

**MALAYSIAN SUSTAINABLE PALM OIL
– INITIAL ASSESSMENT /
Public Summary Report**

Sime Darby Plantation Berhad
Client company Address: Level 3A, Main Block Plantation Tower, No. 2, Jalan P.J.U 1A/7 47301 Ara Damansara Selangor, Malaysia
Certification Unit: Melalap Palm Oil Mill (SOU 27) & Plantations of SOU 27 including Melalap Estate and Spong Estate
Location of Certification Unit: 14th KM, Jalan Tenom-Keningau, P.O. Box 205, 89908 Tenom, Sabah, Malaysia

Report prepared by:

Valence Shem (Lead Auditor)

Report Number: 8846743**Assessment Conducted by:**BSI Services Malaysia Sdn Bhd,
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Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Mill: 535146004000 (1/1/2017-31/12/2017) Melalap Estate: 531977002000 (1/9/2017-31/08/2018) Sapong Estate: 532297002000 (Validity 1/9/2017-31/8/2018)		
Company Name	Sime Darby Plantation Berhad [Melalap Palm Oil Mill (SOU 27)]		
Address	Level 3A, Main Block Plantation Tower, No. 2, Jalan P.J.U 1A/7 47301 Ara Damansara Selangor, Malaysia		
Group name if applicable:	Sime Darby Plantation Berhad		
Subsidiary of (if applicable)	N/A		
Contact Person Name	Mdm. Shylaja Devi Vasudevan Nair (Head, Sustainability Unit PSQM)		
Website	www.simedarby.com	E-mail	kks.melalap@simedarby.com
Telephone	03-78484379 (Head Office)	Facsimile	03-78484356 (Head Office)

1.2 Certification Information			
Certificate Number	Mill: MSPO 682053 Plantations: MSPO 685285		
Issue Date	06/03/2018	Expiry date	05/03/2023
Scope of Certification	Mill: Production of Sustainable Palm Oil and Palm Oil Products Estate: Production of Sustainable Oil Palm Fruits		
Stage 1 Date	N/A (The certification unit is RSPO certified)		
Stage 2 / Initial Assessment Visit Date (IAV)	20/12/2017 – 22/12/2017		
Continuous Assessment Visit Date (CAV) 1	N/A		
Continuous Assessment Visit Date (CAV) 2	N/A		
Continuous Assessment Visit Date (CAV) 3	N/A		
Continuous Assessment Visit Date (CAV) 4	N/A		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
RSPO 537872	Roundtable Sustainable Palm Oil	BSI Services Malaysia	30/09/2018

1.3 Location of Certification Unit		
Name of the Certification Unit	Site Address	GPS Reference of the site office

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(Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)		Longitude	Latitude
Melalap Palm Oil Mill (45 mt/hr)	14th KM, Jalan Tenom-Keninga, PO Box 205 89908 Tenom, Sabah	116°00'00.00"E	5°15'40.00"N
Melalap Estate	14th KM, Jalan Tenom-Keningau, PO Box 205 89908 Tenom, Sabah	116°00'00.09"	5°15'45.61"
Sapong Estate	14th KM, Jalan Tenom-Keningau, PO Box 205 89908 Tenom, Sabah	115°56'56.80"	5°03'52.90"

1.4 Plantings & Cycle

Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Melalap	113.23	-	1,239.77	-	-
Sapong	105.62	-	2,227.38	-	-
Total	218.85	-	3,467.15	-	-

1.5 Description of Supply Base

Estates	Total planted (matured + immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Melalap	1,353.00	88.29	803.71	2,245.00	60.27
Sapong	2,333.00	45.72	1,073.28	3,452.00	67.58
Total	3,686.00	134.01	1,876.99	5,697.00	64.70

1.6 FFB Production (Actual) and Projected (tonnage)

Producer Group	Budget FY16/17	Actual FY 16/17	Budget 17/18
Melalap	30,591.220	23,459.910	24,097.420
Sapong	42,235.546	29,071.880	31,426.220

1.7 Certified CPO / PK Tonnage

Mill	Budget FY 16/17	Actual FY16/17	Budget FY17/18
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	CPO	PK	CPO	PK	CPO	PK
Melalap POM	0	0	0	0	20,625.48	4,548.67

1.8 Details of Certification Assessment Scope and Certification Recommendation:

BSI Services Malaysia Sdn Bhd has conducted the Initial Certification Assessment of Sime Darby Melalap SOU 27 located at 14th KM, Jalan Tenom-Keningau, P.O. Box 205, 89908 Tenom, Sabah, Malaysia comprising 1 mill, 2 estates and infrastructures.

The onsite assessment was conducted to assess the compliance of the certification unit against the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill.

The assessment is a combined assessment for the mill and the group of estates that is supplying to the mill. However the assessment criteria for the mill and the estates were separated following to the required standards. The certification assessment scope is Melalap Palm Oil Mill SOU 27 and Melalap SOU 27 Estates which acts as the group manager for Melalap Estate and Sapong Estate. This report is the combined report for Melalap Palm Oil Mill SOU 27 and Melalap SOU 27 Estates.

The onsite assessment was conducted on 20/12/2017 – 22/12/2017.

Based on the assessment result, Sime Darby Melalap SOU 27 complies with the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill and recommended for certification.

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
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The Vertical Business Suites, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
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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 20/12/2017 – 22/12/2017. The audit programme is included as Appendix A. The approach to the audit was to treat the Melalap Palm Oil Mill as an MSPO Certification Unit and Melalap SOU 27 Estates as another 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 2530-3:2013 or MS 2530-4:2013 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The estates or smallholders sample were determined based on formula $N = 1.0\sqrt{y}$ where y 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 $(1.0\sqrt{y}) \times (z)$; where 1.0 is the risk factor (may defer to 1.2 and 1.4 depending on risk), where y is total number of group members and where z is the multiplier defined by the risk assessment. The sampled smallholder listed in Appendix C.

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

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

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

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

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

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

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

Tentative Date of Next Visit: December 17, 2018 - December 19, 2018

Total No. of Mandays: 6

BSI Assessment Team:

Valence Shem - Lead Assessor

He holds Bachelor Degree in Industrial Technology, graduated from University of Science Malaysia in 1998 and has 9 years working experience in oil palm plantation industry. He has been in the management system auditing line since 2009 for various standards such as ISO 140001, RSPO P&C, RSPO SCCS and SMETA. He completed the ISO 14001 Lead Auditor Course in 2008, ISO 9001 Lead Auditor Course in 2013, Endorsed RSPO P&C Lead Auditor Course in 2011, Endorsed RSPO SCCS Lead Assessor Course in 2012 and MSPO Awareness Training in 2014. He had been involved in RSPO auditing since 2009 in various companies in Malaysia. During this assessment, he assessed on the aspects of legal, environmental and biodiversity and best practices. Able to communicate in Bahasa Malaysia and English.

Amir Bin Bahari – Team Member

He obtained qualification in B.Sc. (Hons) Chemistry USM 1985 & Diploma in Palm Oil Milling Tech/Management MPOB 1996. He has been in the plantations industry for 30 years, among others managing rubber factories, palm oil mills and estates. During the tenure of employment he has been trained as an auditor in ISO 9001, ISO 14001, OHSAS 18001 & also RSPO. He has accumulated 38 man-days in the auditing profession after ending career in the plantation industry. During the assessment he covered mills and estates best practices, workers consultation and occupational safety & health. He is fluent in both verbal/written in Bahasa Malaysia and English.

Accompanying Persons: N/A

Section 3: Assessment Findings

3.1 Details of audit results

This assessment has been assessed using the following RSPO 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

During the Certification Assessment there 3 major and 1 minor nonconformities raised (1 major and 1 minor from MSPO Part 3 and 2 major from Part 4). The corrective action plans for all the NCRs have been accepted by the audit team members and the effectiveness and evidence of implementation shall be verified in the next surveillance assessment.

Finding Reference	1563665-201712-M1	Certificate Reference	MSPO 682053
Certificate Standard	MS2530-2:2013	Clause	Part 3: Indicator 4.3.1.1
Category	Major		
Area/Process:	As per public summary		
Statement of non conformance:	The Permit potongan daripada gaji pekerja, in accordance to Section 113(4), Labour Ordinance (Sabah Cap 67) was not available.		
Clause requirements	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.		
Objective evidence	There is no evidence that the operating units (Sapong and Melalap estates) have obtained the permit to deduct the wages of the workers from Labour Department.		
Cause	Requirement on "Permit Pemotongan Gaji" by JTK was found not clearly stated in the estates and mill's Legal & Other Requirement Register (LORR) under Employment Act 1955.		
Correction / containment	<ol style="list-style-type: none"> 1) Estates and mill will communicate with nearest JTK on the procedure to apply the permit. 2) Estates and mill management will identify category/type of workers salary deduction i.e. electricity, mosque fund, etc. and ensure acknowledgment acquired of each workers. 3) Estates and mill management will apply the 'Permit Pemotongan Gaji' from JTK. 		

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Corrective action	Legal & Other Requirement Register (LORR) to be updated and reviewed by Sustainability & Quality Management Unit (SQM) to include on the requirement of "Permit Pemotongan Gaji" under Employment Act 1955 and disseminate to the respective estates and mill.
Close out evidence	1) The newly revised LORR where the requirement of "Permit Pemotongan Gaji" under Employment Act 1955 have been included 2) Memo from Tenom Labour Department to Director Labour Department, KK, which application format for workers deduction permit was attached [ref.: JTK.H.TNM: 600-1/3/2, dated 2/2/2018]
Audit team conclusion	Audit team have reviewed the evidence submitted and of the view that the major NC is satisfactorily closed. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 16/2/2018.

Finding Reference	1563665-201712-M2	Certificate Reference	MSPO 682053
Certificate Standard	MS2530-2:2013	Clause	Part 4: Indicator 4.3.1.1
Category	Major		
Area/Process:	As per public summary		
Statement of non conformance:	The Permit potongan daripada gaji pekerja, in accordance to Section 113(4), Labour Ordinance (Sabah Cap 67) was not available.		
Clause requirements	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.		
Objective evidence	There is no evidence that the operating unit (Melalap POM) has obtained the permit to deduct the wages of the workers from the Labour Department.		
Cause	Requirement on "Permit Pemotongan Gaji" by JTK was found not clearly stated in the estates and mill's Legal & Other Requirement Register (LORR) under Employment Act 1955.		
Correction / containment	1) Estates and mill will communicate with nearest JTK on the procedure to apply the permit. 2) Estates and mill management will identify category/type of workers salary deduction i.e. electricity, mosque fund, etc. and ensure acknowledgment acquired of each workers. 3) Estates and mill management will apply the 'Permit Pemotongan Gaji' from JTK.		
Corrective action	Legal & Other Requirement Register (LORR) to be updated and reviewed by Sustainability & Quality Management Unit (SQM) to include on the requirement of "Permit Pemotongan Gaji" under Employment Act 1955 and disseminate to the respective estates and mill.		

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Close out evidence	<ol style="list-style-type: none"> 1) The newly revised LORR where the requirement of "Permit Pemotongan Gaji" under Employment Act 1955 have been included 2) Memo from Tenom Labour Department to Director Labour Department, KK, which application format for workers deduction permit was attached [ref.: JTK.H.TNM: 600-1/3/2, dated 2/2/2018]
Audit team conclusion	Audit team have reviewed the evidence submitted and of the view that the major NC is satisfactorily closed. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 16/2/2018.

Finding Reference	1563665-201712-M3	Certificate Reference	MSPO 682053
Certificate Standard	MS2530-2:2013	Clause	Part 4: Indicator 4.4.4.2
Category	Major		
Area/Process:	As per public summary		
Statement of non conformance:	The HIRARC was not established for the evaporators operations as sighted during the site visit.		
Clause requirements	The occupational safety and health plan should cover the following: a) The risk of all operations shall be assessed and documented.		
Objective evidence	There is no evidence that the operating unit has established HIRARC for the Melalap Palm Oil Mill evaporators operation (Mist Blower) at the aeration pond no1 as installed in Mei 2014.		
Cause	<ol style="list-style-type: none"> 1) The HIRARC for this Mist Evaporator machine was missed out since it was the first machine installed in Sime Darby Mill. 2) The current HIRARC used was generic and need to add for a different machine use in the mill. 		
Correction / containment	HIRARC has been reviewed on 04 January 2018 to include for the Mist Evaporator.		
Corrective action	Mill will prepare and reviewed new HIRARC for Mist Evaporator among Mill Safety & Health Committee members.		
Close out evidence	A copy of HIRARC which was reviewed on 4/1/2018 where the operation of mist evaporator had been included.		
Audit team conclusion	Audit team have reviewed the evidence submitted and of the view that the major NC is satisfactorily closed. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 16/2/2018.		

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Finding Reference	1563665-201712-N1	Certificate Reference	MSPO 682053
Certificate Standard	MS2530-2:2013	Clause	Part 3: Indicator 4.4.6.3
Category	Minor		
Area/Process:	As per public summary		
Statement of non conformance:	There were no records to show that the drill for the identified emergencies situation except for the fire drill being carried out by the 2 estates, Sapong & Melalap.		
Clause requirements	A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.		
Objective evidence	Emergency Response Drill only conducted for the fire incidence as recorded in both Sapong & Melalap Estates. All other identified emergencies situation i.e chemical spill, flood, emergency at workplace were not conducted at min 1x /year as stipulated in the ESH Manual.		
Cause	<ol style="list-style-type: none"> 1) The Emergency Drill Training was conducted by the estates based on severity of the incident. 2) The emergency drill training except for fire drill was not included in the estate's training plan. 		
Correction / containment	To conduct emergency response drill for other situations apart from fire breakout as per training plan.		
Corrective action	To review and include emergency response drill i.e. chemical spill, flood, fire drill in the yearly estate's training plan.		
Close out evidence	To be verified in the next assessment visit.		
Audit team conclusion	The proposed correction and corrective action plan are acceptable. The effectiveness of implementation will be verified in the next assessment visit.		

Noteworthy Positive Comments	
1	Good relationship being maintained with surrounding communities.
2	Mill has continued maximized the use of renewable energy by consuming fibre and shell which produced through internal process.
3	Alternative for class I chemical was used, Acephate under Class III chemical for leaf-eating pest treatment.

3.3 Status of Nonconformities Previously Identified and OFI

This is the Initial Assessment. There is no previously raised nonconformities or OFI.

3.4 Issues Raised by Stakeholders

IS #	Description
1	<p>Issues: Minutes of stakeholders meeting to be distributed to the attendees after the meeting the soonest possible and not on the day of the next meeting.</p> <p>Management Responses: Management will act accordingly to the request.</p> <p>Audit Team Findings: No further verification needed.</p>

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1563665-201712-M1	Major	22/12/2017	Closed
1563665-201712-M2	Major	22/12/2017	Closed
1563665-201712-M3	Major	22/12/2017	Closed
1563665-201712-N1	Minor	22/12/2017	Open

3.6 Summary of the findings by Principles and Criteria

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

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	A policy for the implementation of MSPO shall be established. - Major compliance -	The internal memo from Mr Tan Men Kon, Head of Plantation Sustainability & Quality Management documented the commitment Sime Darby towards MSPO implementation. The internal memo dated 8 th September 2017 was issued to all Estates and Mills. The commitment is to implement and certified with MSPO by December 2017.	Yes
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	The continual improvement commitment is documented in the following Management & Operation Policies: <ul style="list-style-type: none"> • Quality Management Policy dated January 2015 • Lean Six Sigma Policy dated January 2015 • Quality Policy dated January 2015 • The commitments are made by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantations Berhad. 	Yes
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.	The Internal Audit Procedure (SD/SDP/PSQM/IAP) dated 01/05/2015 documented the process to conduct internal audit. The internal audit checklist is available to cover all the required MSPO requirements.	Yes

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>This is the initial certification of MSPO. The internal audit schedule for 2017 has been planned and communicated by Regional SQM to all central west region Estates and Mills.</p> <p>a) Melalap Estate An internal audit for sustainable palm oil was conducted on 15/11/17 and covered all the MSPO MS2530 Part 3 elements. There were 2 major and 3 minor raised. In addition 9 OFI were issued. The root causes for the NCRs were clearly identified and the proposed corrective action were satisfactorily provided.</p> <p>b) Sapong Estate The recent audit was on 14/11/17 performed by PSQM personnel. A total of 1 major and 7 minor NCRs were raised. 7 OFI was also issued. All elements in the MSPO 1MS2530 Part 3 were covered.</p>	
4.1.2.2	<p>The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.</p> <p>- Major compliance -</p>	<p>This is available under internal audit procedure Document ID: SD/SDP/PSQM/IAP. Latest revision 01/9/2017</p> <p>The internal audit reports dated 14/11/17 and 15/11/17 for Sapong and Melalap Estate respectively were sighted. The auditee has responded by including the root cause analysis and corrective action plan. Mainly the issues raised were related to scheduled waste, training, HCV/Biodiversity Management Plan. The auditor has also complied to the documented procedure through issuance of audit plan to the operating units dated 06/11/17. This audit notification was sighted and verified.</p>	Yes
4.1.2.3	<p>Report shall be made available to the management for their review.</p> <p>- Major compliance -</p>	<p>Reports are made available and retained for min 10 years. All reports are circulated to the estate management, Regional Office and Sime Darby Plantation HQ relevant personnel. There is a monthly SQM meeting at HQ level to review the reports' findings and performance raised in both internal and external audit. The outcome was also discussed at Regional Office.</p>	Yes

Criterion / Indicator	Assessment Findings	Compliance
Criterion 4.1.3 – Management Review		
4.1.3.1 The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. - Major compliance -	Both estates held their management review 20/11/17 on a combined basis chaired by The Senior Manager whom is having responsibility for the 2 estates. Attendance from both estates executives and staff were noted and the members discussed issues relating to the MSPO preparation; a) Internal audit findings b) Appointment of PIC for the NCR raised c) Scheduled waste management d) Training on Company’s Policies e) Water sampling f) Non-renewable fuel monitoring The meeting made a conclusive statement on the suitability, effectiveness of the MSPO implementation and will close all the NCRs raised prior the external audit scheduled in Dec 2017.	Yes
Criterion 4.1.4 – Continual Improvement		
4.1.4.1 The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company. - Major compliance -	Projects in relation to the continual improvement are made through allocation in Capital Expenditure For both the management provided the following CAPEX for the upgrading of building / infrastructure. Such projects has attributed positively to the social and environmental of the estate. Among others are; Sapong Estate a) Construction of new general store costing RM 139580 Construction of RC bridges improved structure at waterways	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>for improved passage of vehicles P00P1, P03A, P02A & P03AA. Total RM128000.</p> <p>b) Construction of concrete road leading to weighbridge RM144000.</p> <p>c) Upgrading workers quarters 20 units RM326000.</p> <p>Melalap Estate</p> <p>a) Solar power street lights (5 units) for main road RM45000</p> <p>b) New furniture/fittings for TADIKA school RM6000</p> <p>c) 2 units new mini tractors with grabber RM144000</p> <p>d) New workers quarters a 4 year replacement program RM1831716</p> <p>e) Water tank & new carpet for estate SURAU RM6000</p>	
4.1.4.2	<p>The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption.</p> <p>- Major compliance -</p>	<p>The management continuously reviewed the estates performance and work method for a continual improvement to achieve better results. Among other was the <i>Yield Enhancement Program</i>. Initiative and practices among others include the following in Sapong Estate;</p> <p>a) To enhance field moisture through improved irrigation by construction of 4 rows 1 drain for flat area</p> <p>b) Terrace area through pumping water from nearby river/water sources assigned in field no P02AA, P01P.</p> <p>Similar projects are introduced to Melalap Estate involving a potential area of 340 ha. This was sighted via report <i>on Irrigation Projects– Status As At 30/9/2017 Sabah Region</i>. The Head Office mainly from the Mechanisation and Water Management Department played significant role in enhancing the estate agriculture practices. Such</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		program are discussed at Zone level prior to proposal to the higher level. Meeting of Sabah North Zone operational meeting dated 20/9/17 was sighted.	
4.1.4.3	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established. - Major compliance -	Where new technology or system are introduced, awareness briefing are provided to the employees at all levels prior to the implementation. This is evidenced via the Zone & SOU meetings and the training plan for Financial Year. The training identified including operations, understanding of MSP0/RSP0 requirements, human rights, company policies, health and safety etc. The FY 2017/18 OPEX budget has included training budget and operations improvement including environmental improvement, worker welfare, OHS etc. Interview with workers confirmed trainings are provided by company on regular basis.	Yes
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSP0 requirements			
4.2.1.1	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes. - Major compliance -	The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The time frame to provide feedback to the stakeholder is documented to be 2 weeks of the date receiving the queries. The Estate Manager is responsible to address all communication and request for documentations that could be made available to public/stakeholders.	Yes
4.2.1.2	Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental	Sime Darby Plantations Bhd continued to use the group website for disseminating public information. The Sustainability Report and Group Annual report is available in website.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>or social outcomes.</p> <p>- Major compliance -</p>	<p>Information relating to land titles, safety and health plans, pollution prevention plans, and annual report are available at the estate. In addition to the website, the policies were also displayed at various locations including the main notice boards of the estates and muster ground notice boards for employees and visitors to view. Procedure for complaints and grievances were available through Sime Darby Plantations Bhd website at http://www.simedarbyplantation.com/Sustainability.aspx</p>	
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p>The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2).</p> <p>The Sustainable Plantation Management System Appendix 5 (Flowchart and Procedures on handling Social Issues) dated 01/11/2008 documented the process for handling communication regarding social issues.</p>	Yes
4.2.2.2	<p>A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.</p> <p>- Minor compliance -</p>	<p>As stated in the procedure, the Estate Managers are responsible to deal with the external communication for the respective estates under their management.</p> <p>Assistant Managers [Mohd Farid (Sapong) and Muhd Shahid (Melalap)] were the appointed management officials to be responsible for issues related to Indicator 1. Seen the appointment letter dated 14/11/2017 to Mohd Farid and 20/11/2017 to Muhd Shahid.</p>	Yes
4.2.2.3	<p>List of stakeholders, records of all consultation and communication and records of action taken in response to input</p>	<p>List of stakeholder was last updated in Nov 2017. It contained 39 members from various categories such as contractors,</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>from stakeholders should be properly maintained.</p> <p>- Major compliance -</p>	<p>vendor/suppliers, local community heads, other interested parties (gov. agencies, schools, hospitals, etc.). Information available in the list was contact person, address and contact number.</p> <p>Sapong Estate: Last stakeholder consultations were done on 17/7/2017, attended by various stakeholders such as surrounding villages (Kg. Sg. Ampat, Kg. Mensasoh, Kg. Biah Sapong, Kg. Sg Api, etc.), government agencies (PDRM, Bomba Tenom, Agriculture Department, Tenom District Council, SESB Tenom, Penolong Pemungut Hasil Tanah), schools (KEMAS, Tenom, SK Ladang Sapong), etc.</p>	
Criterion 4.2.3 – Traceability			
4.2.3.1	<p>The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).</p> <p>- Major compliance -</p>	<p>All the two visited estates send their FFB to Melalap POM. The weighbridge ticket provided the following details:</p> <ul style="list-style-type: none"> • Product (FFB or Loose fruit) • Delivery note from estates stating the weight and fruit grade (A or B). • D.O Number • Date of the shipment <p>The Sustainable Plantation Management System Appendix 15 dated March 2016 documented the procedure for traceability. The procedure requires validation of certificate of supplying estate. The procedure had identified critical control points to prevent contamination of non-certified FFB. The current traceability system is Sime Weigh System. The responsible personal for the traceability is the Estate Manager.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	The method of inspection is by SCCS internal audit 14/11/2017. Based on the inspection, there was no finding raised on the implementation of traceability procedure.	Yes
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system. - Minor compliance -	The overall personal in charge for the traceability is the Head of Operating Unit (in this case, the Sr. Estate Manager i.e. Johamdan Joni and the Mill Manager i.e. Mr. Bukhari Yusof Azudin) [ref.: Clause 4 of SOP for Sustainable Supply Chain and Traceability].	Yes
4.2.3.4	Records of sales, delivery or transportation of FFB shall be maintained. - Major compliance -	There is no sale of the FFB per say as Melalap and Sapong estates are the identified supply base to Melalap POM are belonged to the Sime Darby Plantation Bhd. The delivery note of the FFB are kept at the operating units and will be retained for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents.	Yes
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. - Major compliance -	A mechanism to ensure compliance to legal and other requirement has been documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU27. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.	No

Criterion / Indicator		Assessment Findings	Compliance																											
		<p>The following compliance to the legislative requirement necessary for both estates among others are;</p> <p>Melalap Estate:</p> <table border="1"> <thead> <tr> <th></th> <th>Authority Agency</th> <th>Details</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Pejabat Daerah Tenom</td> <td>Lesen Berniaga Valid Till 16/01/18</td> </tr> <tr> <td>2</td> <td>MPOB</td> <td>Licence No 531977002000 valid till 31/8/18</td> </tr> <tr> <td>3</td> <td>KPDNK</td> <td>Permit no S001774-Diesel storage valid till 3/2/18</td> </tr> <tr> <td>4</td> <td>DOSH</td> <td>Air Compressor PMT 598 & PMT 597 new CF yet to be received. Application made prior expiry.</td> </tr> <tr> <td>5</td> <td>DOE</td> <td>Matters relating to SW inventory & disposal</td> </tr> <tr> <td>6</td> <td>JTK</td> <td>Lesen untuk menggaji pekerja bukan pemastautin [Seksyen 118, Ordinan buruh (Sabah Bab 67)], # JTK.H.TNM:600-4/1/92112/577, to Guthrie Industries (M) Sdn Bhd, validity: 12/6/17 – 11/6/18, covering 75 workers</td> </tr> </tbody> </table> <p>Sapong Estate: Similar licenses kept by the estate. Samples sighted below</p> <table border="1"> <thead> <tr> <th></th> <th>Authority Agency</th> <th>Details</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Authority Agency	Details	1	Pejabat Daerah Tenom	Lesen Berniaga Valid Till 16/01/18	2	MPOB	Licence No 531977002000 valid till 31/8/18	3	KPDNK	Permit no S001774-Diesel storage valid till 3/2/18	4	DOSH	Air Compressor PMT 598 & PMT 597 new CF yet to be received. Application made prior expiry.	5	DOE	Matters relating to SW inventory & disposal	6	JTK	Lesen untuk menggaji pekerja bukan pemastautin [Seksyen 118, Ordinan buruh (Sabah Bab 67)], # JTK.H.TNM:600-4/1/92112/577, to Guthrie Industries (M) Sdn Bhd, validity: 12/6/17 – 11/6/18, covering 75 workers		Authority Agency	Details				
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Criterion / Indicator		Assessment Findings		Compliance
		1	Pejabat Daerah Tenom Lesen Berniaga Valid Till 16/01/18	
		2	DOSH Air Compressor PMT 599. New CF yet to be received. Application made prior expiry.	
		3	DOE Matters relating to SW inventory & disposal	
		4	MPOB FFB – menjual dan mengalih FFB #532297002000 License holder: Guthrie Industries (M) Sdn Bhd Validity 1/9/17-31/8/2018	
		4	JTK Lesen untuk menggaji pekerja bukan pemastautin [Seksyen 118, Ordinan buruh (Sabah Bab 67)], # JTK.H.TNM:600-4/1/92112/63, to Guthrie Industries (M) Sdn Bhd, validity: 12/6/17 – 11/6/18, covering 93 workers	
		<p>Nonetheless, it was found that the license to deduct wage [ref: <i>Permit potongan daripada gaji pekerja, Seksyen 113(4), Ordinan Buruh (Sabah Bab 67)</i>] was not in place for both estates. Therefore a major NCR was assigned due to this lapse.</p>		
4.3.1.2	The management shall list all laws applicable to their operations in a legal requirements register.	List of applicable legal and other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder.		Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	All the legal and other requirements were register accordingly in the legal requirement register.	
4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. - Major compliance -	Tracking system are available to identify changes in the relevant regulations through the head office, website information and the information are communicated from the Group Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites as well as from MAPA circulars	Yes
4.3.1.4	The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements. - Minor compliance -	SQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Generally, the Assistant Managers are the persons assigned to monitor on the compliance and update change in regulatory requirements. Apart from that, they were also responsible to carry out the evaluation of compliance at regulated interval. It was found that the responsibilities were delivered accordingly at all the operating units.	Yes
Criterion 4.3.2 – Lands use rights			
4.3.2.1	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users. - Major compliance -	The management ensure that their oil palm cultivation activities do not diminish the land use rights of other users by ensuring the legal boundary is correct through land survey during the development. Stakeholder consultations which was last conducted on 27/9/2017.	Yes
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of	<u>Melalap:</u>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>the land.</p> <p>- Major compliance -</p>	<p>- 6 land titles with a total of 2,257.25 Ha. At the moment, in progress of changing name from Guthrie Plantations Sdn Bhd to Sime Darby Plantations (Sabah) Sdn Bhd.</p> <p><u>Sapong:</u></p> <p>- 8 land titles with a total of 4,316.28 Ha. At the moment, in progress of changing name from Guthrie Plantations Sdn Bhd to Sime Darby Plantations (Sabah) Sdn Bhd.</p>	
4.3.2.3	<p>Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.</p> <p>- Major compliance -</p>	<p>Boundary markers were of trenching and pegs painted with red and white were put at the critical points of the boundary. Verified at boundary between Sapong Estate and Kg. Mesasoh.</p>	Yes
4.3.2.4	<p>Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).</p> <p>- Minor compliance -</p>	<p>No land dispute.</p>	Yes
Criterion 4.3.3 – Customary rights			
4.3.3.1	<p>Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.</p> <p>- Major compliance -</p>	<p>There is no customary land or negotiated agreements at all the visited estates.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should be made available. - Minor compliance -	There is no customary land or negotiated agreements at all the visited estates.	Yes
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance -	There is no customary land or negotiated agreements at all the visited estates.	Yes
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	The Social Impact Assessment for SOU27 Melalap for all operating units (Melalap POM, Melalap Estate and Sapong Estate) was conducted internally by the Plantation Sustainable and Quality Management (PSQM) Team. The last SIA was conducted on 19-21/5/2015. For Sapong, only one impact identified to establish action plan i.e. a request by Kg Laman follow up previous request on clarification of boundary. The issue was settled by conducting a resurvey of area by Syarikat Geo-Teoh land Survey Services [invoice no. M130, dated Dec 2016].	Yes
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented. - Major compliance -	System for dealing with complaints and grievances has been established and documented through: <ul style="list-style-type: none"> • Under the Sustainable Plantation Management System Appendix 5, procedure on handling social issue (version 1; year 2008) 	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> Under Group policies and authority's GPA No 85, Whistleblowing provide an internal mechanism for reporting, investigating and remedying any wrongdoing. 	
4.4.2.2	<p>The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.</p> <p>- Major compliance -</p>	<p>The complaint and grievances is open to effected parties including internal and external stakeholders. The time to process the complaints or grievances is 2 weeks. Complaints about house maintenance are recorded in a log book which keeps the information about date, complainant, details of complain and status. Other written complains will be kept in a file. Nonetheless, there has been no complain received so far.</p>	Yes
4.4.2.3	<p>A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.</p> <p>- Minor compliance -</p>	<p>The complaint form is made available in the mill and estate offices. In case the complainant would want to make an anonymity complaint it can be made through electronic Complaint form or email to Senior Director or Whistleblowing committee or toll free number or fax or by mail. Training on reporting of ethical misconduct was done incorporated with Code of Business Conduct (COBC) to all the workers at all the visited estates.</p>	Yes
4.4.2.4	<p>Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.</p> <p>- Minor compliance -</p>	<p>Interview conducted with workers and stakeholders confirmed that they understand the complaint and grievance process. There has been no grievance/complaint recorded for the pass one year. Only request for maintenance housing are made by workers at all the visited estates.</p>	Yes
4.4.2.5	<p>Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.</p> <p>- Major compliance -</p>	<p>The complaint record for request for maintenance are available and kept for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	<p>Growers should contribute to local development in consultation with the local communities.</p> <p>- Minor compliance -</p>	<p>Through consultation with surrounding communities, some notable contributions were delivered such as road maintenance at Kg Sungai Udin and Kg Biah, grass cutting at Kg Mensasoh and provision of transportation of belongings to the retired workers of the SOU going back to their hometown.</p>	Yes
Criterion 4.4.4: Employees safety and health			
4.4.4.1	<p>An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>The Group Occupational Safety & Health Management Policy had been established and implemented for all mills and estates. The policy was signed by the Managing Director of Sime Darby Plantation on January 2015 and displayed prominently on notice boards in English and local language Bahasa Malaysia. The Policy is implemented through the OSH activities by the on-site Safety Officers and monitored by OSH Manager from Head Office.</p> <p>Included in the policy is the commitment of the Company to provide and maintain a safe and healthy working environment of its employees & contractors & visitors. In interviews with the workers and staff during the site visit revealed that the employees had been briefed and had understood the policy.</p>	Yes
4.4.4.2	<p>The occupational safety and health plan shall cover the following:</p> <p>a) A safety and health policy, which is communicated and implemented.</p> <p>b) The risks of all operations shall be assessed and documented.</p>	<p>a) Briefings to employees are made through town hall session. Sighted Sapong Estate town hall session 5.0 held on 29/9/17. During the town hall session, subjects on safety policies, road safety, zero harm, accident history and precautionary measures, dialogue and '<i>ikrar pekerja</i>' were briefed and shown in slides presentation to the employees. Similar program was held in Melalap Estate organised by PSQM personnel on 30/10/17. The '<i>ikrar pekerja</i>' was sighted. Content includes among others to</p>	Yes

Criterion / Indicator	Assessment Findings	Compliance																						
<p>c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:</p> <ul style="list-style-type: none"> i. all employees involved shall be adequately trained on safe working practices ii. all precautions attached to products shall be properly observed and applied <p>d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded.</p>	<p>prioritise safety, execute work safely, adhere all safety rules and regulations and to target zero accident. Apart from specific session, safety policy and targets were available on display board printed in both English & Bahasa Malaysia.</p> <p>b) Both estates had identified and reviewed significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA reports were verified during the assessment. At the estates, among the HIRARC covered activities are;</p> <table border="1" data-bbox="1086 810 1635 1311"> <thead> <tr> <th></th> <th>Activity</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Pest & Disease – Rat Baiting</td> </tr> <tr> <td>2</td> <td>Weeding – Spraying</td> </tr> <tr> <td>3</td> <td>FFB collection</td> </tr> <tr> <td>4</td> <td>Pruning – Cutting & Stacking Fronds</td> </tr> <tr> <td>5</td> <td>Office operation</td> </tr> <tr> <td>6</td> <td>Workshop Operation</td> </tr> <tr> <td>7</td> <td>Harvesting</td> </tr> <tr> <td>8</td> <td>Replanting</td> </tr> <tr> <td>9</td> <td>Leaf sampling</td> </tr> <tr> <td>10</td> <td>Weighbridge</td> </tr> </tbody> </table>		Activity	1	Pest & Disease – Rat Baiting	2	Weeding – Spraying	3	FFB collection	4	Pruning – Cutting & Stacking Fronds	5	Office operation	6	Workshop Operation	7	Harvesting	8	Replanting	9	Leaf sampling	10	Weighbridge	
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<p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>Full review for the HIRARC was conducted by the ESH committee and no major changes were observed in term of hierarchy to determine appropriate control measures. They are made on annual basis or whenever a situation deemed necessary in event of accident or new machinery / work process. All HIRARC prepared were adequate to address any situation of the risk management. All HIRARC were verified and approved accordingly.</p> <p>c) Both estates provide training to the workers and staff exposed to pesticides and chemicals. The following training sessions were recorded.</p> <table border="1" data-bbox="1088 786 1906 1086"> <thead> <tr> <th colspan="2">Sapong Estate</th> <th colspan="2">Melalap Estate</th> </tr> <tr> <th>Date</th> <th>Training</th> <th>Date</th> <th>Training</th> </tr> </thead> <tbody> <tr> <td>10/11/17</td> <td>Chemical Handling</td> <td>28/7/17</td> <td>Chemical Handling</td> </tr> <tr> <td>03/7/17</td> <td>Spraying training</td> <td>06/12/16</td> <td>SW handling</td> </tr> <tr> <td>18/7/17</td> <td>Shazgro chemical briefing</td> <td>28/7/17</td> <td>Chemical application</td> </tr> <tr> <td>6/8/17</td> <td>Manuring</td> <td>16/10/17</td> <td>Manuring</td> </tr> </tbody> </table> <p>Details of other training are available 4.4.6.1 (training and competency). OSH programs are also included. Common programs are initiated from HQ level e.g. OSH meeting, workplace inspection, inspection on PPE, training on MSPO/RSPO etc.</p>	Sapong Estate		Melalap Estate		Date	Training	Date	Training	10/11/17	Chemical Handling	28/7/17	Chemical Handling	03/7/17	Spraying training	06/12/16	SW handling	18/7/17	Shazgro chemical briefing	28/7/17	Chemical application	6/8/17	Manuring	16/10/17	Manuring	
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Criterion / Indicator	Assessment Findings	Compliance	
		<p>d) The estates provide PPE to the employees relevant to the work handled by the workers. The list of PPE that were provided by the estates are as below:</p> <ul style="list-style-type: none"> i. Harvester- Safety Helmet, Sickle Cover, Hand Glove. Wellington Boots ii. Sprayers- Respirator, Nitrile Glove (Chemical Resistant) Goggles, Wellington Boots, Apron. iii. Manuring- Apron, Wellington Boots, Dust Mask <p>Records of PPE issuance for both estates were sighted. During the site visit workers were observed to be in PPE.</p> <p>e) Both estates has established SOP for chemical handling. This is available in PSQM – Operational Control Procedure under subject Chemical Safety Management. This includes compliance related to;</p> <ul style="list-style-type: none"> - Conduct/reassess CHRA - Review of chemical register - Chemical management assessment review - Conduct health surveillance. <p>The document was sighted and verified.</p> <p>f) The Estate Senior Manager was appointed as the Chairman of the respective estate ESH committee, letters of appointment dated 21/9/17 signed by the Zone CEO. The Senior Assistant for each estate was assigned as the representative for RSPO/ISCC/MSP0 related matters and responsible for all safety and environmental issues. All appointments are valid for a 2 year term. Reference</p>	

Criterion / Indicator		Assessment Findings	Compliance															
		<p>letters to Senior Assistant of Sapong dated 14/11/17 and Melalap dated 20/11/17 respectively issued by The Senior Manager.</p> <p>g) Both estates management conduct regular two-way communication with their employees through the quarterly OSH meetings. The dates of meeting held by both estates are recorded below.</p> <table border="1"> <thead> <tr> <th></th> <th>Sapong</th> <th>Melalap</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>08/9/2017</td> <td>13/9/17</td> </tr> <tr> <td>2</td> <td>14/12/2017</td> <td>21/6/17</td> </tr> <tr> <td>3</td> <td>07/6/2017</td> <td>04/4/17</td> </tr> <tr> <td>4</td> <td>18/4/2017</td> <td>28/12/16</td> </tr> </tbody> </table> <p>The minutes of meeting for Sapong and Melalap on 14/12/2017 and - 21/6/17 respectively were sighted and verified. Workers during the meeting participated in the discussion mainly on line site and safety.</p> <p>h) Both the estates adhered to the SDPSB policy on 'Crisis Management & Emergency Response' plan, chapter 13 of PQMS, OSH manual and "Accident and Reporting and Investigation Procedure' in chapter 14 of the same manual. Each estates and mill had procedures for Fire, Flood, Chemical spillage, strikes and emergency/accident response in both English and Bahasa Malaysia. The procedures were displayed at the office, Muster Ground, Workshop and Dispensary. Names of the members of the Emergency Response Team (ERT) and their contact number were communicated to all employees and displayed at notice boards. Telephone numbers of the nearest police station, Fire</p>		Sapong	Melalap	1	08/9/2017	13/9/17	2	14/12/2017	21/6/17	3	07/6/2017	04/4/17	4	18/4/2017	28/12/16	
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4	18/4/2017	28/12/16																

Criterion / Indicator	Assessment Findings	Compliance
	<p>Brigade, Immigration Department and Hospital were also included.</p> <p>The following drills records were sighted:</p> <ul style="list-style-type: none"> - fire Drill – conducted on 08/8/17 for Melalap - Fire Drill – organised on 14/12/17 Sapong joint exercise with BOMBA <p>i) Both estates trained their nominated employees for First Aid mainly those involved in the field operations. A training program BOFA Basic Occupational First Aider was organised on SOU basis. This was sighted in the training session 24-25/7/17 recorded for both estates in indicator 4.4.6.1 A First Aid Kit equipped with approved 16 items were available and replenished on a weekly basis. Distribution of the 1st Aid Kit for both the estates are made at the following places/personnel; Office / AP Post / Chemical Store / Fertiliser Store / Workshop / Field staff / Mandores. The boxes kept by the mandores were sighted during the field visit. Both estates had regular monthly briefing to the 1st Aid Kit holders on the management of the content and usage. The sessions were briefed by the HA/MA.</p> <p>j) Records of all accidents are kept in both estates for a min of 10 years. Accident incidences if any are reviewed during safety meetings. Sapong recorded had 3 incidences (15/6/17, 30/5/17, 30/4/17 LTI zero) during the calendar year of class VI attended by minor first aid treatment by the Medical Assistant. Melalap</p>	

Criterion / Indicator		Assessment Findings	Compliance
		Estate had 3 accidents on (03/10/17 LTI 3, 22/7/17 LTI 4 7 11/7/17 LTI 0). The HIRARC was reviewed accordingly. Submission of JKKP7 & 8 to DOSH was complied under the legislative requirement.	
Criterion 4.4.5: Employment conditions			
4.4.5.1	The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees. - Major compliance -	The “Social Policy” showcases the company’s commitment to providing a workplace that is free from sexual harassment and all other forms of violence against women, workers, and community. The policy also commits to providing sufficient training and development for employees to increase their awareness and enhance their skills in line with this policy.	Yes
4.4.5.2	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics. - Major compliance -	The Social Policy dated January 2015 enforce the management’s direction that all employees should be treated fairly in terms of recruitment, progression, terms and conditions of works and representation regardless of race, caste, nationality, gender, physique, sexual orientation, union membership, political view, religion and age. Interview with the foreign and local workers, reveals there is no discriminatory issues as the management treat them well.	Yes
4.4.5.3	Management shall ensure that employees’ pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage. - Major compliance -	Collective agreement was available. Latest agreement was for the duration of 1/1/2014 to 31/12/2016 and signed by the related representatives (i.e. Head, Plantation Upstream, Malaysia, Head of HR, Head of HR Upstream, Head of Industrial Relations, General Secretary of SPIEU, President of SPIEU, The living wage in the CA was found to be sufficient to meet basic needs for the employees.	Yes
4.4.5.4	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the	The estates are ensuring that the employees of its contractors are paid based on legal standard by obtaining their payslips and cross checked	Yes

Criterion / Indicator		Assessment Findings	Compliance
	employment contract agreed between the contractor and his employee. - Minor compliance -	with the legal requirements. Sampled: Pemborong Ajuta (FFB Transporter) – verified 5 workers’ Nov 17 payslips – basic pay found to be meeting the minimum standard.	
4.4.5.5	The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment. - Major compliance -	There is a list of employees consist of employee number, name, check roll type, joining date and status in the SAP system – Sime Estate Mill Upstream Application (SEMUA) System Employee Master Listing.	Yes
4.4.5.6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records. - Major compliance -	Employees have been provided with employment contract which were made reference to the collective agreement between employer and employees. The collective agreement for estates were available for verification.	Yes
4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer. - Major compliance -	Time recording at the estates was implemented through recording of check-roll book. The records were updated on daily basis and attendance of workers was monitored regularly through field supervision from morning muster until the working time is over.	Yes
4.4.5.8	The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.	Working time found to be in accordance with legal requirement: Working hours i.e.: Daily rated workers (1 shift): Working hours = 0530 to 1330 Break time = 1000 to 1130 (flexible)	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>Auxiliary police (3 shifts):</p> <p>Shift 1 working hours = 0700 to 1500 Break time = 1200 to 1230</p> <p>Shift 2 working hours = 1500 to 2300 Break time = 1800 to 1830</p> <p>Shift 3 working hours = 2300 to 0700 Break time = 0400 to 0430</p>	
4.4.5.9	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p>- Major compliance -</p>	<p>Hours of overtime were recorded in the payslip and rate was paid according to the regulatory requirements and collective agreements.</p>	Yes
4.4.5.10	<p>Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.</p> <p>- Minor compliance -</p>	<p>Among the benefits offered by the company:</p> <ul style="list-style-type: none"> • Productivity incentive • turn-out incentive • transport allowance • telephone allowance 	Yes
4.4.5.11	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.</p> <p>- Major compliance -</p>	<p>The estate workers are provided with free housing facilities which includes water and electricity supply. Based on the visit to the labour quarters, it was noted that the housing condition was accordance to the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446). Each house has a living room, 3 bedrooms, 1 bathroom, 1 toilet and a kitchen. The visits by Visiting Medical Office (VMO) to the</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		housing were also well organised by the management, where records of visits were maintained for reference.	
4.4.5.12	The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace. - Major compliance -	The “Social Policy” seen consist of information on non-discrimination and equal opportunities. Seen the policy displayed in the estate’s office and regularly communicated to all levels of the workforce through training programs. Based on interview with workers during site visits, there has been no form of discrimination based on race, caste, national origin, religion, disability, gender, etc. The interviewed workers are aware on the term of discrimination and how to respond if such incidents happen to them.	Yes
4.4.5.13	The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. - Major compliance -	Stated in Sime Darby Responsible Agriculture Charter, Clause 2.2 (iii) which reads “Respecting the rights of employees to form and join unions, and the right to collective bargaining.” Interview with the employees showed that there is no restriction for them to join any trade union.	Yes
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education programmes. Children shall not exposed to hazardous working conditions.	Stated in Sime Darby Responsible Agriculture Charter, Clause 2.2 (ii) which reads “We will not employ anyone under the age of 18, unless in vocational and/or formal and structured apprentice-ship, educational and training programmes.” Based on verification of the SEMUA database, which has the information about date of birth and date	Yes

Criterion / Indicator		Assessment Findings	Compliance																																										
	- Major compliance -	joined, all the workers were above 18 years of age at the point of recruitment.																																											
Criterion 4.4.6: Training and competency																																													
4.4.6.1	<p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p> <p>- Major compliance -</p>	<p>Both Estates have organised trainings for their employees. There were also sessions held with presence of contractors and neighboring community.</p> <p>In Melalap Estate the following training records were sighted. Among others are;</p> <table border="1"> <thead> <tr> <th></th> <th>Date</th> <th>Subject</th> </tr> </thead> <tbody> <tr><td>1</td><td>20/11/17</td><td>COBC / Policies Briefings</td></tr> <tr><td>2</td><td>18/9/17</td><td>RSPO Briefing</td></tr> <tr><td>3</td><td>15/11/17</td><td>MSPO Awareness</td></tr> <tr><td>4</td><td>13/11/17</td><td>MSPO Awareness by PSQM</td></tr> <tr><td>5</td><td>15/9/17</td><td>RSPO Refresher</td></tr> <tr><td>6</td><td>8/8/17</td><td>Fire Drill with Jabatan BOMBA</td></tr> <tr><td>7</td><td>28/7/17</td><td>Chemical Handling & Application For Sprayers</td></tr> <tr><td>8</td><td>29/7/17</td><td>Harvesters Training</td></tr> <tr><td>9</td><td>4/7/17</td><td>Safety Briefing To New Workers</td></tr> <tr><td>10</td><td>1/8/17</td><td>Harvesters Training</td></tr> <tr><td>11</td><td>24-25/7/17</td><td>BOFA Basic Occupational First Aider</td></tr> <tr><td>12</td><td>30/10/17</td><td>Town hall 5.0 Session</td></tr> <tr><td>13</td><td>25/1/17</td><td>Town hall 4.0 Session</td></tr> </tbody> </table>		Date	Subject	1	20/11/17	COBC / Policies Briefings	2	18/9/17	RSPO Briefing	3	15/11/17	MSPO Awareness	4	13/11/17	MSPO Awareness by PSQM	5	15/9/17	RSPO Refresher	6	8/8/17	Fire Drill with Jabatan BOMBA	7	28/7/17	Chemical Handling & Application For Sprayers	8	29/7/17	Harvesters Training	9	4/7/17	Safety Briefing To New Workers	10	1/8/17	Harvesters Training	11	24-25/7/17	BOFA Basic Occupational First Aider	12	30/10/17	Town hall 5.0 Session	13	25/1/17	Town hall 4.0 Session	Yes
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Criterion / Indicator		Assessment Findings			Compliance
		14	30/8/16	Fire Drill	
		15	6/12/16	HIRARC, EAI briefing	
		Sapong Estate organised similar training among others as follows;			
			Date	Subject	
		1	15/11/17	Briefing on SDP Policies	
		2	16/10/17	Yield Enhancement / Best Practices	
		3	13/12/17	Scheduled Waste Handling	
		4	14/12/17	Fire Fighting – BOMBA	
		5	13/11/17	MSPO Awareness	
		6	29/9/17	Safety Town Hall 5.0	
		7	27/7/17	HCV / Buffer Zone Briefing	
		8	12/7/17	IPM Training	
		9	15/9/17	RSPO refresher	
		10	10/11/17	Chemical Handling	
		11	16/10/17	Manuring Technique	
		12	03/7/17	Spraying Refresher Training	
		13	19/12/17	Induction Program For New Workers	
14	05/10/17	Nursery Training			
15	03/11/17	Palm Planting			

Criterion / Indicator		Assessment Findings			Compliance
		16	04/11/17	Harvesters Training	
		17	20/11/17	Pruning	
		18	15/11//17	MSPO Briefing To Contractors	
		19	18-19/5/17	Tractors Driving	
		20	24-25/7/17	BOFA Basic Occupational First Aider	
		Training for the SOU both estates and the mill is an on-going activities and held along with the annual program.			
4.4.6.2	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p>- Major compliance -</p>	<p>Similar method for identifying the training needs are used in SOU operating units both estates and the mill. The training needs for both Melalap & Sapong Estate for the FY 2017/18 training program has been established. The details of the training needs include categories of job descriptions, sections, and employees group. Included in this program are subjects related to environment e.g. environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training, field activities, equipment handling, vehicles maintenance etc.</p>			Yes
4.4.6.3	<p>A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.</p> <p>- Minor compliance -</p>	<p>Training details are planned and summarised in the OSH program. This is in compliance and detailed in 4.4.6.1 above. Training program are made on annual basis. In addition it is subject for a review during the financial year should need arises.</p> <p>Emergency Response Drill only conducted for the fire incidence as recorded in both Sapong & Melalap Esates. All other identified emergencies situation i.e. chemical spill, flood, emergency at</p>			No

Criterion / Indicator		Assessment Findings	Compliance																														
		workplace were not conducted at min 1x /year as stipulated in the ESH Manual. Hence a Minor NCR is raised.																															
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services																																	
Criterion 4.5.1: Environmental Management Plan																																	
4.5.1.1	<p>An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>There is an environmental management policy issued on Group level signed by the Managing Director in Jan 2015. Communications to the employees were through training session and briefing at muster grounds. Sighted training relating to the environmental subjects as described in indicator 4.4.6.1 above</p> <p>a) Sapong Estate</p> <table border="1"> <thead> <tr> <th></th> <th>Date</th> <th>Title</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>15/11/17</td> <td>Briefing on SDP Policies</td> </tr> <tr> <td>2</td> <td>13/12/17</td> <td>Scheduled Waste Handling</td> </tr> <tr> <td>3</td> <td>13/11/17</td> <td>MSPO Awareness</td> </tr> <tr> <td>4</td> <td>29/9/17</td> <td>Town Hall 5.0</td> </tr> <tr> <td>5</td> <td>27/7/17</td> <td>MSPO Briefing to Contractors</td> </tr> </tbody> </table> <p>b) Melalap Estate</p> <table border="1"> <thead> <tr> <th></th> <th>Date</th> <th>Title</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>20/11/17</td> <td>Briefing on SDP Policies</td> </tr> <tr> <td>2</td> <td>15/11/17</td> <td>MSPO awareness</td> </tr> <tr> <td>3</td> <td>13/11/17</td> <td>MSPO Briefing by PSQM</td> </tr> </tbody> </table>		Date	Title	1	15/11/17	Briefing on SDP Policies	2	13/12/17	Scheduled Waste Handling	3	13/11/17	MSPO Awareness	4	29/9/17	Town Hall 5.0	5	27/7/17	MSPO Briefing to Contractors		Date	Title	1	20/11/17	Briefing on SDP Policies	2	15/11/17	MSPO awareness	3	13/11/17	MSPO Briefing by PSQM	Yes
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Criterion / Indicator		Assessment Findings		Compliance																		
		4	30/10/17 Town Hall 5.0																			
		Subjects on environmental are included the annual training program titled "environmental responsibility & biodiversity-environmental aspect impact assessment".																				
4.5.1.2	<p>The environmental management plan shall cover the following:</p> <ul style="list-style-type: none"> a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. <p>- Major compliance -</p>	<p>The EMP policy is available as specified in 4.5.1.1 above. Objectives, target and duration are shown in the Environmental Management program (EMP) incorporating the action plan to be initiated by the estates. The EMP for both estates was sighted. Details of the objectives were also mentioned in 4.5.4.1. The estates identified the aspects and impacts analysis of its operations. Areas are activities at</p> <ul style="list-style-type: none"> a) main entrance/compound/dispensary/store b) scheduled waste/workshop/weeding/spraying c) FFB transportation/manuring/harvesting and collection. <p>Findings were discussed in OSH meetings.</p>		Yes																		
4.5.1.3	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.</p> <p>- Major compliance -</p>	<p>The environmental improvement combined with the pollution prevention plans FY 2017/18 were sighted. Both the estates identified the following activities and areas for Improvement plan;</p> <table border="1"> <thead> <tr> <th></th> <th>Environmental Issues</th> <th>Mitigating Measures</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Leakage of pesticides during chemical mixing & washing</td> <td>. To recollect water used & recycled during next pre-mixing . To repair water pump</td> </tr> <tr> <td>2</td> <td>Leakage of lubricant/oil from servicing/parking of vehicles</td> <td>. To use oil tray to contain leakages</td> </tr> <tr> <td>3</td> <td>Reduce water usage</td> <td>Practice water conservation</td> </tr> <tr> <td>4</td> <td>Reduce diesel usage</td> <td>PMV planned maintenance vehicle</td> </tr> <tr> <td>5</td> <td>Reduce herbicide pesticide</td> <td>Establishment of nepholepis, LCC/BP</td> </tr> </tbody> </table>			Environmental Issues	Mitigating Measures	1	Leakage of pesticides during chemical mixing & washing	. To recollect water used & recycled during next pre-mixing . To repair water pump	2	Leakage of lubricant/oil from servicing/parking of vehicles	. To use oil tray to contain leakages	3	Reduce water usage	Practice water conservation	4	Reduce diesel usage	PMV planned maintenance vehicle	5	Reduce herbicide pesticide	Establishment of nepholepis, LCC/BP	Yes
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Criterion / Indicator		Assessment Findings	Compliance																								
		BP refers to Beneficial Plant. Monitoring is made through data analysis and the daily field supervision.																									
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	This is available in the SIA action plan. Details as per indicator 4.1.4.1 and 4.5.1.3 above. Activities/areas identified at working areas, induction program for new workers & housing facilities.	Yes																								
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives. - Major compliance -	<p>A training program is available in the SOU Training Program updated on a yearly basis or revised as per the management requirement. Included in this program are subjects related to environment e.g. environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training. Guidance was provided by the PSQM prior to the approval and implementation by the estates. Trainings conducted in relation to environmental and its improvement plan are shown as follows;</p> <p>a) Sapong Estate</p> <table border="1"> <thead> <tr> <th></th> <th>Date</th> <th>Title</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>15/11/17</td> <td>Briefing on SDP Policies</td> </tr> <tr> <td>2</td> <td>13/12/17</td> <td>Scheduled Waste Handling</td> </tr> <tr> <td>3</td> <td>13/11/17</td> <td>MSPO Awareness</td> </tr> <tr> <td>4</td> <td>29/9/17</td> <td>Town Hall 5.0</td> </tr> <tr> <td>5</td> <td>27/7/17</td> <td>MSPO Briefing to Contractors</td> </tr> </tbody> </table> <p>b) Melalap Estate</p> <table border="1"> <thead> <tr> <th></th> <th>Date</th> <th>Title</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>20/11/17</td> <td>Briefing on SDP Policies</td> </tr> </tbody> </table>		Date	Title	1	15/11/17	Briefing on SDP Policies	2	13/12/17	Scheduled Waste Handling	3	13/11/17	MSPO Awareness	4	29/9/17	Town Hall 5.0	5	27/7/17	MSPO Briefing to Contractors		Date	Title	1	20/11/17	Briefing on SDP Policies	Yes
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4.5.1.6	<p>Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.</p> <p>- Major compliance -</p>	<p>Similar forum are used by the mill and the estates in discussing concerns on environmental quality The forum used in the estates are the quarterly OSH meeting and the annual management review meeting. The latter emphasized more on issues on water management plan, electricity use, diesel consumption, waste management, SIA plan, renewable energy, aspect/impact. Both the estates held a combined management review on 20/11/17 chaired by the Senior Manager. Minutes were sighted and adequate in discussing the environmental issues.</p>			Yes
Criterion 4.5.2: Efficiency of energy use and use of renewable energy					
4.5.2.1	<p>Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.</p> <p>- Major compliance -</p>	<p>Monthly record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimize use of renewable energy. Data is being compiled for comparison and control for future improvement. Sighted tabulation of data maintained by both estates.</p> <p>a) Diesel /FFB ratio Jan 2017 – Nov 2017 Baseline avg 2.39 b) Electricity /FFB ratio Jan 2017 – Nov 2017 Baseline avg 9.08</p> <p>There were variation in baseline figures between the 2 estates due to operational differences i.e. no of vehicles, estate topography 7 infrastructure. Explanatory notes for the variation were provided in the records.</p>			Yes
4.5.2.2	<p>The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and</p>	<p>The estimate for the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations inclusive of fuel use by contractors,</p>			Yes

Criterion / Indicator		Assessment Findings	Compliance																
	electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations. - Major compliance -	including all transport and machinery operations was available in the respective estate yearly budgets. Refer details as per indicator 4.5.2.1 above.																	
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	There was no opportunity to use renewable energy in both Estates.	Yes																
Criterion 4.5.3: Waste management and disposal																			
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	All waste and pollution are identified and documented in the Waste Management Action Plan. The compilation for Financial Year 2017/18 was made at SOU level. Details of waste generated from the estates and mill operations among others are shown below; <table border="1" data-bbox="1077 938 1899 1287"> <thead> <tr> <th>Type of waste</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>Domestic waste rubbish</td> <td>Line sites, office, workshop, store,</td> </tr> <tr> <td>Industrial waste-fertiliser bags</td> <td>Empty bags store</td> </tr> <tr> <td>Scrap metal</td> <td>workshop</td> </tr> <tr> <td>SW 404 Clinical waste</td> <td>clinic</td> </tr> <tr> <td>SW rags, plastics, filters</td> <td>Workshop</td> </tr> <tr> <td>Spent lubricant & hydraulic oil</td> <td>Workshop</td> </tr> <tr> <td>Disposed containers, bags, equipment contaminated with chemicals, pesticides, SW</td> <td>Scheduled waste store</td> </tr> </tbody> </table>	Type of waste	Location	Domestic waste rubbish	Line sites, office, workshop, store,	Industrial waste-fertiliser bags	Empty bags store	Scrap metal	workshop	SW 404 Clinical waste	clinic	SW rags, plastics, filters	Workshop	Spent lubricant & hydraulic oil	Workshop	Disposed containers, bags, equipment contaminated with chemicals, pesticides, SW	Scheduled waste store	Yes
Type of waste	Location																		
Domestic waste rubbish	Line sites, office, workshop, store,																		
Industrial waste-fertiliser bags	Empty bags store																		
Scrap metal	workshop																		
SW 404 Clinical waste	clinic																		
SW rags, plastics, filters	Workshop																		
Spent lubricant & hydraulic oil	Workshop																		
Disposed containers, bags, equipment contaminated with chemicals, pesticides, SW	Scheduled waste store																		

Criterion / Indicator		Assessment Findings			Compliance
<p>4.5.3.2</p> <p>A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <p>a) Identifying and monitoring sources of waste and pollution</p> <p>b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products</p> <p>- Major compliance -</p>	<p>The disposal/recycling of waste generated by the estates are made as follows;</p>			<p>Yes</p>	
	Type of waste	Location	Action to be taken		
	Domestic waste rubbish	Linesites, office, workshop, store,	Collection/disposal 2 to 3x /week by Majlis Daerah Tenom.		
	Industrial waste-fertiliser bags	Empty bags store	Inventory of bags, reuse for LF collection, sell to appointed contractor for surplus quantity.		
	Scrap metal	workshop	Inventory maintained, tender at zone level for sale to licensed contractors		
	SW 404 Clinical waste	clinic	Inventory maintained. Storage in sharp bin in clinic. Disposal through VMO clinic.		
	SW rags, plastics, filters	Workshop	Inventory maintained. Storage in scheduled waste store. Disposal through licensed contractor.		
	Spent lubricant & hydraulic oil	Workshop	Collection by SDI upon completion of maintenance.		
Disposed containers, bags, equipment contaminated	Scheduled waste store	Inventory maintained. Storage in SW store. All containers are labeled. Empty containers collected by authorized vendor..			

Criterion / Indicator		Assessment Findings		Compliance
		with chemicals, pesticides, SW		
		This is at current a viable option as practiced elsewhere in the industry.		
4.5.3.3	<p>The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.</p> <p>- Major compliance -</p>	<p>The procedures for handling used chemicals classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 are available prepared on Group level by PSQM and implemented in all estates and mills for all the applicable practices. The operational control procedures for the scheduled wastes management provides guidelines as follows;</p> <ul style="list-style-type: none"> a) Management of class 1 chemical containers b) Management of class 2 (and higher) chemical containers. c) Management of fertiliser bags <p>This document was established on 28/2/2015 and remain effective for practice in all estates and mills.</p>		Yes
4.5.3.4	<p>Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.</p> <p>- Major compliance -</p>	<p>Under the operational control procedure established as given in 4.5.3.3 above the guideline and practice for handling empty pesticides containers are as follows;</p> <ul style="list-style-type: none"> a) All class 2 and above containers are tripled rinsed and holes punctured at the bottom only if the waste generator is to dispose as non-scheduled waste. b) Containers to be disposed as scheduled waste need not go the triple rinsing and hole punctured process. <p>These guidelines are based on Department Of Agriculture ref 91/120/038/014 dated 7/11/2002. During the site visit this has been adhered mainly containers are tripled rinsed and holes punctured at the container base.</p>		Yes
4.5.3.5	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p>	<p>Both the estates used the facility available in the District of Tenom. All domestic waste are collected 2 to 3 x /week by Majlis Daerah Tenom.</p>		Yes

Criterion / Indicator		Assessment Findings	Compliance														
	- Minor compliance -	Hence the eliminating the issue of managing own landfill in the estate property.															
Criterion 4.5.4: Reduction of pollution and emission																	
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	Both estates assessed their polluting activities. It is tabulated under the environmental management program. Therein is given potential sources of pollutants, objective & targets and action to be taken. Sighted targeted areas assessed among others combined as follows; <table border="1"> <thead> <tr> <th></th> <th>Sources of polluting activities/objective & target</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Management of HCV river reserve Sg Pegalan Reserve, Sg Padas, water catchment at Field P01KA, AKI Tampulan Stone, Cemetery at Field P01MA & buffer zone conservation.</td> </tr> <tr> <td>2</td> <td>To monitor waste management plan for its suitability</td> </tr> <tr> <td>3</td> <td>To improve employees awareness on pollution prevention at housing complex including zero burning policy.</td> </tr> <tr> <td>4</td> <td>To minimise spillage of oil/chemical onto the ground</td> </tr> <tr> <td>5</td> <td>To review aspect identification & impact evaluation to identify significant critical points for control.</td> </tr> <tr> <td>6</td> <td>Maintenance of fruit trees in the estates.</td> </tr> </tbody> </table>		Sources of polluting activities/objective & target	1	Management of HCV river reserve Sg Pegalan Reserve, Sg Padas, water catchment at Field P01KA, AKI Tampulan Stone, Cemetery at Field P01MA & buffer zone conservation.	2	To monitor waste management plan for its suitability	3	To improve employees awareness on pollution prevention at housing complex including zero burning policy.	4	To minimise spillage of oil/chemical onto the ground	5	To review aspect identification & impact evaluation to identify significant critical points for control.	6	Maintenance of fruit trees in the estates.	Yes
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6	Maintenance of fruit trees in the estates.																
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	Details of action plan for identified pollutants are shown below; <table border="1"> <thead> <tr> <th></th> <th>Sources/objective & target</th> <th>Action Plan /Steps</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Management of HCV river reserve Sg Pegalan Reserve, Sg Padas, water</td> <td>To train/retrain sprayers /manuring gang to avoid</td> </tr> </tbody> </table>		Sources/objective & target	Action Plan /Steps	1	Management of HCV river reserve Sg Pegalan Reserve, Sg Padas, water	To train/retrain sprayers /manuring gang to avoid	Yes								
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1	Management of HCV river reserve Sg Pegalan Reserve, Sg Padas, water	To train/retrain sprayers /manuring gang to avoid															

Criterion / Indicator		Assessment Findings		Compliance	
			catchment area, AKI Tampulan Stone, Cemetery, buffer zone conservation.	any chemical-related works at the area	
		2	To monitor waste management plan for its suitability	SW disposal monitoring	
		3	To improve employees awareness on pollution prevention at housing complex including zero burning policy.	Continuous reminders	
		4	To minimise spillage of oil/chemical onto the ground	Continuous training and use of spill trays	
		5	To review aspect identification & impact evaluation to identify significant critical points for control.	Review through EA/EIE	
		6	Maintenance of forest trees in the estates.	Ensure signage & demarcation are visible to avoid chemical intervention. To monitor pollution/erosion	
Criterion 4.5.5: Natural water resources					
4.5.5.1	The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a. Assessment of water usage and sources of supply.	The Water Management Plan for the estates has been established. This is compiled on Group basis and amended to meet demands of specific issue in an operating units. It is reviewed on annual basis for the Financial Year 2017/18 plan. Included therein are inspection of reservoir, water treatment, monitoring of processed water, water leakages/overflow, run-off and ETP monitoring. The estate management has provided contingency plans in event of water crisis for financial year 2016/2017.		Yes	

Criterion / Indicator	Assessment Findings	Compliance												
<p>b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate’s current activities.</p> <p>c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</p> <p>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p>- Major compliance -</p>	<p>Steps/options to be adopted taken are;</p> <ul style="list-style-type: none"> - to purchase water from Syarikat Air Sabah - to train/educate staff/workers to conserve water - to revise demand and supply volume / conditions - to monitor water supply <p>Whilst In the event of a severe water pollution situation:</p> <ul style="list-style-type: none"> - to purchase water from Syarikat Air Sabah - to perform treatment of polluted water - to reusing/recycling/rationing <p>Water courses and wetlands are protected including maintaining and restoring appropriate riparian buffer zones. The guidelines are detailed in the River Reserve Management (Management of River Reserve in Sime Darby Plantation dated April 2014). The buffer zones established are as following:</p> <table border="1" data-bbox="1088 986 1904 1278"> <thead> <tr> <th>River width (Meters)</th> <th>Buffer Zone (Meters)</th> </tr> </thead> <tbody> <tr> <td>>40</td> <td>50</td> </tr> <tr> <td>20-40</td> <td>40</td> </tr> <tr> <td>10-20</td> <td>20</td> </tr> <tr> <td>5-10</td> <td>10</td> </tr> <tr> <td><5</td> <td>5</td> </tr> </tbody> </table> <p>The management monitors the water quality through water sampling: Monitoring of upstream, midstream and downstream of Sg Padas, report ref IE1398/2017 dated 07/12/17 was sighted. The domestic</p>	River width (Meters)	Buffer Zone (Meters)	>40	50	20-40	40	10-20	20	5-10	10	<5	5	
River width (Meters)	Buffer Zone (Meters)													
>40	50													
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Criterion / Indicator		Assessment Findings	Compliance
		<p>water monitoring was also made together in the same sampling. Report available in the same test report no IE1398/2017.</p> <p>Three sampling points were selected at raw water and 5 samples were taken from water tanks, office and line site. The results comply with DWQS Microbiology water sample i.e no E.Coli and total coliform was detected.</p> <p>There is no bore well available in both the estates.</p>	
4.5.5.2	<p>No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p>- Minor compliance -</p>	<p>This is in compliance by the estates. This requirement is also audited internally by the PQSM personnel. During the field visit no construction of such was observed.</p>	Yes
4.5.5.3	<p>Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).</p> <p>- Minor compliance -</p>	<p>During the site visit practices of water harvesting are noted mainly constructed on flat areas in both estates. There were construction of MCP = Moisture Conservation Pit at interval of every 40 ft & every 2 palms. Road side pits were also available at every 3 palm rows, to divert in event of water overflowing and also to benefit the nearest palm at the pit end to obtain additional moisture. This is part of the common practices introduced within the SDP Group Agriculture Procedures. In addition there were irrigation projects for Melalap Estate as handled by the Water Management Team. Potential fields have been identified and such areas will be irrigated to improve the moisture level for the palm growth. Source of irrigation identified from Sg Pegalan, water from the hill field no P00PA.</p>	Yes
<p>Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value</p>			

Criterion / Indicator	Assessment Findings	Compliance
<p>4.5.6.1 Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p> <ul style="list-style-type: none"> a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities. b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities. <p>- Major compliance -</p>	<p>The high biodiversity is included in the HCV assessment report dated August 2016. Birds, mammals, reptiles, insect (least concern and vulnerable) and totally protected and protected wildlife were identified based on the latest HCV report.</p> <p>For example vulnerable animal; bearded pig (mammals) under category totally protected. The established management plan has been incorporated the action plan for those identified animals (IUCN and WCA 2010) for proper monitoring.</p>	<p>Yes</p>
<p>4.5.6.2 If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <ul style="list-style-type: none"> c) Ensuring that any legal requirements relating to the protection of the species are met. d) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts. <p>- Major compliance -</p>	<p>There is not RTE recorded. Evidence to continuously prevent and discourage illegal or hunting, fishing or collecting activities were maintained and implemented. Signage as well as routine patrolling activities were utilised as part of creating awareness among employees and maintain HCVs.</p> <p>The estates had established a HCV action plan for FY2017/18 such as briefing/training to workers on protection of river buffers for Sg. Pegalan communicating to all employees, contractors, suppliers and neighbours that encroachment and hunting are not allowed.</p>	<p>Yes</p>
<p>4.5.6.3 A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p>- Major compliance -</p>	<p>All operating units have developed Management Plan for the HCV and conservation area to protect from any encroachment. Habitat protection includes prevention of disturbance by workers through awareness campaigns and regular patrols of the area. The estates</p>	<p>Yes</p>

Criterion / Indicator		Assessment Findings	Compliance
		have installed signboards at prominent areas to prohibit hunting, disturbance of protected areas and the lighting of fires. Inspection of housing areas and interview of residents confirmed workers were aware of the company policy that prohibits hunting and collecting activities. Monitoring is carried out by the security and staff in charge for the respective area. Sime Darby Plantation in addition established their own disciplinary measures if found any staff or workers found to capture, harm, collect or kill the RTE species in the estate. On-going monitoring for HCV areas for both Estates has been verified. The monitoring was conducted on monthly basis.	
Criterion 4.5.7: Zero burning practices			
4.5.7.1	Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice. - Major compliance -	The Group policy of “Zero open burning” is enforced since July 2008. The operating units adhered to the policy of “Zero open burning” for any replanting. From field visits and interviews with the workers there is no open burning being practiced in the estates. Both estates had replanting program spanned over the forthcoming years. Refer details in 4.6.2.2. In addition Sime Darby Plantation assigned 1 person based in HQ being in charge to detect any open fire in the Company’s fields using the Global Spot Watch.	Yes
4.5.7.2	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop. - Major compliance -	N/A. Details in 4.5.7.1 above	Yes
4.5.7.3	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.	N/A. Details in 4.5.7.1 above	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.5.7.4	<p>Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.</p> <p>- Minor compliance -</p>	<p>This is included in the specification of work orders in event of land preparation during a replanting. It is a standard practice in Sime Darby Plantation. However there are variation of practices between inland and coastal estates. Trunk are felled and chipped without having to shred and windrowed in certain conditions. Adjustment of work requirement are finalised from the directive of the replanting unit and the Zone office.</p>	Yes
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			
4.6.1.1	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<p>The SOP for the estates and mill operations are available which is prepared on Group basis. There are levels of the documentation identified as follows;</p> <ul style="list-style-type: none"> Level 1 Estate quality management system standard operation manual Level 2 EQMS quality management manual Level 3 standard operating procedure Level 4 work instruction Level 5 records. <p>One of the important mechanisms of ensuring the practice is implemented accordingly is through Planning & Monitoring Unit (PMU) assessment which are done quarterly. Among the activities evaluated were replanting activities, manuring, OP mature, P&D. upkeep, costing, etc. Harvesting standard is checked through Structured Crop Recovery (SCRA) & Q+ which is also done quarterly.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.6.1.2	Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals. - Major compliance -	The estates construct terraces at slope area of more than 6 degree. Planting of cover crop are made to retain the soil structure and conservation. Road side pit are made to divert water at slope areas to prevent road erosion and surface damage. Terraces are constructed inclined towards the terrace wall.	Yes
4.6.1.3	A visual identification or reference system shall be established for each field. - Major compliance -	The field identification was done through putting up a signage on the palm trunk mainly at the junctions of the field roads. The signage was made of metal plate, painted with red background where information about the field number and hectare was written in white.	Yes
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	The annual business plan is available as per the Group Financial Procedure. & Guidelines. Both estates and the mill had a similar format i.e in the form of annual budget with a 5 year projection. (Budget year, PY2, PY3, PY4, PY5) This business plan is prepared as guidance for future planning. The budget contains palm year of planting, age categories, and FFB production. Component of operating expenditure includes Administration, harvesting & collection, field upkeep, transportation, road and bridges, labour overhead, EVIT (running accounts for engines, vehicles, implements & tractors . Inclusive in the business plan is also Capital Expenditure (CAPEX) among others replacement / upgrading of building, vehicles replacement , workers amenities etc. the budget for 2017/18 for both the estates was sighted and verified.	Yes

Criterion / Indicator		Assessment Findings	Compliance																																										
4.6.2.2	<p>Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.</p> <p>- Major compliance -</p>	<p>Both estates established a replanting program spanned over a 5 year period till 2023. All programs were sighted.</p> <p>a) Melalap Estate</p> <table border="1" data-bbox="1093 600 1906 735"> <thead> <tr> <th>Financial Year</th> <th>2017/18</th> <th>18/19</th> <th>19/20</th> <th>20/21</th> <th>21/22</th> <th>22/23</th> </tr> </thead> <tbody> <tr> <td>Replanting Ha</td> <td>113.23</td> <td>137.44</td> <td>121.21</td> <td>90.65</td> <td>104.31</td> <td>110.97</td> </tr> <tr> <td>Replanting %</td> <td>8</td> <td>10</td> <td>9</td> <td>7</td> <td>8</td> <td>8</td> </tr> </tbody> </table> <p>b) Sapong Estate</p> <table border="1" data-bbox="1093 831 1906 967"> <thead> <tr> <th>Financial Year</th> <th>2017/18</th> <th>18/19</th> <th>19/20</th> <th>20/21</th> <th>21/22</th> <th>22/23</th> </tr> </thead> <tbody> <tr> <td>Replanting Ha</td> <td>105.62</td> <td>297.54</td> <td>145.04</td> <td>258.89</td> <td>268.88</td> <td>271.60</td> </tr> <tr> <td>Replanting %</td> <td>5</td> <td>13</td> <td>6</td> <td>11</td> <td>12</td> <td>12</td> </tr> </tbody> </table> <p>Sizes of fields identified for replanting varies subject t factors i.e hilly, yield etc. All replanting program and planning in all the Group Estates are monitored by the Replanting Unit. Assistance and audit are performed as and when required and necessary.</p>	Financial Year	2017/18	18/19	19/20	20/21	21/22	22/23	Replanting Ha	113.23	137.44	121.21	90.65	104.31	110.97	Replanting %	8	10	9	7	8	8	Financial Year	2017/18	18/19	19/20	20/21	21/22	22/23	Replanting Ha	105.62	297.54	145.04	258.89	268.88	271.60	Replanting %	5	13	6	11	12	12	Yes
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4.6.2.3	<p>The business or management plan may contain:</p> <p>a) Attention to quality of planting materials and FFB</p> <p>b) Crop projection: site yield potential, age profile, FFB yield trends</p> <p>c) Cost of production : cost per tonne of FFB</p>	<p>Business plan is reflected through the establishment of annual budget. The projection of three years was also available. Among the information available in the business plan is crop budget, cost of production per Ha and per mt basis, price forecast and estimation of ROI.</p>	Yes																																										

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Criterion / Indicator		Assessment Findings	Compliance
	d) Price forecast e) e) Financial indicators : cost benefit, discounted cash flow, return on investment - Major compliance -		
4.6.2.4	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented. - Major compliance -	The estates performance is recorded in the monthly progress report. Details on the actual vs budget i.e. crop production, fixed and direct cost are shown therein. The management also provides variance report on the performance and reviewed on a monthly basis through SAP system. Through this system, the expenses can be seen by top management. The SOU meeting involving the Managers meets monthly with the Head Zone for the performance review.	Yes
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	The pricing method for FFB transporter has been clearly stated in the Letter of Offer (LOA) and contract agreement (scheduled of transportation rates/rates).	Yes
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	All contracts were awarded through tendering system at Zone Level. Approved contractors will be give the LOA. Payments were all made in timely manner and no complaint from the contractor so far.	Yes
Criterion 4.6.4: Contractor			
4.6.4.1	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.	The understanding about MSPO requirements among the engaged contractors was delivered through a session of training which was last conducted on 15/11/2017 for all OU in SOU Melalap. It was attended by 10 representatives from various contractors such as FFB & EFB	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	transporters, machinery provider, planting oil palm, grass-cutting, domestic wastes transported, suppliers, replanting land preparation. Training material was seen where elements of MSPO were included.	
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Awarded contractors are provided with Letter of Offer (LOA) (contract agreement) which spelt out the conditions such as commencement, service contract, bank guarantee, insurance policies, failure to provide service, responsibility and indemnity, termination, governing laws, transportation rate and rate adjustment mechanism. At Sapong Estate, LOA awarded by Sime Darby Plantation (Sabah) Sdn Bhd to Simgaya Enterprise (replanting land preparation), Berjaya Contractor (FFB transporter).	Yes
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required. - Minor compliance -	The requirement of accepting MSPO accredited auditors to audit against the contractors was communicated through the session between contractors. This was verified through slide presentation material.	Yes
4.6.4.4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted. - Major compliance -	All works performed at the estates are checked and verified by the estates personnel. Projects where tenders are issued by HQ are checked by representative from HQ usually from the Engineering Dept.	Yes
4.7 Principle 7: Development of new planting			
Criterion 4.7.1: High biodiversity value			

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

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.7.3.2	SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders. - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.3.3	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed. - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.3.4	Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed. - Minor compliance -	There is no development of new planting at all the visited estates.	NA
Criterion 4.7.4: Soil and topographic information			
4.7.4.1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.4.2	Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation	There is no development of new planting at all the visited estates.	NA

Criterion / Indicator		Assessment Findings	Compliance
	systems, roads and other infrastructure. - Major compliance -		
Criterion 4.7.5: Planting on steep terrain, marginal and fragile soils			
4.7.5.1	Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.5.2	Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.5.3	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. - Major compliance -	There is no development of new planting at all the visited estates.	NA
Criterion 4.7.6: Customary land			
4.7.6.1	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative	There is no development of new planting at all the visited estates.	NA

Criterion / Indicator		Assessment Findings	Compliance
	institutions. - Major compliance -		
4.7.6.2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. - Minor compliance -	There is no development of new planting at all the visited estates.	NA
4.7.6.3	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available. - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.6.4	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement. - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.6.5	Identification and assessment of legal and recognised customary rights shall be documented. - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.6.6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.	There is no development of new planting at all the visited estates.	NA

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.7.6.7	The process and outcome of any compensation claims shall be documented and made publicly available. - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.6.8	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development. - Minor compliance -	There is no development of new planting at all the visited estates.	NA

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

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	Policy for the implementation of MSPO shall be established. - Major compliance -	The internal memo from Mr Tan Men Kon, Head of Plantation Sustainability & Quality Management documented the commitment Sime Darby towards MSPO implementation. The internal memo dated 8 th September 2017 was issued to all Estates and Mills. The commitment is to implement and certified with MSPO by December 2017.	Yes
4.1.1.2	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. - Major compliance -	The continual improvement commitment is documented in the following Management & Operation Policies: a) Quality Management Policy dated January 2015 b) Lean Six Sigma Policy dated January 2015 c) Quality Policy dated January 2015 The commitments are made by Datuk Franki Anthony Dass, The Managing Director of Sime Darby Plantation Berhad.	Yes
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	The Internal Audit Procedure (SD/SDP/PSQM/IAP) dated 01/05/2015 documented the process to conduct internal audit. This is the initial certification of MSPO. The internal audit schedule for 2017 has been planned and communicated by Regional SQM to all regions (Both Peninsular & East Malaysia Estates and Mills) The internal audit for Melalap POM SOU was conducted on 14/11/17. The audit had covered all the MSPO MS2530 elements.	Yes

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4.1.2.2	<p>The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.</p> <p>- Major compliance -</p>	<p>The internal audit report for the SOU Melalap dated 14/11/17 was sighted. Details of the content therein as shown below;</p> <p>A total of 1 major & 7 minor NCR was raised. In additional 7 OFI was forwarded to the management for improvement. All the NCRs raised were supported by the root cause analysis and corrective action plan. There is no pressing issues raised for the mill except for OFIs in relation to scheduled waste training and monitoring of diesel consumption baseline. The audit report is adequate to support the management in rectifying the shortcoming in the MSPO implementation.</p>	Yes
4.1.2.3	<p>Reports shall be made available to the management for their review.</p> <p>- Major compliance -</p>	<p>The internal audit reports are distributed to the POM management and Sime Darby Plantation Head Office personnel. There is also monthly SQM meetings at Head Office level to review the issues/findings raised in both internal and external audit</p>	Yes
Criterion 4.1.3 – Management Review			
4.1.3.1	<p>The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.</p> <p>- Major compliance -</p>	<p>A management review was conducted on 21/11/17 chaired by the Mill Manager. The minutes of meeting was sighted and verified. Discussion among other were on the following subjects;</p> <ul style="list-style-type: none"> a) Mill performance, SOU meeting, SORA (Structured Oil Recovery Assessment), MA visit. b) Environmental performance, scheduled waste, DOE report, noise monitoring c) MSPO/RSPO activities relating to training, internal audit findings. The status of the correction and preventive actions are being discussed and reviewed. 	Yes

		<p>The committee concluded that the current implementation of MSPO is suitable, effective and will continue to be adopted.</p> <p>Changes if necessary will be reviewed accordingly. The discussion made during the meeting is adequate to assist the management in managing the MSPO requirement.</p>	
<p>Criterion 4.1.4 – Continual Improvement</p>			
<p>4.1.4.1</p>	<p>The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.</p> <p>- Major compliance -</p>	<p>The programs / activities relating to the continual improvement plan are included in the annual estimate I,e. CAPEX and OPEX. These program are reviewed annually prior to the budget preparation. The following was captured in the FY 2017/18 and also FY 106/17 which are currently being or already completed.</p> <ul style="list-style-type: none"> • ESP – Electrostatic Precipitator to improve the dust particulate for Boiler emission currently 0.4 gm/Nm3 to 0.15 gm/Nm3. (Provision of RM 2M) • Fire fighting system at the housing complex. • Continous and progressive house repair/maintenance • The improvement plan above are in relation to the employees', welfare, environmental safety and health. 	<p>Yes</p>
<p>4.1.4.2</p>	<p>The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.</p> <p>- Major compliance -</p>	<p>Dissemination of information to the employees are made through dialogues and training sessions. The staff/workers annual training program for FY 2017/2018 was established. The training subjects identified among others include operations, understanding of MSPO/RSPO requirements, human rights, company policies, health and safety etc. The FY2017/2018 OPEX budget has include training budget and operations improvement including environmental improvement, worker welfare, OHS etc.</p> <p>Interview with workers and sighting of records confirmed that trainings are provided by the management on regular basis.</p>	<p>Yes</p>

4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	The management shall communicate adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms. - Major compliance -	Melalap Palm Oil Mill has maintained records of requests and responses, Land titles/user rights, Safety and health plans, plans and impact assessments relating to environmental and social impact, plans for pollution prevention, records of complaints and grievances, plans for continuous improvement and make available upon request.	Yes
4.2.1.2	The management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. - Major compliance -	The company has developed a procedure on Documentation and Communication under Section 3, version: 1, year 2008 where the information on sustainable activities will be made publicly available to the general public through Annual Reports, circulars, agreements, Sime Darby website and other publications. Copies of the document such as impact assessment reports and monitoring plans relating to environmental and social, pollution prevention plans, records of complaints and grievances were available on request.	Yes
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders. - Major compliance -	SDPSB has developed a documented procedure in Sustainable Plantation Management System on handling social issues, Appendix 5, Version 1, and Issue No.1, dated 01/4/2008. The procedure has detailing the process of handling social issues raised by the stakeholders and resolve in an effective, timely and appropriate manner.	Yes

<p>4.2.2.2</p>	<p>The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i>.</p> <p>- Minor compliance -</p>	<p>Assistant Manager (Izzul Fahmi Azuddin) of the Melalap POM has been appointed as Social Responsible Person to handle any issue related to social. Seen the appointment letter dated 17/11/2017 issued by the Mill Manager.</p>	<p>Yes</p>
<p>4.2.2.3</p>	<p>A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.</p> <p>- Major compliance -</p>	<p>Stakeholder list was developed which included local communities (Kg. Makaniton, Jawa Sembiling, Pagansangon, Melalap, SK Pulong, SK Melalap, SK Lagud), suppliers (Kianda Ent., Milivest, Vu Metal, Berjaya Contractor), contractors, government authorities and etc. was last updated in August 2017. To-date there are 86 stakeholders in the list. Stakeholder meeting was conducted on 12/10/2017 with the participation of stakeholders such as contractors, school representatives, government authorities and local communities. Seen the meeting minutes and photo evident of the meeting.</p>	<p>Yes</p>
<p>Criterion 4.2.3 – Traceability</p>			
<p>4.2.3.1</p>	<p>The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability.</p> <p>- Major compliance -</p>	<p>Ref.: Sustainable Plantation Management System (SPMS), Appendix 15, SOP for Sustainable Supply Chain and Traceability, ver. 2, Oct 2016.</p> <p>Melalap POM is receiving FFB mainly from its supply base i.e. Melalap Estate and Sapong Estate.</p> <p>For own supply base: The weighbridge ticket provided the following details:</p> <ul style="list-style-type: none"> - Supplied from which estate - Product (FFB or Loose fruit) - Delivery note from estates stating the weight and fruit grade (A or B). - D.O Number - Weight of the shipment 	<p>Yes</p>

		<ul style="list-style-type: none"> - Date of the shipment <p>For despatch of CPO, the weighbridge ticket includes the following information to enable the customer to trace the CPO source</p> <ul style="list-style-type: none"> - Customer Name - Destination of the CPO - Product - DO number - PO number - Weight of the product. <p>For external FFB suppliers, they have their own delivery orders. All the external suppliers have to be approved by signing contract agreement and registered in the system before they are able to send their crop to mill.</p>	
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	The method of inspection is by SCCS internal audit 14-15/11/2017. Based on the inspection, there was no finding raised on the implementation of traceability procedure.	Yes
4.2.3.3	The management shall identified and assign suitable employees to implement and maintain traceability system. - Minor compliance -	Assistant Manager (Izzul Fahmi Azuddin) of the Melalap POM has been appointed to be responsible to implement and maintain traceability system. Seen the appointment letter dated 17/11/2017 issued by the Mill Manager. [ref.: Clause 4 of SOP for Sustainable Supply Chain and Traceability].	Yes
4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained. - Major compliance -	Stock of CSPO & CSPK was recorded in Mass Balancing Records for Oil Mill. Production records were maintained in "Daily production summary". The information about stock balance, sales and delivery is recorded in the format on daily basis. Production of MSP0 certified CPO will be started after MSP0 certificate is granted.	Yes
4.3 Principle 3: Compliance to legal requirements			

Criterion 4.3.1 – Regulatory requirements																										
<p>4.3.1.1</p> <p>All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>The following documents was extracted and verified in relation to the mill compliance to the legislative requirement. Among others are;</p> <table border="1"> <thead> <tr> <th></th> <th>Authority Agency</th> <th>Details</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>DOE</td> <td>Licence no 001870 Seksyen 18(1) Akta Kualiti Alam Sekitar valid till 30/6/18</td> </tr> <tr> <td>2</td> <td>JKKP</td> <td>Back pressure vessel PMT 6247 valid till 6/6/18</td> </tr> <tr> <td>3</td> <td>JKKP</td> <td>Air Receiver PMT 6257 valid till 6/6/18</td> </tr> <tr> <td>4</td> <td>JKKP</td> <td>Water softener PMT 6249 valid till 6/6/18</td> </tr> <tr> <td>5</td> <td>JKKP</td> <td>Water Tube Boiler PMD 2092 valid till 6/6/18</td> </tr> <tr> <td>6</td> <td>MPOB</td> <td>Licence no 535146004000 for the processing of FFB max 96000 mt/year. Valid till 31/12/18.</td> </tr> <tr> <td>7</td> <td>JTK</td> <td>Permit Sekatan Kerja Lebih Masa [# 08(0004)TNM, Seksyen 104(7), Ordinan Buruh (Sabah Bab 67), validity 29/4/2016 to 28/4/2017, OT limit is 130 hours], granted to Guthrie Industries Malaysia Sdn Bhd (Melalap Oil Mill) – application to renew has been submitted on 19/4/2017 and followed up via e-mail on 9/12/2017 – responded by JTK on 13/12/2017 (from En. Sulkifli Silang) to tell that JTK is in the midst of reviewing/improving its permits quality and approval conditions, hence the delay</td> </tr> </tbody> </table>		Authority Agency	Details	1	DOE	Licence no 001870 Seksyen 18(1) Akta Kualiti Alam Sekitar valid till 30/6/18	2	JKKP	Back pressure vessel PMT 6247 valid till 6/6/18	3	JKKP	Air Receiver PMT 6257 valid till 6/6/18	4	JKKP	Water softener PMT 6249 valid till 6/6/18	5	JKKP	Water Tube Boiler PMD 2092 valid till 6/6/18	6	MPOB	Licence no 535146004000 for the processing of FFB max 96000 mt/year. Valid till 31/12/18.	7	JTK	Permit Sekatan Kerja Lebih Masa [# 08(0004)TNM, Seksyen 104(7), Ordinan Buruh (Sabah Bab 67), validity 29/4/2016 to 28/4/2017, OT limit is 130 hours], granted to Guthrie Industries Malaysia Sdn Bhd (Melalap Oil Mill) – application to renew has been submitted on 19/4/2017 and followed up via e-mail on 9/12/2017 – responded by JTK on 13/12/2017 (from En. Sulkifli Silang) to tell that JTK is in the midst of reviewing/improving its permits quality and approval conditions, hence the delay	<p>No</p>
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		Nonetheless, it was found that the license to deduct wage [ref: Permit potongan daripada gaji pekerja, Seksyen 113(4), Ordinan Buruh (Sabah Bab 67)] was not in place for the mill. Therefore a major NCR was assigned due to this lapse.	
4.3.1.2	The management shall list all relevant laws related to their operations in a legal requirements register. - Major compliance -	List of applicable legal and other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder. All the legal and other requirements were register accordingly in the legal requirement register.	Yes
4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. - Major compliance -	Tracking system are available to identify changes in the relevant regulations through the head office, website information and the information are communicated from the Group Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites as well as from MAPA circulars.	Yes
4.3.1.4	The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements. - Minor compliance -	SQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Generally, the Assistant Managers are the persons assigned to monitor on the compliance and update change in regulatory requirements. Apart from that, they were also responsible to carry out the evaluation of compliance at regulated interval. It was found that the responsibilities were delivered accordingly at all the operating units.	Yes
Criterion 4.3.2 – Lands use rights			

<p>4.3.2.1</p>	<p>The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.</p> <p>- Major compliance -</p>	<p>Land use right for mill is under the land title of Melalap Estate.</p>	<p>Yes</p>
<p>4.3.2.2</p>	<p>The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.</p> <p>- Major compliance -</p>	<p>Land title for Melalap Estate was available. Details are mentioned in the Indicator 4.3.2.2 at MSP0 Part 3 above.</p>	<p>Yes</p>
<p>4.3.2.3</p>	<p>Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.</p> <p>- Major compliance -</p>	<p>The mill area is within the area of Melalap Estate’s land title and therefore demarcation of boundary is not necessary.</p>	<p>Yes</p>
<p>4.3.2.4</p>	<p>Where there are, or haven been disputes, documented proof of legal acquisition of land and fair compensation that have been or are being made to previous owners and occupants; shall made available and that these should have been accepted with free prior informed consent (FPIC).</p> <p>- Minor compliance -</p>	<p>NA. Land issue is under the management of Melalap Estate.</p>	<p>Yes</p>
<p>Criterion 4.3.3 – Customary rights</p>			
<p>4.3.3.1</p>	<p>Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.</p> <p>- Major compliance -</p>	<p>NA. Land issue is under the management of Melalap Estate.</p>	<p>Yes</p>
<p>4.3.3.2</p>	<p>Maps of an appropriate scale showing extent of recognized customary rights shall be made available.</p> <p>- Minor compliance -</p>	<p>NA. Land issue is under the management of Melalap Estate.</p>	<p>Yes</p>

4.3.3.3	<p>Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.</p> <p>- Major compliance -</p>	NA. Land issue is under the management of Melalap Estate.	Yes
<p>4.4 Principle 4: Social responsibility, health, safety and employment condition</p>			
<p>Criterion 4.4.1: Social Impact Assessment (SIA)</p>			
4.4.1.1	<p>Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.</p> <p>- Minor compliance -</p>	<p>The Social Impact Assessment for SOU27 Melalap for all operating units (Melalap POM, Melalap Estate and Sapong Estate) was conducted internally by the Plantation Sustainable and Quality Management (PSQM) Team. The last SIA was conducted on 19-21/5/2015.</p> <p>For Melalap POM, only one impact identified to establish action plan i.e. a request by Kg Laman follow up previous request on clarification of boundary. The issue had been settled by doing a resurvey by Syarikat Geo-Teoh land Survey Services [ref.: invoice no. M130, dated Dec 2016].</p>	Yes
<p>Criterion 4.4.2: Complaints and grievances</p>			
4.4.2.1	<p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>- Major compliance -</p>	<p>A documented dispute resolution procedure is available at Mill and Estate Quality Management System Manual which is effective, timely, appropriate and open to any affected parties. The complaint and grievances is open to affected parties including internal and external stakeholders. The time frame to deal with external communications should be within two weeks of the date of receipt for communication requiring direct feedback and within one week of the completion of the investigation, for communication required investigation [ref.: SPMS, Appendix 5, Flowchart and Procedure on Handling Social Issues, 1/4/2008]. There has been no complaint raised by anyone so far for the past 12 months.</p>	Yes

<p>4.4.2.2</p>	<p>The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties.</p> <p>- Major compliance -</p>	<p>The system was found to be effective to resolve the issues raised by stakeholders in timely manner.</p>	<p>Yes</p>
<p>4.4.2.3</p>	<p>A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.</p> <p>- Minor compliance -</p>	<p>The mill has a file to keep the complaint forms filled in by the complainants. So far, the forms were mainly used by the internal stakeholders to complain about housing and facilities conditions. Another way of recording issues was through a meeting with stakeholder where issues raised were recorded in the meeting minutes – seen latest minute dated 21/7/2017. Input from stakeholders in the meeting were translated in the social action plan.</p>	<p>Yes</p>
<p>4.4.2.4</p>	<p>Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.</p> <p>- Minor compliance -</p>	<p>Employees were made aware through daily briefing. The mill management has maintained a complaint file to receive any complaints or grievances from stakeholders. The complaints lodged related to housing repair were resolved accordingly and it was acknowledged by the complainants after the action has been taken. For the surrounding communities, awareness is made by the estates.</p>	<p>Yes</p>
<p>4.4.2.5</p>	<p>Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.</p> <p>- Major compliance -</p>	<p>The records were kept since 2012.</p>	<p>Yes</p>
<p>Criterion 4.4.3: Commitment to contribute to local sustainable development</p>			
<p>4.4.3.1</p>	<p>Palm oil miller should contribute to local development in consultation with the local communities. Where the mill is an integral part of</p>	<p>Among the contributions from the mill were:</p> <ul style="list-style-type: none"> • Monetary contribution to Pejabat Kesihatan Daerah Tenom for organising I Want Sihat program dated 4/5/2017 	<p>Yes</p>

	<p>plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.</p> <p>- Minor compliance -</p>	<ul style="list-style-type: none"> • Monetary contribution to all mill employees for Hari Raya festival dated 19/6/2017 • Contributed presents (in form of hampers) to SK Pulong dated 21/11/2017 for Excellent Student Award programme 	
<p>Criterion 4.4.4: Employees safety and health</p>			
<p>4.4.4.1</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>- Major compliance -</p>	<p>The Group Occupational Safety & Health Management Policy had been established and implemented. The policy was signed by the Managing Director of Sime Darby Plantation on January 2015 and displayed prominently on notice boards in English and local language Bahasa Malaysia. The Policy is implemented through the OSH activities by the on-site Safety Officers and monitored by OSH Manager from Head Office.</p> <p>Included in the policy is the commitment of the Company to provide and maintain a safe and healthy working environment of its employees & contractors & visitors. In interviews with the workers and staff during the site visit revealed that the employees has been briefed and fundamentally understood the policy.</p>	<p>Yes</p>
<p>4.4.4.2</p>	<p>The occupational safety and health plan should cover the following:</p> <ol style="list-style-type: none"> A safety and health policy, which is communicated and implemented. The risk of all operations shall be assessed and documented. An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill: <ol style="list-style-type: none"> All employees involved are adequately trained on safe working practices; All precautions attached to products should be properly observed and applied; 	<ol style="list-style-type: none"> The policy and objectives has been mentioned in indicator 4.4.4.1 above. The risk of all operations were assessed and documented under HIRARC. HIRARC for the mill operations was last reviewed on 17/10/2011 and cover among others the following stations/activities; Weighbridge / sterilizer / security / boilers / storage tanks / nut silos / kernel silo / kernel storage / oil room / workshop operation / belt press operation No HIRARC was prepared for the operation of the evaporators (<i>mist blower</i>) located at effluent pond no 4. Hence an NCR is 	<p>No</p>

<p>d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept ant the concerns of employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>raised. Format and content of other HIRARC furnished are comprehensive to address any risk of operations.</p> <p>c) The mill provided training to the employees on safe practices for their respective work place and machine handling. The training includes for the employees handling chemicals and other safe working procedures. Extracted at random in relation to safety and chemical handling from the training records in 4.4.6.1 are the following;</p> <table border="1" data-bbox="1126 671 1883 1283"> <thead> <tr> <th></th> <th>Date</th> <th>Details</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>7/12/17</td> <td>Chemical Handling</td> </tr> <tr> <td>2</td> <td>12/12/17</td> <td>Alfa Laval Decanter operations</td> </tr> <tr> <td>3</td> <td>13/12/17</td> <td>Scheduled Waste Briefing</td> </tr> <tr> <td>4</td> <td>11/11/17</td> <td>LOTO briefing</td> </tr> <tr> <td>5</td> <td>29/9/17</td> <td>Safety Town hall 5.0 Session</td> </tr> <tr> <td>6</td> <td>15/9/17</td> <td>Chemical Handling for WTP handlers</td> </tr> <tr> <td>7</td> <td>18/8/17</td> <td>General requirement in safety & health</td> </tr> <tr> <td>8</td> <td>7/8/17</td> <td>Fire fighting</td> </tr> <tr> <td>9</td> <td>24-25/8/17</td> <td>BOFA Basic Occupational First Aid</td> </tr> <tr> <td>10</td> <td>18/5/17</td> <td>Tractor Driving</td> </tr> </tbody> </table> <p>In addition there were weekly briefings for the workers on the SOPs and competency of workplace machine/equipment.</p>		Date	Details	1	7/12/17	Chemical Handling	2	12/12/17	Alfa Laval Decanter operations	3	13/12/17	Scheduled Waste Briefing	4	11/11/17	LOTO briefing	5	29/9/17	Safety Town hall 5.0 Session	6	15/9/17	Chemical Handling for WTP handlers	7	18/8/17	General requirement in safety & health	8	7/8/17	Fire fighting	9	24-25/8/17	BOFA Basic Occupational First Aid	10	18/5/17	Tractor Driving	
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		<p>d) PPE issued to the workers is safety helmets, safety shoes. Special PPE for workers assigned to height, confined space. Safety shoes issued on a 6 monthly basis and recorded.</p> <p>e) SOP of handling of chemicals is available. The document is dated on 26/02/17 titled "chemical safety management" 17 pages. Therein is shown requirement & selection of chemicals, assessment of chemicals hazards, selection of supplier and transportation of chemicals. Storage, handling and training of such is also elaborated in the procedure.</p> <p>f) The management appoints En Izzul Fahmi Azuddin through a letter dated 17/11/17 representative for RSPO/ISCC/MSP0 for the mill. He has been trained on the assigned areas and among others to be responsible for OSH, environmental and update changes in regulatory requirement. The Mill Manager was appointed as the Chairman for the mill safety committee via letter dated 16/8/16 issued by the Regional Head.</p> <p>Communications are made through safety meeting /site supervision/dialogue/briefing during the weekly muster; The safety meeting was held 3 monthly having a total of 4 meetings in a year. The dates of meeting organised in 2017 are on 25/10/17, 03/8/17, 03/5/17 & 11/2/17. There were standard agenda discussed as provided by PSQM. Additional issues where deemed important by the committee will be included in the discussion. Minutes of 2 meeting 25/10/17 & 03/5/17 was sighted. Among others the agenda discussed in the safety meeting are: Workplace inspection / Line site visit report / Accident statistics / report / Unsafe act / Legislative requirement & update / GCAD/PSQM Audit highlight</p>	
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		<p>g) Accident and emergency procedures are available. There is a formation of ERP Team & ERP for all the identified incidences i.e. Fire, flood, explosion, chemical spillage, accidents, oil spillage. The organisation chart for the ERP team was appointed and displayed for information of the employees - Drill for fire ERP was organised on 9/6/17.</p> <p>h) An in-house first aid training BOFA (Basic Occupational First Aid) organized by PSQM was conducted on 24-25/8/17 attended by 7 employees. The first aid boxes were available evenly in the mill complex included the units kept by the supervisory personnel in event of emergencies especially during the night operations. This was sighted and verified.</p> <p>i) Records of all accidents are kept. Accident incidences are reviewed during safety meetings. No major accident was recorded in the mill during the present calendar year.</p>	
Criterion 4.4.5: Employment conditions			
<p>4.4.5.1</p>	<p>The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.</p> <p>- Major compliance -</p>	<p>The “Social Policy” showcases the company’s commitment to providing a workplace that is free from sexual harassment and all other forms of violence against women, workers, and community. The policy also commits to providing sufficient training and development for employees to increase their awareness and enhance their skills in line with this policy.</p>	<p>Yes</p>
<p>4.4.5.2</p>	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p>	<p>The Social Policy dated January 2015 enforce the management’s direction that all employees should be treated fairly in terms of recruitment, progression, terms and conditions of works and representation regardless of race, caste, nationality, gender, physique, sexual orientation, union membership, political view, religion and age. Interview with the foreign and local workers,</p>	<p>Yes</p>

	- Major compliance -	reveals there is no discriminatory issues as the management treat them well.	
4.4.5.3	Management shall ensure that employees’ pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage. - Major compliance -	Collective agreement was available. Latest agreement was for the duration of 1/12/2014 to 31/12/2016 and signed by the related representatives (i.e. Head, Plantation Upstream, Malaysia, Head of HR, Head of HR Upstream, Head of Industrial Relations, General Secretary of SPIEU, President of SPIEU, The living wage in the CA was found to be sufficient to meet basic needs for the employees. Finalising the latest CA is still in progress due to some issues need more time to be considered. The new CA is expected to be completed in early 2018.	Yes
4.4.5.4	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee. - Minor compliance -	The mill is ensuring that the employees of its contractors are paid based on legal standard by obtaining payslip and cross checked with the legal requirements. Sampled: Berjaya Contractor – verified 5 workers’ Nov 17 payslips – basic pay found to be meeting the minimum standard.	Yes
4.4.5.5	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. - Major compliance -	There is a list of employees consist of employee number, name, check roll type, joining date and status in the SAP system – Sime Estate Mill Upstream Application (SEMUA) System Employee Master Listing.	Yes
4.4.5.6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records. - Major compliance -	Employees have been provided with employment contract which were made reference to the collective agreement between employer and employees. The collective agreement for the mill were available for verification.	Yes

<p>4.4.5.7</p>	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.</p> <p>- Major compliance -</p>	<p>Time recording at the mill was implemented through recording of punch card system, which records the time-in and time-out of an employee. The records were updated on daily basis and attendance of workers was monitored regularly through site supervision.</p>	<p>Yes</p>
<p>4.4.5.8</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>- Major compliance -</p>	<p>Working time found to be in accordance with legal requirement: Working hours i.e.: Daily rated workers (2 shifts):</p> <p><u>Shift A</u> Working hours = 0800 to 1600 Break time = 1100 to 1200</p> <p><u>Shift B</u> Working hours = 1600 to 0000 Break time = 2000 to 2100</p> <p>Auxiliary police (3 shifts): Shift 1 working hours = 0700 to 1500 Break time = 1200 to 1230</p> <p>Shift 2 working hours = 1500 to 2300 Break time = 1800 to 1830</p> <p>Shift 3 working hours = 2300 to 0700 Break time = 0400 to 0430</p>	<p>Yes</p>
<p>4.4.5.9</p>	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p>- Major compliance -</p>	<p>Hours of overtime were recorded in the payslip and rate was paid according to the regulatory requirements and collective agreements.</p>	<p>Yes</p>

<p>4.4.5.10</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>- Minor compliance -</p>	<p>Among the benefits offered by the company:</p> <ul style="list-style-type: none"> • Productivity incentive • turn-out incentive • transport allowance • telephone allowance 	<p>Yes</p>
<p>4.4.5.11</p>	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.</p> <p>- Major compliance -</p>	<p>The mill workers are provided with free housing facilities which includes water and electricity supply. Based on the visit to the labour quarters, it was noted that the housing condition was accordance to the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446). Each house has a living room, 3 bedrooms, 1 bathroom, 1 toilet and a kitchen. The visits by Visiting Medical Office (VMO) to the housing were also well organised by the management, where records of visits were maintained for reference.</p>	<p>Yes</p>
<p>4.4.5.12</p>	<p>The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.</p> <p>- Major compliance -</p>	<p>The "Social Policy" seen consist of information on non-discrimination and equal opportunities. Seen the policy displayed in the estate's office and regularly communicated to all levels of the workforce through training programs. Interviewed with workers during site visits, resulted with no form discrimination based on race, caste, national origin, religion, disability, gender, etc. The interviewed workers are aware on the term of discrimination and how they to respond if such incidents happen to them.</p>	<p>Yes</p>
<p>4.4.5.13</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</p>	<p>Stated in Sime Darby Responsible Agriculture Charter, Clause 2.2 (iii) which reads "Respecting the rights of employees to form and join unions, and the right to collective bargaining." Interview with the employees showed that there is no restriction for them to join any trade union.</p>	<p>Yes</p>

	should not be discriminated against or suffer repercussions. - Major compliance -						
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. - Major compliance -	Stated in Sime Darby Responsible Agriculture Charter, Clause 2.2 (ii) which reads “We will not employ anyone under the age of 18, unless in vocational and/or formal and structured apprenticeship, educational and training programmes.” Based on verification of the SEMUA database, which has the information about date of birth and date joined, all the workers were over 18 years of age at the point of recruitment.	Yes				
Criterion 4.4.6: Training and competency							
4.4.6.1	All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training. - Major compliance -	The annual training program has been established and significantly covers all aspects of the MSPO/RSPO Principles and Criteria. Additional subjects include mill operating procedures, parameters of mill produce, machinery maintenance etc. The training program also specified the target group of employees to be trained under the allocated subjects. The program mainly covers both requirement of the estates and mill in the SOU 27. The subject for the training are issued and assisted by the PSQM personnel. Among others included in the annual training program 2017/18 are; OSH Act 7 regulations 1994. / Environmental Quality Act 1974 USECHH 2000 / OSH Committee and function / First Aid / Scheduled waste / RSPO/MSPO / Water treatment / HCV & Biodiversity. Records of training for Melalap Mill sighted during this audit among others are shown below.	Yes				
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<p>4.4.6.2</p>	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p>- Major compliance -</p>	<p>The training needs for the mill 2017/18 training program has been established. The details of the training needs include categories of stations, subjects, and employees group. Included in this program are subjects related to environment e.g. environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training, machine handling, mill</p>	<p>Yes</p>																																																

		stations operations, control of process parameters, workshop management, etc.	
4.4.6.3	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. - Minor compliance -	This is in compliance and detailed in 4.4.6.1 above. Training program are made on annual basis. In addition it is subject for a review during the financial year should need arises. The training program at current is adequate to support the management needs in enhancing the knowledge and skill of its employees to operate the mill along with the MSP0/RSP0 certification.	Yes
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented. - Major compliance -	There is an Environmental Management Policy for the mill issued and endorsed in Jan 2015 by the Managing Director. Inside the policy among others has stated that the Company is committed to protecting the environment and conserving biodiversity through sustainable development. This is policy is prominently displayed in the office along with other Company's Policies.	Yes
4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations - Major compliance -	The Policy is available and the objectives stated therein. The environmental aspects and impact evaluation covers the following areas/activities; a) boiler operation b) power generation c) crude palm oil storage leakage and spillage d) effluent pond ruptured e) anaerobic process release of gas to atmosphere	Yes
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.	This plan is available and updated for the FY 2017/18. The environmental issues for improvement outlined by Malalap mill are shown below:	Yes

<p>- Major compliance -</p>					
		Environmental issues	Mitigating Measures		
	1	Consistent Zero Discharge BOD < 20 & SS < 200 ppm for pond 2,3,4	<p>Short stage planning</p> <ul style="list-style-type: none"> . to increase retention time by recycling within ponds . to continuously run 3 units flight mixer at pond no 1. <p>Long Stage Planning</p> <ul style="list-style-type: none"> . Operation of mist blower at ETP 8 hours/day to achieve zero discharge . to maximise belt press operation at ETP 8 hours/day. . to maximise oil recovery through operation of de oiling tank. 		
	2	Leachate from composting overflowing plant into estate field	<ul style="list-style-type: none"> . to clear old EFB . To desludge composting plant drain every 3 monthly. . to reduce leachate at EB press to recover oil from Empty Bunches. 		
	3	Desludging pond no 3	<ul style="list-style-type: none"> . To desludge silted pond no 3. This program was completed in Aug 2017. 		
4	To comply with Clean Air Regulations 2014	<ul style="list-style-type: none"> . To improve boiler air emission through equipment of new technology. 			

		All action are to be monitored on the indicated frequency shown in the plan.	
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	This is available as elaborated in indicator 4.5.1.3 above. Improvement planned for both short and long terms are detailed along with the identified issues.	Yes
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives. - Major compliance -	A training program is available in the SOU Training Program updated on a yearly basis or revised as per the management requirement. Included in this program are subjects related to environment e.g. environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training.	Yes
4.5.1.6	The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed. - Major compliance -	The Environmental Performance Monitoring Committee is setup to comply with the DOE requirement of Guidance Self-Regulation (GSR). The meeting it to review environmental performance within the POM. The last meeting was conducted on 21/09/2017. At the operating unit level dialogue/ safety meeting/briefing during muster are forums used by the management in disseminating issues relating to environment.	Yes
Criterion 4.5.2: Efficiency of energy use and use of renewable energy			
4.5.2.1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period - Major compliance -	The monitoring is recorded in environment performance indicator- electricity generated by steam turbine tabulated for the financial year 2017/18. It is calculated as electricity generated from turbine that produces power for the mill entire complex operation unit in kwh/mt FFB. A monthly record on energy consumption for both renewable and non-renewable sources were also maintained and documented. It is monitored to optimise use of renewable energy.	Yes

		<p>The data is compiled for comparison and control for future improvement with aim of gradual reduction particularly diesel. Details of the data/records maintained by the mill were sighted;</p> <p>a) Diesel consumption & ratio diesel used /mt FFB compiled from 2014 to Nov 2017. (Baseline set at 0.26)</p> <p>b) Electricity produced kWh and ratio over mt FFB (Baseline of 10.44 for a period of 2014 to Nov 2017</p> <p>Variation of ratio in the analysis were explained and justified Under the energy management plan 2017/18 the mill aimed for reduction plan among others;</p> <ul style="list-style-type: none"> - educate workers on fuel saving practice - avoid leakages during vehicles maintenance. 	
4.5.2.2	<p>The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.</p> <p>- Major compliance -</p>	<p>The mill records the following data and tabulated the ratio against the FFB processed to determine the efficiency of their operations;</p> <p>a) all the diesel used (non-renewable) for the mill operations (Details as per indicator 4.5.2.1 above)</p> <p>b) fibre/shell used (renewable)</p> <p>In this relation the following data were sighted and verified Renewable energy usage for 2017/18 July-Nov. Ratio of shell/fibre mt /mt CPO varies from 5.13 to 5.25. This ratio varies from one mill to another subjective to the milling capacity and type of boiler /heating surface/boiler age.</p>	Yes
4.5.2.3	<p>The use of renewable energy should be applied where possible.</p> <p>- Minor compliance -</p>	<p>The fibre and shell are used in the boiler for fuel recycled in the process system. Surplus quantity of shell/fibre are delivered to estates for multi purposes or sold to outside buyers. EFB is used in the estates for mulching. Details of renewable energy fibre/shell used in the mill is shown in 4.5.2.2 above. The long term planning for biogas implementation was reviewed to stand similar with other sister mills in the Group. The recovered biogas will be used for energy generation (e.g. steam & electricity)</p>	Yes

Criterion 4.5.3: Waste management and disposal

<p>4.5.3.1</p>	<p>All waste products and sources of pollution shall be identified and documented.</p> <p>- Major compliance -</p>	<p>All waste and pollution are identified and documented in the Waste Management Plan for Financial Year 2017/2018. The waste generated from the mill operations as shown below;</p> <table border="1" data-bbox="1124 488 1886 938"> <thead> <tr> <th></th> <th>Waste</th> <th>Item</th> <th>Sources</th> </tr> </thead> <tbody> <tr> <td rowspan="3">1</td> <td rowspan="3">Scheduled Waste</td> <td>Spent lubricants /hydraulic oil</td> <td>Workshop activities</td> </tr> <tr> <td>Used batteries/ used rags /empty containers</td> <td>Workshop activities</td> </tr> <tr> <td>Hexane/spent chemicals/empty containers</td> <td>Laboratory and boiler station</td> </tr> <tr> <td rowspan="2">2</td> <td rowspan="2">Domestic Waste</td> <td>Rubbish</td> <td>Line site/office & mill complex</td> </tr> <tr> <td>Sewage</td> <td>Line site/office & mill complex</td> </tr> <tr> <td rowspan="2">3</td> <td rowspan="2">Industrial Waste</td> <td>POME</td> <td>Effluent Treatment Plant</td> </tr> <tr> <td>EFB</td> <td>EFB station.</td> </tr> </tbody> </table> <p>Compost production at time of visit has been shelved by the SDP management until a new directive is announced.</p> <p>The source of mill pollution generated from the mill is the smoke from the boiler. It is monitored from the stack emission during the entire operations. These reports are reviewed by the mill and submitted to DOE. There was no major issue.</p>		Waste	Item	Sources	1	Scheduled Waste	Spent lubricants /hydraulic oil	Workshop activities	Used batteries/ used rags /empty containers	Workshop activities	Hexane/spent chemicals/empty containers	Laboratory and boiler station	2	Domestic Waste	Rubbish	Line site/office & mill complex	Sewage	Line site/office & mill complex	3	Industrial Waste	POME	Effluent Treatment Plant	EFB	EFB station.	<p>Yes</p>
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<p>4.5.3.2</p>	<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>The Waste Management Plan for Financial Year 2017/2018 is available and sighted. The plan listed the waste generated from the mill operations as shown in indicator 4.5.3.1 above. The management of the waste aimed for a reduction and improvement are described below;</p>	<p>Yes</p>																								

	<p>b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.</p> <p>- Major compliance -</p>	<table border="1"> <thead> <tr> <th>Type</th> <th>Item</th> <th>Action/Program</th> </tr> </thead> <tbody> <tr> <td>Scheduled waste</td> <td>Spent lubricants /hydraulic oil</td> <td rowspan="3">SOP titled MQMS Section VII Compliance to Environmental Quality Regulation 2005; . Establishment & notification of SW . Labeling & Coding of SW . SW Inventory . Disposal < 180 days & approved quantity/volume.</td> </tr> <tr> <td></td> <td>Used batteries/ used rags /empty containers</td> </tr> <tr> <td></td> <td>Hexane/spent chemicals/empty containers</td> </tr> <tr> <td>Domestic Waste</td> <td>Rubbish</td> <td>Disposed together with the estate to the Majlis Daerah Tenom landfill</td> </tr> <tr> <td></td> <td>Sewage</td> <td>Disposal by local authority</td> </tr> <tr> <td>Industrial Waste</td> <td>POME</td> <td>Monitoring of application & through operation of evaporators</td> </tr> <tr> <td></td> <td>EFB</td> <td>Monitoring of application in the field.</td> </tr> </tbody> </table>	Type	Item	Action/Program	Scheduled waste	Spent lubricants /hydraulic oil	SOP titled MQMS Section VII Compliance to Environmental Quality Regulation 2005; . Establishment & notification of SW . Labeling & Coding of SW . SW Inventory . Disposal < 180 days & approved quantity/volume.		Used batteries/ used rags /empty containers		Hexane/spent chemicals/empty containers	Domestic Waste	Rubbish	Disposed together with the estate to the Majlis Daerah Tenom landfill		Sewage	Disposal by local authority	Industrial Waste	POME	Monitoring of application & through operation of evaporators		EFB	Monitoring of application in the field.	
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<p>4.5.3.3</p>	<p>The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005</p> <p>- Major compliance -</p>	<p>The SOP on Scheduled Waste disposal is established and implemented. Details as provided in SDP MQMS Standard Operating Procedure Section VII- Handling of scheduled waste.</p> <p>The inventory of the waste generated is recorded using the "E-SWISS" inventory system. Methodology of SW disposal is also described in indicator 4.5.3.2 above.</p>	<p>Yes</p>																						
<p>4.5.3.4</p>	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.</p> <p>- Minor compliance -</p>	<p>Domestic waste disposal for the mill and estate has been made simpler through the collection and disposal by the Tenom District Council 2 to 3 times a week. Collection are made from a centralized point accumulated internally by the estate management from the living quarters and office complex. The risk of contamination has been minimized through this system.</p>	<p>Yes</p>																						

Criterion 4.5.4: Reduction of pollution and emission															
<p>4.5.4.1</p>	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.</p> <p>- Major compliance -</p>	<p>The polluting activities are identified and documented in the Environmental Aspect & Impact Identification. From the EAI, it will be evaluated for the impact. The identified impact if any will be included in the management plan. The evaluation is documented in the Environmental Impact Evaluation. It was last reviewed on 10/7/17. Areas of focus include activities at the chemical store / workshop / store / scheduled waste / diesel tank / boiler house / effluent pond / WTP.</p>	<p>Yes</p>												
<p>4.5.4.2</p>	<p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p> <p>- Major compliance -</p>	<p>The pollution prevention plan and plan to reduce GHG emission dated 28/11/17 has been sighted. Mitigation plan, actions and time frame has been identified. In addition the Environmental Management Plan for FY2017/2018 is available. The monitoring of the plan is available. The action plan to reduce emission from POME. At current the technology used is the belt press operation and evaporator (mist blower). This method facilitated the reduction in BOD and suspended solids in the final effluent. The following tabled the management action plan to reduce GHG emission from the mill activities.</p> <table border="1" data-bbox="1126 1043 1906 1361"> <thead> <tr> <th></th> <th>Issues & Strategies</th> <th>Action Plan</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Reduce diesel consumption at mill operation</td> <td> <ul style="list-style-type: none"> . to monitor diesel usage . to ensure vehicle scheduled maintenance . optimum gen set usage </td> </tr> <tr> <td>2</td> <td>Reduce smoke emission to the air</td> <td> <ul style="list-style-type: none"> . to effectively implement the CEMS . eliminate use of wet shell as fuel </td> </tr> <tr> <td>3</td> <td>Reduce electricity usage</td> <td> <ul style="list-style-type: none"> . monitor usage vs baseline . install capacitor at identified large power consumption motor . install LED bulb for the lighting system </td> </tr> </tbody> </table>		Issues & Strategies	Action Plan	1	Reduce diesel consumption at mill operation	<ul style="list-style-type: none"> . to monitor diesel usage . to ensure vehicle scheduled maintenance . optimum gen set usage 	2	Reduce smoke emission to the air	<ul style="list-style-type: none"> . to effectively implement the CEMS . eliminate use of wet shell as fuel 	3	Reduce electricity usage	<ul style="list-style-type: none"> . monitor usage vs baseline . install capacitor at identified large power consumption motor . install LED bulb for the lighting system 	<p>Yes</p>
	Issues & Strategies	Action Plan													
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3	Reduce electricity usage	<ul style="list-style-type: none"> . monitor usage vs baseline . install capacitor at identified large power consumption motor . install LED bulb for the lighting system 													

<p>4.5.4.3</p>	<p>Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.</p> <p>- Major compliance -</p>	<p>The POME is treated with open anaerobic, aerobic and stabilization lagoon. Monthly monitoring on the final discharge is conducted. The additional facility used in Melalap POM is the installation of</p> <ul style="list-style-type: none"> a) Belt press operation b) Evaporator (mist blower) system <p>Both machinery are to reduce the suspended solid and BOD to the targeted level of 200 and 20 ppm respectively. In addition the effluent are evaporated into the air without having to be discharged to either water or field. The effluent at the final discharge is tested to ensure it compliance to the DOE License approved limits. All results sighted in the records are in compliance to the DOE standard.</p>	<p>Yes</p>									
<p>Criterion 4.5.5: Natural water resources</p>												
<p>4.5.5.1</p>	<p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> a) Assessment of water usage and sources. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities. c) Ways to optimize water and nutrient usage and reduce wastage (<i>e.g.</i> having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). <p>- Major compliance -</p>	<p>The Water Management Plan for the mill has been established. It was last reviewed on 23/6/17 for the 2017/18 plan. Included therein are inspection of water catchment, water treatment, monitoring of processed water, water leakages/overflow, run-off and ETP monitoring. Employees were educated to conserve water in their daily usage. The mill management has provided contingency plans in event of water crisis for financial year 2017/18.</p> <table border="1" data-bbox="1126 1082 1912 1289"> <thead> <tr> <th></th> <th>Area/ Incident</th> <th>Action Plan</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Water shortage/ dry spell</td> <td> <ul style="list-style-type: none"> • To use water from Sg Pegalan (1.5 km distant) • To use water from Sg Melalap (2.5 km distant) </td> </tr> <tr> <td>2</td> <td>Severe water pollution/contamination</td> <td> <ul style="list-style-type: none"> • To purchase water from from JBA Sabah </td> </tr> </tbody> </table>		Area/ Incident	Action Plan	1	Water shortage/ dry spell	<ul style="list-style-type: none"> • To use water from Sg Pegalan (1.5 km distant) • To use water from Sg Melalap (2.5 km distant) 	2	Severe water pollution/contamination	<ul style="list-style-type: none"> • To purchase water from from JBA Sabah 	<p>Yes</p>
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<p>4.5.5.2</p>	<p>Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.</p> <p>- Major compliance -</p>	<p>Details of effluent treatment and report as per item 4.5.4.3 above. The effluent are retained for treatment in a flow through 7 ponds before being evaporated through operation of evaporators (mist blower). This installation is in addition to the belt press facility to further reduce to the suspended solid in the effluent.</p>	<p>Yes</p>
<p>4.6 Principle 6: Best Practices</p>			
<p>Criterion 4.6.1: Mill Management</p>			
<p>4.6.1.1</p>	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<p>The mill processing system is documented in the Sustainability Plantation Management System MQMS/SQM/08 v 1 dated 01/11/2008 which includes the mill SOP, and Mill Quality Management Manual v.1 2008/MQMS/QMM/08. These documents provides guidelines and standards in the mill operations. The Standard Operating procedure (SOP) described details from the reception, sterilisation, threshing, pressing, clarification, depericarping (nut polishing) station, effluent, laboratory, workshop, despatches etc. In addition there are also manuals available within the industry and MPOB that are used as guidelines.</p>	<p>Yes</p>
<p>4.6.1.2</p>	<p>All palm oil mills shall implement best practices.</p> <p>- Major compliance -</p>	<p>The monitoring of the mill process is made through the shift supervision headed by An Engineer. All process parameters are documented and summarized in a daily report. The external monitoring is made through visits by the Mill Advisor scheduled on a 6 monthly basis. In addition there are audits by Regional Head, PSQM and GCAD. This is to ensure compliance to Policies, procedures in relation mill operations, financial, OSH, welfare among others. Report relating to the monitoring i.e daily production report, monthly report, SOU meetings minutes and PSQM internal audit report were sighted and system adopted is effective.</p>	<p>Yes</p>
<p>Criterion 4.6.2: Economic and financial viability plan</p>			

<p>4.6.2.1</p>	<p>A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.</p> <p>- Major compliance -</p>	<p>The annual business plan is available. The document is in the form of annual budget and the projection for 5 years (Budget year 2017/18 / PY2 / PY3 / PY4 / PY5) prepared as guidance for future planning. The business plan contains FFB processed, production of CPO & CPK. Component of operating expenditure includes process labour, maintenance external, maintenance parts, consumable, EVIT, admin cost, labour overhead. Inclusive in the business plan is also Capital Expenditure (CAPEX) among others replacement / upgrading of building/machinery, workers amenities for the mill.</p>	<p>Yes</p>
<p>Criterion 4.6.3: Transparent and fair price dealing</p>			
<p>4.6.3.1</p>	<p>Pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p>- Major compliance -</p>	<p>The pricing method for services such as desilting of ETP ponds, CPO/PK transportation, has been clearly stated in the Letter of Offer (LOA) and contract agreement.</p> <p>Melalap POM is accepting crop from FFB suppliers other than its own estates such as collection centres, smallholders and small growers. The pricing mechanism is spelt out in Clause 8 of the agreement between Guthrie Industries Malaysia Sdn Bhd and the FFB suppliers.</p>	<p>Yes</p>
<p>4.6.3.2</p>	<p>All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.</p> <p>- Major compliance -</p>	<p>All contracts were awarded through tendering system at Zone Level. Approved contractors will be give the LOA. Payments were all made in timely manner and no complaint from the contractor so far.</p> <p>Seen the contract agreement between the management and the contractors:</p> <ul style="list-style-type: none"> • with Wong Millennium Enterprise, an FFB collection center [P/G/0117/FFB00767L, dated 2/3/2017, validity 1/1/2017-31/12/2017] • with Goh's Plantation Services Sdn Bhd, an FFB collection center [P/G/0816/FFB00739L, dated 1/8/2016, validity 1/8/2016-31/12/2017] 	<p>Yes</p>

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		The rate of payment was clearly stated in the agreement. The payment was made by the Head Quarter after received invoice from the contractor. Interviewed with the contractors found that the payment was made promptly.	
Criterion 4.6.4: Contractor			
4.6.4.1	In case of the engagement of contractors, they shall be made to understand the MSP0 requirements and shall provide the required documentation and information. - Major compliance -	This requirement has been specified in a letter on RSPO/ISCC/MSP0 awareness on to all the contractors, vendors of the mill. This letter was sighted and has stated that all Contractors need to follow RSPO/ISCC/MSP0 guideline in accordance with the Sime Darby Plantation of Estate Quality Management System.	Yes
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Contract agreements between the mill and its contractors were made available. Generally, the elements of sustainability such as obligations to legal compliance, workers' welfare, safety and environmental issues.	Yes
4.6.4.3	The management shall accept MSP0 approved auditors to verify the assessments through a physical inspection, if required. - Minor compliance -	The requirement of accepting MSP0 accredited auditors to audit against the contractors was communicated through the session between contractors. This was verified through slide presentation material.	Yes

4.0 Assessment Conclusion and Recommendation:

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment Melalap Palm Oil Mill and Melalap SOU 27 Estates Certification Unit complies with the MS 2530-3:2013 or MS 2530-4:2013. It is recommended that the certification of Melalap Palm Oil Mill and Melalap SOU 27 Estates Certification Unit is approved.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: Johamdan Bin Joni @ Joni Tetei	Name: Valence Shem
Company name: Sime Darby Plantation	Company name: BSI Services Malaysia Sdn Bhd
Title: Senior Manager	Title: Lead Auditor
Signature:  GUTHRIE INDUSTRIES MALAYSIA SENDIRIAN BERHAD SAPONG ESTATE JOHAMDAN BIN JONI @ JONI TETEI SENIOR MANAGER	Signature: 
Date: 2/3/2018	Date: 2/3/2018

Appendix A: Assessment Plan

Date	Time	Subjects	Valence	Amir
Wednesday 20/12/2017	0830-0900	Opening meeting: <ul style="list-style-type: none"> Opening presentation by audit team leader Confirmation of assessment scope and finalize audit plan 	✓	✓
KKS Melalap	0900-1230	KKS Melalap Inspection: 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. Stakeholder interviews (combine with estate's stakeholder) – SOU to invite the relevant stakeholders such as government agencies, surrounding communities, contractors, FFB suppliers, etc.	✓	✓
	1230-1330	Lunch break		
	1330-1630	Continue with unfinished elements Document Review (MSPO Part 4), P1: Management commitment and responsibility, P2: Transparency P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition P5: Environment, natural resources, biodiversity and ecosystem services P4: Social responsibility, health safety and employment condition, P6: Best practices.	✓	✓
	1630-1700	Interim closing briefing	✓	✓
Thursday 21/12/2017	0900-1230	Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc.), agrochemical mixing area, Schedule waste management, worker housing, clinic, landfill etc. Document review P1 – P7 (MSPO Part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement	✓	✓
	1230-1330	Lunch break		
	1330-1630	P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting	✓	✓
	1630-1700	Interim closing briefing	✓	✓
Friday 22/12/2017	0900-1200	Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc.), agrochemical mixing area, Schedule waste management, worker housing, clinic, landfill etc. Document review P1 – P7 (MSPO Part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement	✓	✓

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	1200-1400	Lunch and Friday prayer		
	1400-1630	P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting	✓	✓
	1630-1700	Closing meeting	✓	✓
Saturday 23/12/2017		Auditor travelling from BKI to KUL MH2641: ETD 1510, ETA 1750	✓	✓

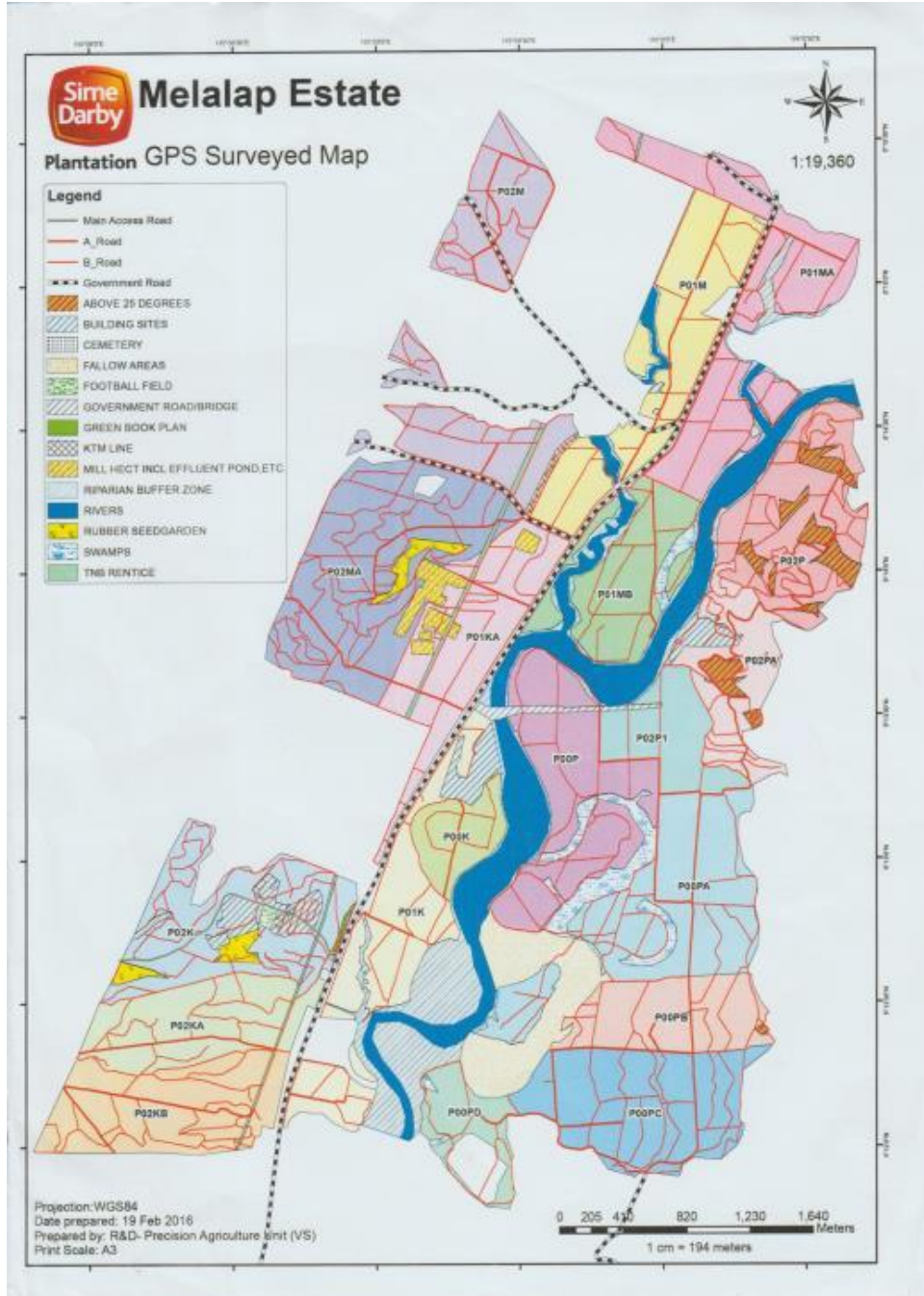
Appendix C: Smallholder Member Details

N/A

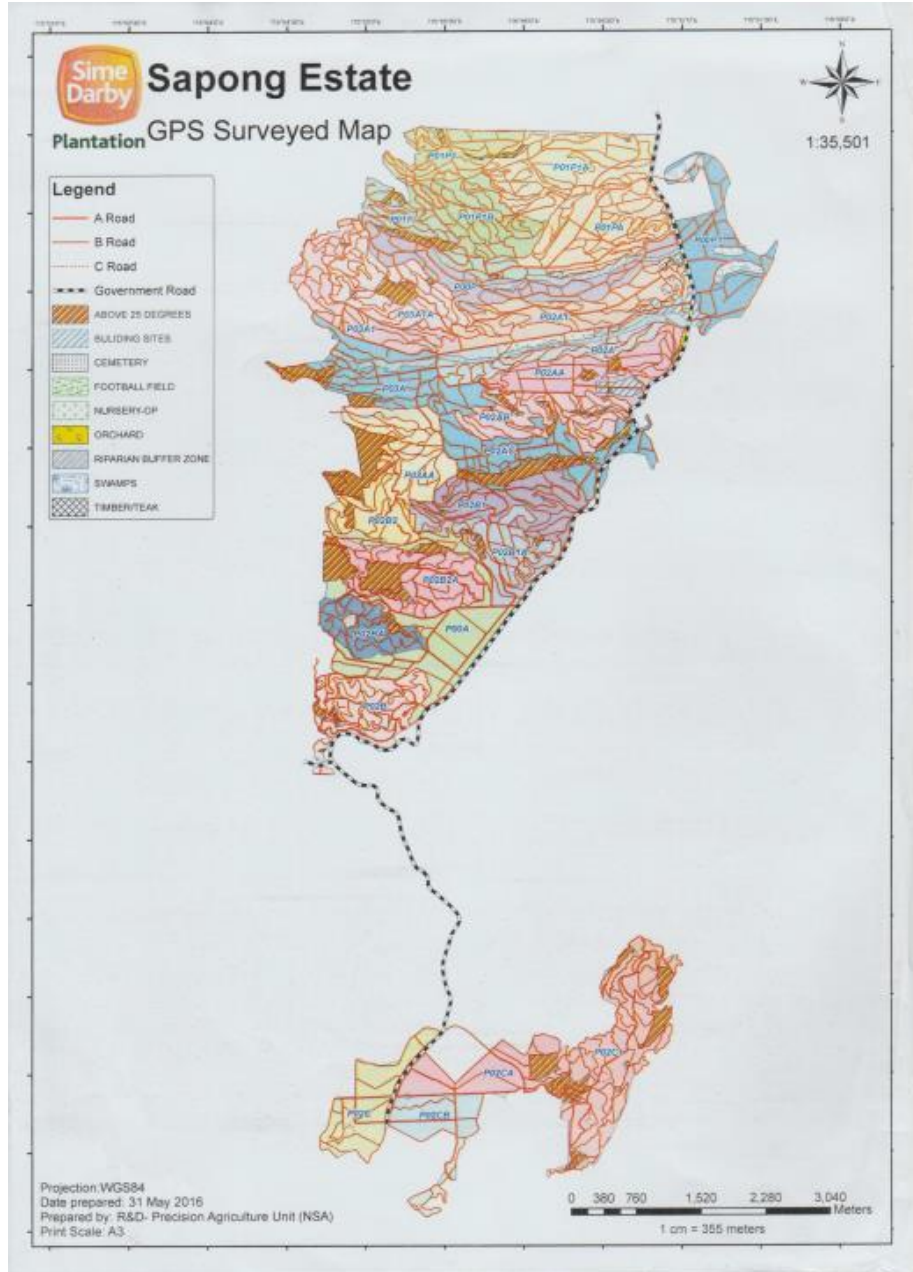
Appendix D: Location and Field Map



Melalap Estate



Sapong Estate



Appendix E: List of Abbreviations

AN	Ammoniacal Nitrogen
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
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
PSQM	Plantation Sustainability and Quality Management
PQR	Performance Quality Rating
RC	Re-Certification
RED	Renewable Energy Directive
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SOU	Strategic Operating Unit
SS	Suspended Solids
TN	Total Nitrogen
TS	Total Solids
VFA	Volatile Fatty Acids