <b>- Major compliance -</b></p>	<p>Palmgroup POM has initiated the MSPO awareness to all its contractors. The mill has issued a memo to all the contractors dated 12 January 2017 regarding the implementation of MSPO in the mill.</p>	<p>Complied</p>
<p><b>4.6.4.2</b></p>	<p>The management shall provide evidence of agreed contracts with the contractor.  <b>- Major compliance -</b></p>	<p>Palmgroup POM has prepared a standard contract for all the contractors. The signed copy of the contract available at the mill. Verified sample of contract with both party agreement for;</p> <ul style="list-style-type: none"> <li>i) Contract bunch ash packing agreement, PPOM/BS/1601/001 dated 1st January 2016. Validity period 3 years.</li> <li>ii) CPO tanker transporter, Soon Hup Transport Sdn Bhd refer to transporter agreement, effective 1st February 2016. Validity period: 3 years for the date of agreement</li> </ul> <p>PK cargo transporter, Viva Master Sdn Bhd refer to transporter agreement, effective 1st February 2016. Validity period: 3 years for the date of agreement</p>	<p>Complied</p>
<p><b>4.6.4.3</b></p>	<p>The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.  <b>- Minor compliance -</b></p>	<p>Palmgroup POM has no objection to allow BSI auditors to verify the assessment through physical inspection if required.</p>	<p>Complied</p>

**4.0 Assessment Conclusion and Recommendation:**

<b>Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings</b>	
Based on the findings during the assessment Palmgroup POM Certification Unit complies with the MS 2530-4:2013. It is recommended that the certification of Palmgroup POM Certification Unit is approved and continued.	
<b>Acknowledgement of Assessment Findings</b>	<b>Report Prepared by</b>
<b>Name:</b> Raymond Nyian	<b>Name:</b> Mohd Hafiz Mat Hussain
<b>Company name:</b> Palmgroup Holdings Sdn. Bhd.	<b>Company name:</b> BSI Services Malaysia Sdn Bhd
<b>Title:</b> Manager (Sustainability)	<b>Title:</b> Lead Auditor
<b>Signature:</b> 	<b>Signature:</b> 
<b>Date:</b> 10/10/2018	<b>Date:</b> 05 <sup>th</sup> October 2018

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**Appendix A: Assessment Plan**

Date	Time	Subjects	HH	MH	MF
Tuesday, 31/07/18	08:30 – 09:00	Opening Meeting at Palmgroup Palm Oil Mill <ul style="list-style-type: none"> <li>• Presentation by Palmgroup POM</li> <li>• Presentation by BSI Lead Auditor -introduction of team member and assessment agenda</li> <li>• Confirmation of assessment scope and finalizing audit scope</li> </ul>	√	√	√
	09:00 – 11:00	<b>Palmgroup Palm Oil Mill</b> Field Assessment: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment. Laboratory, weighbridge and palm product storage area, staff, workers and contractor interview, housing and facility inspection, clinic, etc.	√	√	√
	10:30-11:30	<b>Meeting with stakeholders</b> (Government, village rep, smallholders, Union Leader, contractor etc.)	√		
	11:00 – 12:30	Document Review (MS:2530 Part 4), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services, P6 : Best practices	√	√	√
	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 Palmgroup Palm Oil Mill	√	√	√
	16:30 – 17:30	Closing meeting	√	√	√

**Appendix B: List of Stakeholders Contacted**

**Internal Stakeholders**

Workers' Committee Representatives Gender Committee Representatives Mill Operators
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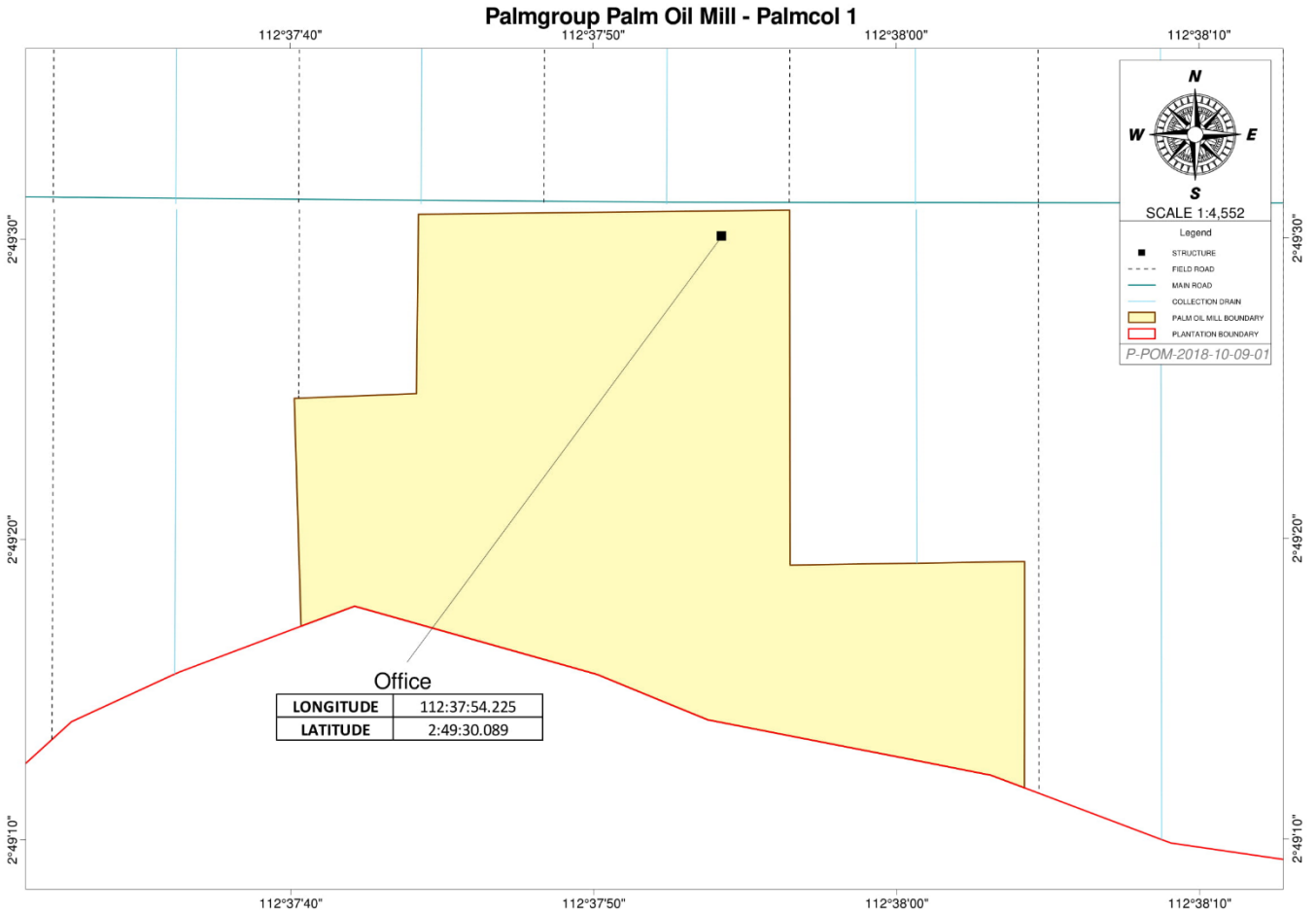
**External Stakeholders**

<b>Government Departments</b>	<b>NGOs and others</b>	<b>Local Communities</b>
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				
<b>TOTAL</b>				

**Appendix D : Location Map of Palmgroup POM**





**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