

**MALAYSIAN SUSTAINABLE PALM OIL
– SURVEILLANCE ASSESSMENT 2 (ASA2)
Public Summary Report**

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

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

Report Number: 9673967

Assessment Conducted by:

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Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	541881004000		
Company Name	PALMGROUP PALM OIL MILL SDN BHD		
Address	Level 25, Wisma Sanyan, No.1 Jalan Sanyan, 96000 Sibul, Sarawak, Malaysia		
Group name if applicable:	Palmgroup Holdings Sdn Bhd		
Subsidiary of (if applicable)	-		
Contact Person Name	Mr Kong Chong Ming		
Website	N/A	E-mail	moseskong@mafrica.com.my
Telephone	084-332155	Facsimile	084-332153

1.2 Certification Information			
Certificate Number	Plantations: MSPO 656803		
Issue Date	20/10/2017	Expiry date	19/10/2022
Scope of Certification	Mill: Production of Sustainable Palm Oil and Palm Oil Products		
Stage 1 Date	03/08/2016		
Stage 2 / Initial Assessment Visit Date (IAV)	16 – 19/01/2017		
Continuous Assessment Visit Date (CAV) 1	31/07/2018		
Continuous Assessment Visit Date (CAV) 2	31/7/2019 - 1/8/2019		
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
EU-ISCC-Cert-DE100-75982019	ISCC	SGS	17 April 2020

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

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1.4 Plantings & Cycle					
Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
N/A					

1.5 FFB Production (Actual) and Projected (tonnage)			
Producer Group	Projected from last audit	Actual production Jan – Dec 2016 or last 12 months	Projected production for next 12 months (Jan – Dec' 2017)
N/A			

1.6 Certified CPO / PK Tonnage			
Mill	Estimated (July 18–June 19)	Actual (July 18–June 19)	Forecast (Nov 19-Oct 20)
Palmgroup Palm Oil Mill Mill Capacity: 90 MT/hr	FFB	FFB	FFB
	574,980.00 mt	436,650.85 mt	502,140.00 mt
	CPO (OER: 19.50%)	CPO (OER: 18.56%)	CPO (OER: 18.56%)
	112,121.11 mt	81,043.71 mt	93,200 mt
	PK (KER: 3.60%)	PK (KER: 3.34%)	PK (KER: 3.34 %)
	20,699.28 mt	14,567.74 mt	16,752 mt

1.7 Details of Certification Assessment Scope and Certification Recommendation:
<p>BSI Services Malaysia Sdn Bhd has conducted the Annual Surveillance Assessment 2 of Palmgroup POM, located in Sibul, Sarawak comprising the Palmgroup POM.</p> <p>The assessment was conducted onsite to assess the compliance of the certification unit against the MS 2530-4:2013 Part 4: General principles for palm oil mills and MSPO Guidance - Part 2(060814).</p> <p>The onsite assessment was conducted on 31/7/2019-1/8/2019.</p> <p>Based on the assessment result, Palmgroup POM complies with the MS 2530-4:2013 Part 4: General principles for palm oil mills and MSPO Guidance - Part 2_EDITED VERSION (100114) and recommended for continued certification.</p>

Section 2: Assessment Process

Certification Body:

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

Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted from 31/7/2019 – 1/8/2019. The audit programme is included as Appendix A. The approach to the audit was to treat the mill as a MSP0 Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. MS 2530-4:2013 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

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

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

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

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

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

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This report was internally reviewed by MSPO Technical Reviewer 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)
Palmgroup POM	√	√	√	√	√

Tentative Date of Next Visit: July 30, 2020 – July 31, 2020

Total No. of Mandays: 3 Mandays

BSI Assessment Team:

Mohd Hafiz Mat Hussain – Lead Auditor

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

Muhamad Nagiuddin Mazeli – Team Member

He hold Bachelor of Science Horticulture at University Putra Malaysia. He has 11 years working experience in oil palm plantation industry as sustainability team. Joining the sustainability team, he managed, implement and monitors the RSPO, ISCC, MSPO and ISO9001 and ISO 18001 certification requirements for the estates, mills, refineries and Smallholder scheme. He also support in providing training related to RSPO, MSPO and other certifications where applicable to the operations during previous company. He is a trained as Safety and Health Officer, Food Safety System (FSSC and ISO 22000) for Mill and refineries, ISO 9001, ISO 45001 and already attend HCV training with Proforest. During this assessment, he assessed on the aspects of legal, mill best practices, estate best practices, safety and health, environmental and workers and stakeholders consultation.

Section 3: Assessment Findings

3.1 Details of audit results

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

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

3.2 Details of Nonconformities and Opportunity for improvement

The nonconformity is listed below.

During the Certification Assessment there were One (1) Major & Two (2) Minor nonconformities raised. The Palmgroup POM Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

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

Major Nonconformities:		
Ref	Area/Process	Clause
1808649-201907-M1	Palmgroup POM	4.3.1.1
Requirements:	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.	
Statement of Nonconformity:	The compliance to applicable local, state, national and ratified international laws and regulations was inadequate.	
Objective Evidence:	<p>1. Latest audiometric test was done on 24 July 2019, from the Audiometric test report (GGOSH/PUA-MAFRICA/2018/01) done by Global Green OSH Services Sdn Bhd dated 2 August 2018. From the report, there were total of 78 workers with hearing impairment and 7 workers with Standard Threshold Shift (STS), found the recommendation of report as per below was not been followed:-</p> <p>a) Result: 78 workers hearing impairment, Recommendation: Need to be examined by OHD</p> <p>b) Result: 7 STS, Recommendation: Need repeat test within 3 months to assess the reversibility of the condition.</p> <p>2. The latest linesite inspection conducted on 15 July 2019 and previously conducted on May 2019. However, found that the linesite inspection was conducted on quarterly basis by the management which was not followed as per Minimum Housing and Amenities Act 1990.</p> <p>3. The scheduled waste (SW 322) was not disposed properly</p> <p>4. The competent person for AGT was not available at Palmgroup Palm Oil Mill.</p>	

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	Refer to PTW for confined space dated 23 March 2019 Kernal Bunker maintenance.
Corrections:	<ol style="list-style-type: none"> 1) Once the Audiometric Testing Report conducted on 15 July 2019 officially received by Site Mill, Tahir (safety In-Charge) will deal with Mr. Tony HQ Safety In Charge to book date with Global Green OSH doing re-test for workers under listed STS and book date doing examine with OHD Doctor Bintulu Medical Centre / Columbia Asia Hospital Bintulu for workers under listed Hearing Impairment. 2) To create weekly linesite inspection schedule and plan. The schedule shall discuss in committee meeting and appoint the responsible person to do inspection. 3) To manage SW 322 disposal responsibly according to Schedule Waste requirement and to ensure the latest inventory for the SW 322 is available. Review / amend SOP Handling Schedule Waste SW 322 4) Immediately looking for latest NIOSH AGT Course schedule and for registration. Bring this issue to SHC committee meeting and Chairman will assign the person go for course AGT Competent Person
Root cause analysis:	<ol style="list-style-type: none"> 1) The monitoring activity was not on regular schedule and not follow up date appointment with OHD Doctor. 2) The Facilities & Building Maintenance Committee was not aware with the requirement Minimum Housing and Amenities Act 1990 and lack of manpower to do weekly linesite inspection. 3) No proper storage provided at Schedule Waste Store for dispose Lab Schedule waste SW 322. 4) No monitoring activities carry out to review the adequacy of the information to follow the requirement.
Corrective Actions:	<ol style="list-style-type: none"> 1) To have a SOP for Audiometric Testing and have periodically training on the SOP for person incharge. 2) Yii Ann Na (Chairman-Facilities & Building Maintenance Committee) will monitoring the Committee Member must do weekly inspection as per verified schedule and report to committee meeting for further actions. Report keep filing with proper documented. 3) To set up place and storage drum at Schedule Waste Store for SW 322 before disposal. And also conduct SOP training Schedule waste handling to person incharge. 4) Tahir and Johnny will go for Course Competent person AGT since they already competent person for AESP. They will assign to monitor Permit to work Confine Space and review the SOP to comply at workplace once get certified AGT.
Assessment Conclusion:	<ol style="list-style-type: none"> 1) For audiomtric test, Palm Group already send the workers that hearing impairment and STS into 4 batch as per below:- Batch 1: 28 Sept 2019 Batch 2: 5 Oct 2019 Batch 3: 12 Oct 2019 Batch 4: 19 Oct 2019

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	<p>This action been discuss in OSH meeting dated 26 Sept 2019, Evidence of Batch 1 already been send dated 28 Sept 2019 at Columbia Asia. Action been taken accordingly.</p> <p>2) For line site inspection been done on 9 Sept and 16 Sept as per Line site Inspection Planning Shcheduled (dated 2 August 2019). Appointment letter for Yii Ann Na was available dated 12 August 2019</p> <p>3) The SOP for SW already been updated and establish dated 20 August 2019. As per OSH 004(b) Training record dated 30 August 2019, Management already conduct the training regarding to Shcheduled waste based on new SOP accordingly.</p> <p>4) As per OSH meeting dated 26 Sept 2019 evidence of Jonny ank Gruna as AGT competent person was available referred certificate K088895-19 attended on 18-20 Sept 2019.</p> <p>thus the major NC is closed on 29/09/19. Continuous implementation will be further verified in the next assessment.</p>
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Minor Nonconformities:		
Ref	Area/Process	Clause
1808649-201907-N1	Palmgroup POM	4.4.5.9
Requirements:	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	
Statement of Nonconformity:	Wages of work on rest day was not paid according to Labour Ordinance Sarawak (Act A1237), Section 105C, subsection (5).	
Objective Evidence:	The wages of work on rest day for Feb 19 and Mar 19 were not paid according to Labour Ordinance Sarawak (Act A1237) for operators as follow: 1. MY00003962 2. MY00005646 3. MY00002834 4. MY00004126 5. MY00004785 6. MY00005944	
Corrections:	To issue a memo reminder according to latest labour requirements & to compensate workers based on audit findings.	
Root cause analysis:	The monitoring activity was not in regular schedule.	
Corrective Actions:	1) To ensure that any relevant memo / circular is updated with the latest statutory requirement. 2) Senior HR Executive & HR Executive (2 persons) at Head Office will be assigned to assist in monitoring company internal policy (memo/circular,etc) and to inform the management if there any need for the policy to be reviewed to meet the latest statutory requirements on Labour Ordinance Sarawak (ACT A1237), Section 105C, subsection (5)	
Assessment Conclusion:	The corrective action plan was accepted. The effective implementation will be verified during next assessment.	

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Minor Nonconformities:		
Ref	Area/Process	Clause
1808649-201907-N2	Palmgroup POM	4.6.3.2
Requirements:	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.	
Statement of Nonconformity:	Contract agreements with the CPO transporter and PK transporter were found expired.	
Objective Evidence:	1) PK transporter, Jin Piaw Construction Sdn Bhd refer to transporter agreement, effective 1st February 2016. Validity period: 3 years for the date of agreement 2) CPO transporter, Viva Master Sdn Bhd refer to transporter agreement, effective 1st February 2016. Validity period: 3 years for the date of agreement	
Corrections:	Immediately to engage new assessor to monitor the validity contract and renewal progress for contract PK Transporter and CPO transporter	
Root cause analysis:	Tracking activity was not done on regular schedule and centralized since previous HQ Person Responsible to monitor, Mr. Lau Siong Mun had been resigned.	
Corrective Actions:	Michael Ngu has been assigned to keep record in HQ Sibu Official and will coordinate with Yii Ann Na – QC In Charge to set up monitoring schedule plan for keeping Mill Manager updated and informed. Arrangement to renew the contract will be made earlier before the expiry date. Once contract is successfully renew and valid, the verified copy shall be submitted to Yii Ann Na for Site Mill keep filing.	
Assessment Conclusion:	The corrective action plan was accepted. The effective implementation will be verified during next assessment.	

Noteworthy Positive Comments	
1.	Good Commitment from the management
2.	Positive feedback from the stakeholders.

3.3 Status of Nonconformities Previously Identified and OFI

Major Nonconformities:		
Ref	Area/Process	Clause
1664969-201807-M1	Palmgroup POM	4.4.4.2
Requirements:	The occupational safety and health plan should cover the following: b)The risk of all operations shall be assessed and documented	
Statement of Nonconformity:	Risk for all operation was not comprehensively assessed and documented	
Objective Evidence:	The latest safety risk assessment dated 20/6/18 did not include the new mill extension project. Relevant construction risk has yet to be identified.	
Corrections:	<ol style="list-style-type: none"> To carry out workplace risk assessment by the Safety & Health Committee (SHC) to identify the hazard and appropriate control measure. The finding will be discussed in the SHC meeting to improve the HIRARC register. Create HIRARC for building construction upgrading. 	
Root cause analysis:	Limited and no mandatory involvement in functions other than the operational area especially safety department in the business case development project by contractors for construction/upgrading building facility for workshop, labour quarters and others.	
Corrective Actions:	<ol style="list-style-type: none"> All new operational area or new project in future must carry out risk assessment to establish HIRARC before start work. An internal memo/circular will be issued to ensure everyone will follow this instruction. To brief the HIRARC to workers and contractors and to continuously monitor the implementation. 	
Assessment Conclusion:	Audit team have reviewed the evidence submitted and the major NC has been satisfactorily closed provided with the adequate supporting evidence for NC closure. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 18/9/2018	
ASA 2 Status:	HIRARC was updated 12/6/2019 to include all the activities involved in the mill. Thus, the Major NC remain closed.	

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Major Nonconformities:		
Ref	Area/Process	Clause
1664969-201807-M2	Palmgroup POM	4.6.1.1
Requirements:	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	
Statement of Nonconformity:	Standard operating procedures was not comprehensively documented and implemented.	
Objective Evidence:	The established SOP for confined space dated June 2018 was not comprehensively cover the pertinent component as per Industrial Code Of Practice (ICOP) for Confined Space 2010.	
Corrections:	To review and amend the SOP for confined space by add-in/include the relevant requirement from the Industrial Code of Practice (ICOP) for Confined Space 2010.	
Root cause analysis:	No monitoring activities carry out to review the adequacy of the information to follow the requirement.	
Corrective Actions:	All SOP need to continuously review by the SHC during their committee meeting to ensure that it is always relevant meeting the statutory requirements. A plan shall be established to monitor the activity.	
Assessment Conclusion:	Audit team have reviewed the evidence summitted and the major NC has been satisfactorily closed provided with the adequate supporting evidence for NC closure. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 18/9/2018	
ASA 2 Status:	SOP was reviewed on 3/9/2018 which was in line with ICOP for confined space 2010. Thus, the Major NC remain closed.	

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Major Nonconformities:		
Ref	Area/Process	Clause
1664969-201807-M3	Palmgroup POM	4.4.4.1
Requirements:	An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented	
Statement of Nonconformity:	Occupational safety and health plan was not effectively implemented.	
Objective Evidence:	i) Last audiometric testing was carried out on 2/3/17. The annual audiogram was not done in the interval of 12 month form the date of last monitoring. ii) The latest LEV monitoring was carried out on 18/4/17. The annual monitoring was not done in the interval of 12 month form the date of last monitoring.	
Corrections:	Immediately to engaging assessor to produce the report and to follow the findings and recommendations.	
Root cause analysis:	Tracking activity was not done on a regular schedule and centralized.	
Corrective Actions:	Engineer Lau has been assigned to keep the records in Sibu Office and will coordinate with Site Safety Officer to set up a monitoring schedule plan for keeping Mill Manager updated and informed. Arrangement to look for assessor will be made earlier before the expiring date. Once the assessor is engaged, the assessment date shall be fix by then to ensure there is no delay in assessment at site and in reporting progress.	
Assessment Conclusion:	Audit team have reviewed the evidence summited and the major NC has been satisfactorily closed provided with the adequate supporting evidence for NC closure. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 18/9/2018	
ASA 2 Status:	1. Audiometric test was conducted on 24/7/19 and 2/8/2018. 2. LEV monitoring was conducted 5/9/2018 by ESI Sampling Sdn Bhd. Thus, the Major NC remain closed.	

Major Nonconformities:		
Ref	Area/Process	Clause
1664969-201807-M4	Palmgroup POM	4.5.1.2
Requirements:	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations	
Statement of Nonconformity:	The environment impact assessment was not fully identified and documented.	
Objective Evidence:	The established environmental aspect and impact analysis have not identified new construction of following buildings:- i. Workshop ii. Chemical Store iii. Schedule Waste Store iv. Effluent Ponds	
Corrections:	To established environmental aspect and impact analysis for new construction of following buildings:- i. Workshop ii. Chemical Store iii. Schedule Waste Store iv. Effluent Ponds	
Root cause analysis:	The monitoring activity on the environmental aspect and impact was not effectively implemented by the environmental committee.	
Corrective Actions:	The Environmental Committee shall continuously monitor the activity by conducting environmental aspect & impact assessment to evaluate the risk and to discuss the environmental related issue of the new construction as frequent as possible when required until it is decided that the environmental related risk is manageable and within control.	
Assessment Conclusion:	Audit team have reviewed the evidence submitted and the major NC has been satisfactorily closed provided with the adequate supporting evidence for NC closure. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 18/9/2018	
ASA 2 Status:	Environmental aspect and impact was reviewed on Sept 2018 which was include the new construction, laboratories and other operations. Thus, the Major NC remain closed.	

3.4 Issues Raised by Stakeholders

IS #	Description
1	<p>Feedbacks: Contractors – They have good relationship with the managements.</p> <p>Management Responses: The management will continue to maintain good relationship with the contractors.</p> <p>Audit Team Findings: No other issue</p>
2	<p>Feedbacks: Workers’ Representatives - They were treated equally and no discrimination reported. If they have any complaints or grievances, they will report to the supervisor or mandore or fill in the Complaint & Grievance Book.</p> <p>Management Responses: The management will ensure they treat all the workers fairly and no contract substitution will happen.</p> <p>Audit Team Findings: No further issue.</p>
3	<p>Feedbacks: Representative from Long House – No land dispute case reported so far. He has good relationship with the management. He also aware of the complaint & grievance procedure. He informed that there were some local villagers worked in the plantations and mill.</p> <p>Management Responses:The management will continue to ensure good relationship with the management and provide employment opportunities to the local communities.</p> <p>Audit Team Findings: No further issue.</p>

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1431235201701-M1	Major	19/1/17	Closed on 17/4/17
1431235201701-M2	Major	19/1/17	Closed on 17/4/17
1431235201701-M3	Major	19/1/17	Closed on 17/4/17
1431235201701-M4	Major	19/1/17	Closed on 17/4/17
1664969-201807-M1	Major	31/7/18	Closed on 18/9/18
1664969-201807-M2	Major	31/7/18	Closed on 18/9/18
1664969-201807-M3	Major	31/7/18	Closed on 18/9/18
1664969-201807-M4	Major	31/7/18	Closed on 18/9/18
1808649-201907-M1	Major	01/8/19	Closed on 29/9/19
1808649-201907-N1	Minor	01/8/19	"Open"
1808649-201907-N2	Minor	01/8/19	"Open"

3.6 Summary of the findings by Principles and Criteria

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	Policy for the implementation of MSPO shall be established. - Major compliance -	Palmgroup Palm Oil Mill Sdn Bhd has established a policy on sustainable palm oil production. Signed by MD, Mr Tiong Chiong Hee dated 20/4/16. Refer to MSPO Management Policy and Procedure, PGHSB/SOPP/014/2016(2019-05),version 5, dated 25/3/19.	Complied
4.1.1.2	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. - Major compliance -	The established policy has emphasized on the commitment for key legal, social and environmental consideration with the objective of improving the milling and estate operation.	Complied
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	Internal audit was carried by Sustainability team on 26-28/6/2019 for Palmgroup Palm Oil Mill. Audit covered both documentation and field operation for the mill. Rating was given based on audit finding. Audit report was available with the summary of findings for each	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		respective work units. Total of 18 non-conformities raised by the internal auditor and still in the progress of closing.	
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. - Major compliance -	Palmgroup Palm Oil Mill Sdn Bhd has implemented Internal Audits Procedure under the established procedure, to MSPO Management Policy and Procedure, PGHSB/SOPP/014/2016(2019-05),version 5, dated 25/3/19 which prepared by Sustainability Manager, Mr Raymond Nyian. The procedure has incorporated the internal auditor competency requirement. By default, internal audit is planned once a year. No finding recorded in the last internal audit and only a few comments for improvement recorded in the report.	Complied
4.1.2.3	Reports shall be made available to the management for their review. - Major compliance -	Internal audit report conducted on 26-28/6/2019 was made available for management review	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. - Major compliance -	MSPO management review was carried out on 1/7/2019. The meeting was carried out at Palmgroup POM office with the management team and staff. All pertinent elements for MSPO implementation has been reviewed and presented to top management. In addition, TQM management meeting was also discussing on the MSPO elements on top of group’s performance review. Latest TQM management meeting was conducted on 15/4/19.	Complied

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company. - Major compliance -	Palmgroup Palm Oil Mill Sdn Bhd has established management plan on social, safety and health and environmental impact. The plan are documented and available for references. Verified the management plan for 2019 which covers social, environmental, safety and best practices as well as biodiversity aspect in palm oil mill operation. Monthly update will be presented via TQM management meeting in HQ.	Complied
4.1.4.2	The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce. - Major compliance -	The mill manager will be responsible to monitor and improves practices of new information and techniques or new industry standards and technology to be implemented.	Complied
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	The management shall communicate adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms. - Major compliance -	Palmgroup had continued to implement the Communication and Consultation Procedure (version 2) dated 15/4/2019. The procedure describe on the communication with the internal and external stakeholders. Mdm Pauline anak Janin has been appointed as Mill Social and Legal Coordinator which will be responsible in implementation and	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p>maintain of Company's Social and Legal Management System. The appointment letter dated 20/6/2019 which issued by Mill Manager in charge was sighted.</p> <p>Records of consultation and communication is available in following documents:</p> <ul style="list-style-type: none"> a. ST 18- Register of Dispute b. ST 19- Monitoring of request c. Complaint/ suggestion record d. Consultation records with community log book <p>List of external stakeholders was available which included stakeholder from nearby village, contractors, FFB suppliers, government bodies, internal stakeholders. The list was last update on 11/6/2019.</p> <p>Training (complaint and grievance procedures, communication and consultation procedure) has been conducted to all workers in POM on 16/1/2019.</p>	
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	Palmgroup POM holds copies of each of the management documents that were required to be publicly available. Copies of the document such as documents related to environmental and social issues, plans for pollution prevention, records of complaints	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	social outcomes. - Major compliance -	and grievances were available upon request. The memo was displayed on the information notice board.	
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders. - Major compliance -	Palmgroup had continued to implement the Communication and Consultation Procedure (version 2) dated 15/4/2019. The procedure describe on the communication with the internal and external stakeholders.	Complied
4.2.2.2	The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i> . - Minor compliance -	Mdm Pauline anak Janin has been appointed as Mill Social and Legal Coordinator which will be responsible in implementation and maintain of Company’s Social and Legal Management System. The appointment letter dated 20/6/2019 which issued by Mill Manager in charge was sighted.	Complied
4.2.2.3	A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained. - Major compliance -	List of external stakeholders was available which included stakeholder from nearby village, contractors, FFB suppliers, government bodies, internal stakeholders. The list was last update on 11/6/2019. Training (complaint and grievance procedures, communication and consultation procedure) has been conducted too all the workers in POM on 16/1/2019.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		The records book of stakeholder or interested party who has viewed or obtained document from Palmgroup POM was sighted.	
Criterion 4.2.3 – Traceability			
4.2.3.1	<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>Supply Chain Procedures (Mill) Mass Balance, PGHSB/SOPP/001/2017 version 1 dated November 2016 describes the procedure for monitoring and to ensure accuracy of sustainable and non-sustainable receipts, dispatches and stock balance to conform to the requirement of RSPO/MSPO. These include:</p> <ul style="list-style-type: none"> a. Certificate number b. Name of certificate owner and estate name c. Date d. Weighbridge ticket Id e. Transporter Name f. Source Location g. FFB Weight and etc h. Traceability identification <p>The traceability procedure has covered the procedure for external supplier which including the pre and post traceability.</p> <p>All the FFB suppliers are registered with MPOB with a valid license of selling FFB to the mill. Licenses of the FFB supplier are sighted during the audit. All the licenses are still valid.</p> <p>The weighbridge ticket will be issued during the delivery of FFB from the estate to mill as well as delivery of CPO and PK from mill</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p>to refinery. For example for certified estates (Palmcol and Palmcol2 estate), identification stamped on the weighbridge ticket as per below:</p> <p>i) Palmcol Estate – weighbridge ticket no. 266945 dated 28/7/2019, ID: MSPO certificate No. MSPO 668094</p> <p>Palmcol2 estate – weighbridge ticket no. 266847 dated 27/7/2019, ID: MSPO certificate No. 50451420 MSPO3</p>	
4.2.3.2	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>- Major compliance -</p>	<p>Daily production report and sales & stock movement (MT) are available for 2019 to date . The mass balance sheet template was used to monitor incoming and outgoing of FFB and palm product (CPO and PK). The balance sheet has segregated the certified and non-certified FFB and palm product (CPO and PK).</p> <p>Ms Yii Ann Na has been appointed in charge of traceability. Refer to appointment letter dated 20/6/2019 referred letter PPOM/TR/00</p>	Complied
4.2.3.3	<p>The management shall identified and assign suitable employees to implement and maintain traceability system.</p> <p>- Minor compliance -</p>	<p>Ms. Yii Ann Na has been appointed in charge of traceability. Refer to appointment letter dated 20/6/2019.</p>	Complied
4.2.3.4	<p>Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.</p> <p>- Major compliance -</p>	<p>Records of storage, sales, delivery or transportation of crude palm oil and palm kernel were maintained at the mill.</p> <p>Example of records evidence are as below:</p> <p>a. Daily production Record dated 30 June 2018 sampled:</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> i. FFB Received from own supplier ii. FFB Received from outsider iii. FFB Processed iv. CPO Produced v. PK Produced vi. OER 	
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	<p>All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>Palmgroup POM has maintained the systems for documentation, checking and assessment of legal compliance with applicable laws and regulations. Inspection of records showed that the Palmgroup POM has yet to comply with legal and statutory requirements as per the following: Sample of Permit and license sighted were :</p> <ul style="list-style-type: none"> i) Gensets written approval, 280kW and 1000 kW, ref#AS(SWK)(B)31/152/000/0579(a) dated 9 April 2010. ii) Incinerator 1 & 2, AS(SWK)(B)31/152/000/057 Jld.2 (3a) dated 23/8/2010 iii) Incinerator 3 & 4, AS(SWK)(B)31/152/000/057 Jld.2 (22a) dated 12/3/2012 	Major Non Compliance

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Criterion / Indicator		Assessment Findings	Compliance		
		<p>iv) MPOB license # 541881004000; validity period 01- Sept-2019 to 31-Aug-2020 for 450,000mt per year.</p> <p>v) DOE issued Written Approval with reg. no. P-KBKKS(13)/07/2018 dated 4 April 2018 for Palmgroup Palm Oil Mill as they applied for Establishment of Biogas Ponding System and Upgrading Effluent Ponding System for Proposed 150 MT/HR Palm Oil Mill Extension.</p> <p>vi) Mill DOE license and compliance schedule #001691; validity 1-Jul-2018 to 30-Jun-2019 for 60 MT FFB/hr and method of POME discharge on waterways. (BOD below 50ppm).</p> <p>vii) Permit no. JTKSWK/PG/008/17/(SBU) for salary deduction issued from Labour Department dated 13 April 2017.</p> <p>However found :-</p> <p>i) Latest assessment of audiometric test was done on 24 July 2019, From the Audiometric test report (GGOSH/PUA-MAFRICA/2018/01) done by Global Green OSH Services Sdn Bhd dated 2 August 2018. From the report, there were total of 78 workers with hearing impairment and 7 workers with Standard Threshold Shift (STS), found the recommendation of report as per below was not been followed:-</p> <table border="1" data-bbox="1086 1305 1859 1367"> <tr> <td>Result</td> <td>Recommendation from Audiometric test report</td> </tr> </table>	Result	Recommendation from Audiometric test report	
Result	Recommendation from Audiometric test report				

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Criterion / Indicator		Assessment Findings		Compliance
		78 workers hearing impairment	Need to be examined by OHD	
		7 STS	Need repeat test within 3 month to assess the reversibility of the condition.	
		ii) Linesite Inspection already been done 15 July 2019 and previously was on May 2019, found the Linesite inspection was done quarterly by management not followed as per Min Housing and Amenities 1990.		
		iii) From the Inventory of Scheduled waste found SW 322 was not been dispose properly iv) From the verification of SOP for confined space dated Sept 2018, the SOP already followed as per ICOP for Confined space 2010. However found Competent person AGT was not available in Palm Oi Mill as per latest sampling PTW for confined space dated 23 March 2019 Kernal Bunker maintenance. Thus Major NC been raised.		
		Thus, Major NC was raised.		
4.3.1.2	The management shall list all relevant laws related to their operations in a legal requirements register. - Major compliance -	All operating units have Legal & Other Requirements Register (LORR) covering all the necessary regulatory requirements. Refer to legal register, OT05 dated 11/06/2019. Sustainability department have reviewed and updated the applicable and relevant legal such as:		Complied

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Criterion / Indicator		Assessment Findings	Compliance
		i)Minimum wages order 2018 ii)OHS 1994 – USECHH 2000, SHC 1996, NADOPOD 2004, CLASS Regulation 2013 iii) FMA, Noise Exposure Regulations 2019 iv)Employment Insurance Scheme 2017 v)FMA, Person In Charge Regulation (amendment)2014	
4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. - Major compliance -	Tracking system to ensure any changes in the relevant regulation been well implemented through communication from the Group head Office to the mill management. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites.	Complied
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 -	The person in charge is Mdm. Pauline Anak Janin. Refer to the appointment letter dated 20 June 2019 (PPOM/SL/Int/001). Job description established for the Social and Legal Coordinator : - To ensure compliance with relevant statutory and meet sustainable standard - Update all documents and records - Monitor and update register of Social and Legal Improvement or CA	Complied

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.3.2 – Lands use rights			
4.3.2.1	The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users. - Major compliance -	Palmgroup POM was developed in 2007 and begin its operation in 2010. The land title under classification: mixed zone lane and under country land: 3524 Ha stated that the land is used for agricultural, production and processing purpose. For the POM, the land size used only 30ha.	Complied
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land. - Major compliance -	Memorandum of sublease between Palmcol Sdn Bhd and Palmgroup POM Sdn Bhd dated 19 Nov 2007 is available. There is no issue on land use claims evidence during the audit.	Complied
4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	The land title under classification: mixed zone lane and under country land: 3524 Ha stated that the land is used for agricultural, production and processing purpose. For the POM, the land size used only 30ha	Complied
4.3.2.4	Where there are, or haven been disputes, documented proof of legal acquisition of land and fair compensation that have been or are being made to previous owners and occupants; shall made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	There was no dispute in the Palmgroup POM at the time of audit. Sighted the record, ST18: Register of dispute.	Complied

Criterion / Indicator	Assessment Findings	Compliance	
Criterion 4.3.3 – Customary rights			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	Not applicable since the land title was kept by Palmcol Estate. Sighted the memorandum of sublease between Palmcol Sdn Bhd (Landlord) and Palmgroup Palm Oil Mill Sdn Bhd dated 19/11/2007.	Complied
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -	Not applicable since the land title was kept by Palmcol Estate. Sighted the memorandum of sublease between Palmcol Sdn Bhd (Landlord) and Palmgroup Palm Oil Mill Sdn Bhd dated 19/11/2007.	Complied
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - Major compliance -	Not applicable since the land title was kept by Palmcol Estate. Sighted the memorandum of sublease between Palmcol Sdn Bhd (Landlord) and Palmgroup Palm Oil Mill Sdn Bhd dated 19/11/2007.	Complied
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	The Social Impact Assessment (SIA) was conducted on 5th – 9th October 2015 by WildAsia including consideration of feedbacks from the stakeholder engagement meeting. Below are the details of the reviewed SIA: <ul style="list-style-type: none"> - Introduction - Site Location and Size - Land Use - Human Environment 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> - List of Stakeholders Nearby the Site - Survey Methodology - Identify Direct and Indirect Potential Impacts from operation - Mitigation Plan - Monitoring and Review <p>The SIA included mitigation plan for the identified negative impacts and also the monitoring and review of the impacts. The timeframe and responsible person to for SIA management plan has been incorporated in the latest plan, Social Mitigation Plan, dated 28/3/2019.</p>	
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	<p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>- Major compliance -</p>	<p>Palmgroup Holdings had continued to implement Complaint and Grievance Procedures with Doc. No. PGHSB/SOPP/002/2015 dated 21/12/2015 to enable internal and external stakeholder to complaints.</p> <p>According to the procedure, all the complaints and grievances will be recorded in each individual form. The forms can be filling and drop into the suggestion box at the office or send to PIC. Complaints form available for internal workers as well as external stakeholders (stage 1 & stage 2 to 3).</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		All cases of complaints were reported to the mill management. Complaint forms and details were sighted in the Complaint and Grievances file (ST 19). Most cases were closed. The last case was reported on 10/3/2019.	
4.4.2.2	The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties. - Major compliance -	Complaint/Suggestion records for Internal and External Stakeholders was implemented. Seen the complaint forms and found most of the complaints were related to house damage issues. All cases of complaints were reported to the mill management. Complaint forms and details were sighted in the Complaint and Grievances file (ST 19). Most cases were closed and some are still pending. The last case was reported on 10/3/2019.	Complied
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints. - Minor compliance -	The complaint form was available at the office. Besides, suggestion box was available in the office area where the stakeholders were able to lodge complaint or suggestion at any time.	Complied
4.4.2.4	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time. - Minor compliance -	Interviewed with internal and external stakeholder during stakeholder consultation found that they were aware of the complaint procedure and were briefed by the management during stakeholder meeting.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.2.5	Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request. - Major compliance -	The management has started to implement the complaint form since May 2013. The records of complaint were available from May 2013 up to date.	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	Palm oil miller should contribute to local development in consultation with the local communities. Where the mill is an integral part of plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation. - Minor compliance -	Palmgroup POM was monitored on Social Activities for Y2019 such as: 1. Donation to TR Chali 2. Road maintenance for SK Sg Anak 3. Donation 3 water tank to local community	Complied
Criterion 4.4.4: Employees safety and health			
4.4.4.1	An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented. - Major compliance -	An Occupational Safety & Health Policy dated 1 October 2010 signed by Managing Director is available and been displayed at entrance of POM office. Safety and Health policy signed by MD, Mr Tiong Chiong Hee on 1/10/10 Occupational Safety and Health Plan for 2018-2019 has include related OSH compliance monitoring activities: Daily Task or Handle in Case by case basis	Complied

Criterion / Indicator	Assessment Findings	Compliance
	<p>i) Contractor and workers monitoring (PPE, SWP, Cleanliness)</p> <p>ii) Compliance monitoring (CHRA, noise monitoring, chemical register)</p> <p>Monthly task</p> <p>i) SOP training</p> <p>ii) Workplace inspection, plan is monthly (actual is 3 monthly)</p> <p>iii) Monthly inspection (Fire fighting)</p> <p>iv) LEV monitoring (monthly)</p> <p>Annual</p> <p>i) JKPP 8 submission</p> <p>ii) Fire Drill</p> <p>iii) Inspection and renewal of CF</p> <p>iv) Audiometric test</p> <p>v) Medical Surveillance</p> <p>vi) LEV monitoring (annual)</p> <p>However, the occupational safety and health plan was not effectively implemented:</p> <p>For LEV monitoring already done by yearly and monthly, latest record for monthly inspection done by Tahir dated 21 July 2019 and</p>	

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Criterion / Indicator		Assessment Findings	Compliance						
		<p>for Yearly was inspect by ESI Sampling Sdn Bhd dated 5 September 2018 referred LEV report (HQ/17/JHII/00/00002-2018/011)</p> <p>For Audiometric testing, latest was done on 24 July 2019 (and previously was done on August 2018.</p> <p>Cross refer with indicator 4.3.1.1.</p>							
4.4.4.2	<p>The occupational safety and health plan should cover the following:</p> <p>a) A safety and health policy, which is communicated and implemented.</p> <p>b) The risk of all operations shall be assessed and documented.</p> <p>c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:</p> <p style="margin-left: 20px;">i. All employees involved are adequately trained on safe working practices;</p> <p style="margin-left: 20px;">ii. All precautions attached to products should be properly observed and applied;</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</p>	<p>a) An Occupational Safety & Health Policy dated 1 October 2010 signed by Managing Director is available and been displayed at entrance of POM office. Safety and Health policy signed by MD, Mr Tiong Chiong Hee on 1/10/10</p> <p>b) CHRA done on 10 April 2017 by Thong Cia Ming(HQ/16/ASS/00/33) from ESI Sampling Sdn Bhd referred CHRA report HQ/16/ASS/00/33-2017/001. Latest Chemical exposure monitoring (HQ/16/JHI/00/21-2018/009) done on 29 June 2018. From the result, all result was under PEL. Complied with regulation.</p> <p>ii. Latest assessment of audiometric test was done on 24 July 2019, From the Audiometric test report (GGOSH/PUA-MAFRICA/2018/01) done by Global Green OSH Services Sdn Bhd dated 2 August 2018. From the report, there were total of 78 workers with hearing impairment and 7 workers with Standard Threshold Shift (STS), found the recommendation of report as per below was not been followed:-</p> <table border="1" style="margin-left: 20px;"> <tr> <td>Result</td> <td>Recommendation</td> <td>from</td> </tr> <tr> <td></td> <td>Audiometric test report</td> <td></td> </tr> </table>	Result	Recommendation	from		Audiometric test report		Complied
Result	Recommendation	from							
	Audiometric test report								

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Criterion / Indicator		Assessment Findings		Compliance
	Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.	78 workers hearing impairment	Need to examined by OHD	
	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.	7 STS	Need repeat test within 3 month to assess the reversibility of the condition.	
	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.	Cross refer with indicator 4.3.1.1		
	h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.	iii)HIRARC already been reviewed dated 14 May 2019, all operation already been updated including the new activity such as mill extension. For year 2019 there are 2 accident been happen in Mill, dated 28 Feb 2019 and 25 June 2019. HIRARC already been reviewed on 29 June 2019.		
	i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.	c) Training Programme was available for year 2019-2020 dated review on 24 Dec 2018, In addition to specific training courses, safety briefings are given during muster to reinforce awareness, such as correct wearing of PPE.		
	j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.	d) Records were available of PPE issued to individual workers and contractors, including signatures to confirm receipt. Standard of PPE used for lab analyst :		
	- Major compliance -	i)Safety glass – 24 Nov 2019		
		ii)Respirator – 3M 8210 (N95), double cartridge type (3M 6003) organic vapor catridge. – 24 July 2019		

Criterion / Indicator	Assessment Findings	Compliance
	<p>e)SOP established for laboratory and chemical handling – SOP on Chemical Storage and Handling for PPOM. Last training was conducted for Lab SOP based – 23/7/2019.</p> <p>f) At the Mill, there is a designated OSH Coordinator who is responsible for organising safety training, meetings and investigation and reporting of accidents and Incidents.</p> <p>SHC Chairman & OSH coordinator/secretary :</p> <p>SHC Chairman – Wong Sie Chel dated of appointment 1 April 2019 Secretary – Tahir Geling, dated of appointment – 1 April 2019</p> <p>g) Records were available confirming that quarterly OSH meetings had been held at the Mill. The latest SHC meeting was carried out on 29 June 2019 and the first meeting for 2019 on 16 March 2019. The latest Workplace Inspection was done by SHC committee on June 2019. This will used as inputs for the meeting.</p> <p>h) The Mill has site specific Plans including maps showing assembly areas and up-to-date lists of emergency contacts with training conducted to communicate the Plan. Interviews of Mill staff and workers confirmed understanding of emergency response procedures. Emergency response team has been established for fire fighter, first aider, spillage and accident investigation. The last fire evacuation drill was conducted on June 2019</p>	

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Criterion / Indicator		Assessment Findings	Compliance
		<p>i) First Aid Kits are installed at various work stations at the Mill and inspection confirmed these had been appropriately stocked.</p> <p>j) All accidents were investigated and reported to Head Office and DOSH. There were 2 incident cases in 2019 involving 43 LTI case. Verified JKKP 6 and JKKP 8 for 2019.</p>	
Criterion 4.4.5: Employment conditions			
4.4.5.1	<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>Palmgroup continued to implement Human Rights Policy dated 5/5/2017 signed by Managing Director. The company was committed to ensure every individual were treated with fairness, dignity and respect. The company will respect the rights of every individual as expressed in the Code of Conduct for Industrial Harmony. Training of the policy was conducted on 16/1/2019 by the Mill Engineer of Palmgroup POM. Seen the training attendance list where all the workers from different stations were participated in the training, photo evident and training materials. Besides, the policy was publicly displayed at the information notice board inside, outside the office and in the mill.</p>	Complied
4.4.5.2	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment</p>	<p>The top management of Palmgroup is committed to implement the equal opportunity within their organization. Their commitment is</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>- Major compliance -</p>	<p>clearly described with the statement indicated in the "Human Rights Policy".</p> <p>There were no evidences of any form of discrimination based on race, national origin, religion, gender, union and political affiliation and is covered in the policy as well. Interview with workers indicates that there is no such discrimination occurs in the workplace</p>	
4.4.5.3	<p>Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p>	<p>There was an employment contracts for staff and workers. Pay and conditions were documented and found above the Minimum Wage Order 2018. Sampled of employment contracts confirmed that terms and conditions were clearly outlined and signed by the worker. Sampled of the payslips (Feb 19, Mar 19, Apr 19 and May 19) confirmed that the workers were paid in accordance with Minimum Wage Order 2018.</p> <ol style="list-style-type: none"> 1. MY00005944 2. MY00003962 3. MY00005646 4. MY00002834 5. MY00004126 6. MY00004785 7. MY00005637 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		8. MY00004118	
4.4.5.4	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>There was a permanent contractor available in the mill, work. Palmgroup Palm Oil Mill Sdn Bhd arranges contracts for packing of bunch ash. The contract dated 1/1/2016 between Palmgroup POM and T&K Engineering Co. clearly stated that the contractor must strictly follow all applicable national and ratified international laws. Sighted the contractors' worker agreement, Pay and conditions were documented and found above the Minimum Wage Order 2018. All the workers permit for T&K Engineering Co. were found valid.</p> <ol style="list-style-type: none"> 1. B0766196 2. B2433533 3. B2200186 	Complied
4.4.5.5	<p>The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>All the recruited workers were registered in the Labour Registration Record where personal details such as name, nationality, next of kin, education standard, date of employed, job description, wage rate, date of birth and etc was stated in the registration card. Sampled of the Labour Registration Card as below:</p> <ol style="list-style-type: none"> 1. MY00005944 2. MY00003962 3. MY00005646 4. MY00002834 5. MY00004126 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		6. MY00004785 7. MY00005637 8. MY00004118	
4.4.5.6	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>Employment contracts were acknowledged and kept a copy by the workers verified through interviewed with the workers. The terms and conditions were clearly stated in the contract such as salary, annual leaves and public holiday entitlement, rate of work on rest day, overtime and etc. Sampled of employment contracts as below:</p> 1. MY00005944 2. MY00003962 3. MY00005646 4. MY00002834 5. MY00004126 6. MY00004785 7. MY00005637 8. MY00004118	Complied
4.4.5.7	<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>POM has established a time recording system (scan card system) for all employees.</p> <p>Time recording system has been implemented by scan card system for all mill employees.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		The working hours for all employees has been clearly documented in the Employment Contract and displayed in the office to ensure transparent for both employees and employer.	
4.4.5.8	The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable. - Major compliance -	From the overtime transaction of the workers, noted that some of the workers exceeded the OT limit of 104 hours per month. There was permit obtained from labour Department for such issues. The permit (JTKSWK/HKLM/001/17/(MUKAH)) dated 28/3/2017 was sighted.	Complied
4.4.5.9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. - Major compliance -	Documented payslip was distributed to individual workers on the day of payment. Wages and overtime were paid according to the time recording system (scan card system). Total hours of overtime and daily attendance were recorded in the time card. Sampled the payslip for month Feb 19, Mar 19, Apr 19 and May 19 as below: 1. MY00005944 2. MY00003962 3. MY00005646 4. MY00002834 5. MY00004126	Minor Non Compliance

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Criterion / Indicator		Assessment Findings	Compliance
		<p>6. MY00004785 7. MY00005637 8. MY00004118</p> <p>Based on the records review, the management has paid work on rest day for Apr 19 and May 19 as per legal requirement. However, wages of work on rest day for Feb 19 and Mar 19 were not paid according to Labour Ordinance Sarawak (Act A1237) for operators as follow:</p> <p>1. MY00003962 2. MY00005646 3. MY00002834 4. MY00004126 5. MY00004785 6. MY00005944</p> <p>Thus, Minor NC was raised.</p>	
4.4.5.10	<p>Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings.</p> <p>- Minor compliance -</p>	<p>Palmgroup POM has provided yearly bonus, monthly incentive which are paid according to staff's performances</p> <p>Apart from that, the management also provides free housing facilities with water and electricity. In addition, employees will be sent to nearby clinic and the cost is reimbursable.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities. - Major compliance -	On-site living quarters are provided to general workers and staff. Observed that the living quarters are habitable and have amenities such as water and electricity.	Complied
4.4.5.12	The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace. - Major compliance -	The management continued to implement the policy and guidelines to prevent all forms of sexual harassment and violence of work place, namely "Sexual Harassment Policy" which was established by the management of Palmgroup Holdings on 22 nd Feb 2016. Up to date, there is no case reported since last assessment. The training for sexual harassment policy was conducted by Admin Executive on 16/1/2019 to all employees especially women.	Complied
4.4.5.13	The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. - Major compliance -	Palmgroup has continued to implement Policy on Freedom of Association and Collective Bargaining dated 21st March 2016. The company was committed and allowed their stakeholders such as employees, clients, business partner to form or join any association. Interviews of staff and workers confirmed Palmgroup POM supports freedom of association and collective bargaining. Although there were no Labour Unions, workers and staff are represented in Joint Consultative Committee (JCC). Members are elected from representatives of every division including foreign workers. The latest meeting was held on 29/7/2019 and attended by the elected members and mill management. Frequency of meeting is every 3 month.	Complied

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Criterion / Indicator		Assessment Findings	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 -	Palmgroup was continued to implement Child Labour Policy which was signed by Senior Human Resource Manager dated 22/2/2016. No workers below than 18 years old will be recruited. Document verified on the Employee Master List confirmed that all the workers employed were above 18 years old.	Complied
Criterion 4.4.6: Training and competency			
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 -	Palmgroup POM has prepared an Annual Training Plan 2019 for workers and contractors that lists the internal and external training courses scheduled for the year. Training plan and records for 2019 as follows: 1) Domestic waste management (9/7/19) 2) Chemical handling, oil spillage (13/7/19) 3) Environmental briefing to contractor (24/7/19) 4) ERP (16/1/19) 5) Training for operator at Press Station (16/1/19) 6) Safety training for section engine room (14/3/19) 7) Confine space training (19/3/19) 8) Working at height (21/3/19) 9) Training SSOP Oil Room (27/3/19) 10) Basic first aid (9/7/19)	Complied
4.4.6.2	Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description. - Major compliance -	Palmgroup POM has prepared an Annual Training Plan 2019 based on the training needs. This includes the internal and external training courses scheduled for the year.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.6.3	<p>A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.</p> <p>- Minor compliance -</p>	<p>Continuous training programme is planned and implemented covering all employees and contractors as per the documented training procedure. Refresher training on SOP is emphasised for all operator to ensure safety and standard practices being followed for consistent implementation.</p>	Complied
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 shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>Palmgroup POM has established an environmental policy and environmental management plan with relevant to the applicable laws and regulations. Policy was signed by managing director on 6 January 2014.</p> <p>Interviews of staff and workers found that the policy has been implemented and communicated regularly through morning briefing and displayed on notice board.</p>	Complied
4.5.1.2	<p>The environmental management plan shall cover the following:</p> <p>a) An environmental policy and objectives;</p> <p>b) The aspects and impacts analysis of all operations</p> <p>- Major compliance -</p>	<p>On top of the above biodiversity management plan and objectives, the environmental management plan covered in the established action plan of significant environmental aspects identified and impacts evaluated as per documents sighted as following:</p> <p>Established based on the procedure for Environmental Aspect/Impact Evaluation; Issue 1; Dated Dec 2011 and documented as following:</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> - Environmental Aspect and Impact Identification 2019/2020; Serial # EAI/2018/001-1 to EAI/2019/013-4 dated 3/1/2019 - Environmental Impact Evaluation Form Serial # EIE/2019/001-1 to EIE/2020/014-4 dated 3/1/2019 <p>Sighted the aspect identified and impact evaluated covered all mill operational stations activities including operation of vertical sterilizer, maintenance of crude oil pumps, sludge pumps, waste pumps, effluent treatment plant and etc.</p>	
4.5.1.3	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.</p> <p>- Major compliance -</p>	<p>The continuous monitoring was implemented on timely basis where the planned programs which derived from list of significant environmental aspect. Results of the programs that were monitored will determine operational changes whether have positive or negative environmental Aspect and impacts dated September 2018. List for environmental improvement plan as such:</p> <ul style="list-style-type: none"> i) Water quality monitoring ii) Domestic waste management iii) Scheduled waste management iv) Management of hydrocarbon waste v) Chemical management vi) Peat Management vii) Labor line upkeep 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		viii) Air quality management The latest reviewed for the Environmental Plan 3/1/2019	
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	Palmgroup POM environmental improvement programme also includes continual improvement plans. For example, rain water harvesting system installed at labour line and also at the mill compound as to support the water supply from mill's water treatment plant.	Complied
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 -	Annual training programme of the mill includes environmental awareness and compliance related trainings to the executives, staffs and workers. Site observation by interviews of staff and workers found that the policy has been implemented and communicated regularly through morning briefing and displayed on notice board.	Complied
4.5.1.6	The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed. - Major compliance -	Environmental related matters were discussed during morning briefing and safety meeting. Workers interview reveal that they are encouraged to discuss environmental issues with the management. In addition, quarterly environmental meeting was last conducted on 24 May 2019 All pertinent environmental matters were discussed during the meeting.	Complied

Criterion / Indicator	Assessment Findings	Compliance	
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 -	Palmgroup POM maintains records of energy usage, which is reported monthly to head office. The use of the steam turbine for electricity generation has been optimised in order to reduce the dependence on diesel fossil fuel. No electric supply from SECCO @ Sarawak Energy for Palmgroup POM and fully dependent on diesel powered generator and steam turbine. FFB processed for 2018: 429,081 mt FFB processed for 2019 Todate: 231,872 mt	Complied
4.5.2.2	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations. - Major compliance -	Palmgroup POM has estimation of total energy required. This estimation was compared to the actual usage by monthly and reported to the head office for monitoring. Fossil fuel usage for 2018: 544538 litre Fossil fuel usage for 2019 todate: 240830 litre	Complied
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	Utilization of fossil fuels (diesel for genset) was monitored and control through stores stocks and materials checking reported on monthly basis. Effective maintenance plan and productive operation plan for genset including regular servicing of gensets as well as efficient operation of FFB process to fully utilize the free source of fuel i.e. biomass (fiber and shell) were implemented. The quantity of biomass also monitored to achieve the expected percentage of fiber (60 – 70%) and shell (30%) @ renewable energy (RE) produced and quantities being consumed. The	Complied

Criterion / Indicator		Assessment Findings	Compliance
		consumption of RE is correlative with kWh of turbine operation as per the following figure: i)Turbine kWh generation for 2018: 7,913,353 kWh ii)Turbine kWh generation for 2019: 3,476,446 kWh	
Criterion 4.5.3: Waste management and disposal			
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	Management already establish manual for waste management such as Method of scheduled waste handling was documented under Scheduled Waste Handling and Storage Guidance, PGHSB/SOPP/014/2016, version 1 dated 21/11/16. Based on documented pollution prevention plan dated June 2019, among the waste products identified and documented including general waste and scheduled waste. Sources of waste were from the mill and housing area. Common waste identified including domestic waste and scheduled waste. Other specific type of waste generated by the mill is organic (biomass) waste which is also a source of renewable energy consists of fibres, shells, empty fruit bunches, boiler ashes and decanter solids. Other specific activities such as mill maintenance and estate vehicle workshop generate few categories of scheduled waste such as SW 305, SW 102 and SW 410.	Complied
4.5.3.2	A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for: a) Identifying and monitoring sources of waste and pollution.	Documented pollution prevention plan dated June 2019 was emphasized in the pollution prevention plan where the site visit confirmed that the practice of reduce, reuse and recycle of materials has been implemented throughout the company mill and	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.</p> <p>- Major compliance -</p>	<p>estates. Process waste from production is being recycle back for operation.</p> <p>For example: Kernal and fibre was using back as fuel for turbine to generate electricity.</p>	
4.5.3.3	<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>Designated storage area was constructed at Palmgroup POM with adequate mitigation measure such as spill kits and containment bunds. However, the mill currently build new schedule waste store. Scheduled waste were labelled and stored at designated area.</p> <p>Scheduled waste handling</p> <p>i) SW305 was last disposed by Kien San Metal Sdn Bhd, (2900 liter) and SW 410 (10.7 kg) on June 2019.</p> <p>- Transport license no for Kien San Metal Sdn Bhd: JPBT/KPLTPBT/16/ 001740</p> <p>- However found SW 322 was not dispose properly</p>	Complied
4.5.3.4	<p>Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's 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>No pesticide been used in the mill. However, the Palmcol estate conducted the Triple Rinsing of Empty Chemical Container Training (<i>Latihan 3 Kali Pembilasan Bekas Racun dan Bahan Kimia</i>) on 10/4/2018 to all sprayers gang for both division based on the guideline for used plastic pesticide container recycling program (UPPCR). </p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.5.3.5	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse. - Minor compliance -	Method of handling the domestic/general wastes are segregation at the collection point from offices and housing area before being disposed to the nearby approved landfill at Balingian District. Collection done by contractor twice per week.	Complied
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	Based on the assessment of all polluting activities as of the Form 1: Identification and significant determination of environmental aspect and setting objectives and targets, version 1(Oct 2016)/SU, identified significant source of air pollution was from boiler and incinerator chimney. Current monitoring was through online boiler smoke density and alarm and six-monthly boiler and incinerator stack monitoring of dust particulate. 1st half of 2019 : Report ref# PGPOM/ST-B1/2019/1 dated 7/3/2019. Dust emission load: 0.322 g/Nm3 , dry @ 12% CO2 vs 0.4 g/Nm3 , dry @ 12% CO2	Complied
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	Palmgroup pollution prevention plan has been integrated into environmental improvement plan which is being reviewed on yearly basis. Based on pollution prevention plan dated March 2014, main source of significant pollutants and greenhouse gas (GHG) identified was methane (CH4) emission through POME treatment. The company are in process of obtaining proposals to construct methane capture facilities in POME treatment pond. Other less significant GHG emissions identified including COx, SOx and NO	Complied

Criterion / Indicator		Assessment Findings	Compliance
		from various sources including fossil fuel, chemical and fertilizer consumptions. GHG emission calculated using and RSPO approved calculator, Palm GHG version 2.	
4.5.4.3	<p>Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.</p> <p>- Major compliance -</p>	<p>Monitoring of POME discharge conducted on monthly basis through sample analysis by external lab. Sighted sample Certificate of Analysis; Cert. # 20180712/14; Sample date: 6 July 2018; Sample mark: A. Upstream; B. Downstream; C. Final discharge (POME). Analysis done by Dynakey Laboratories shown all results found within the limits of Raw Water Quality Standard.</p>	Complied
Criterion 4.5.5: Natural water resources			
4.5.5.1	<p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> a) Assessment of water usage and sources. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities. c) Ways to optimize water and nutrient usage and reduce wastage (<i>e.g.</i> having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). <p>- Major compliance -</p>	<p>Water management plan, incorporated under environmental monitoring plan dated June 2019 which includes water consumption management and availability of water for mill processing and domestic use. The rainfall data collected to monitor the availability of water. The water supply for drinking water been asses by Envisar Sdn Bhd latest was on March 2019. Memo dated 5 Dec 2018 to workers.</p> <p>Water consumption were monitored and measured individually for mill processing, boiler, firefighting and housing. Regular monitoring was conducted by the mill by taking the sample of waste water in final discharge point and water at the upstream and downstream of the river (Sungai Anak) (Sample: ESI Laboratory Sdn. Bhd. Certificate of analysis ref. # Palmgroup/22-06/100 dated 25 June 2019), upstream = <2.0 mg/l BOD3, downstream = <2.0 mg/l.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p>Final discharge result (monthly) is being monitored according to POME plan, 7 parameter tested (pH, BOD, COD, TSS, VSS, O&G and TN). BOD result is way below the limit stipulated in Compliance Schedule.</p> <p>Palmgroup POM has optimize water and nutrient usage and reduce wastage for mill operation and at workers line site. For example, water from turbine cooling water recycled back and used as process water for oil room and dilution. Rain water harvesting system has been installed at all line site for cleaning purpose.</p>	
4.5.5.2	<p>Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.</p> <p>- Major compliance -</p>	<p>Based on DOE license, ref: 001691; validity 1-Jul-2018 to 30-Jun-2019, method of POME discharge is water course and the BOD limit is below 50 ppm. Quarterly report submitted via OER "Online Environmental Reporting". Refer to the latest quarterly report submitted dated 14/6/2019. (31/152/000/057)</p>	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Mill Management			
4.6.1.1	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<p>Palmgroup POM has established a system for monitoring and control of best practice implementation. This includes the programme of regular inspections and audits by GM and sustainability department for maintaining and improving the production.</p>	Complied

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Criterion / Indicator	Assessment Findings	Compliance
	<p>SOP for Palmgroup POM – January 2011(KP 2-5) & Safe Working Procedure for mill operation—established in 2010 which consist of :</p> <ul style="list-style-type: none"> i) Weighbridge (FFB, CPO & PK despatch) ii) Loading Ramp iii) Sterilizer iv) Press v) Kernel Plant vi) Oil room vii) Engine room & boiler viii) ETP ix) Workshop and Electrical work <p>New established Permit To Work Procedure (hot work) dated July 2018 was sighted. Implementation record dated 30/7/18 was verified for the activity at Sterilizer (Welding Body Conveyor S no.1 line A). Daily permit issuance is required and once completed, Site Safety Health Officer (SSHO) will sign-off/cancel the permit.</p> <p>From the verification of SOP for confined space dated Sept 2018, the SOP already followed as per ICOP for Confined space 2010.</p>	

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Criterion / Indicator		Assessment Findings	Compliance
		<p>However found Competent person AGT was not available in Palm Oi Mill. Latest sampling PTW for confined space dated 23 March 2019 Kernal Bunker maintenance. Thus Major NC been raised</p> <p>3rd party consultant visit was carried out on 5-6/3/18 to check on operational and mill processes. Under summary and comments; the consultant has detailed out a few recommendations for improvement on each specific area. For example for boiler operation, fire doors, furnace back fire has yet to be rectified for safe and efficient operation.</p>	
4.6.1.2	<p>All palm oil mills shall implement best practices..</p> <p>- Major compliance -</p>	<p>Sustainability department inspect and report on the operations on annual basis. The on-site managers develop the action plans from the GM visit report and internal audit report for improvement of the operations. Review of reports, action plans and site inspections confirmed consistent records of implementation of SOPs. This to ensure that performance is on track and best practices being consistently implemented.</p>	Complied
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	<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>Annual business plan in the form of annual budget and the projection for 2 years prepared as guidance for future planning. The business plan contains FFB yield, CPO, OER, and KER, costs of production, etc. It also includes environment, social (workers and staffs welfare), and health and safety component and associated capital expenditure (CAPEX) for 2018 as per the following:</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		1. New extension of mill (60 mt/hr) 2. Desilting of effluent pond 3. Boiler dust filtering system 4. Incinerator dust filtering system	
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 -	Palmgroup POM offers FFB pricing as per MPOB guidelines and mills average OER. The pricing method has been clearly stated in the contract and agreed by the FFB supplier. Verified FFB supplier (smallholder) contract dated 1/8/2018 for Abang Benjamin Bin Abang Aing, MPOB license: 492460-401000 (valid until 30/6/2020). Pricing of FFB and term of payment is explicitly written in the contract. Other service contracts checked and verified: i) outside estate, Worldsign Harvest Sdn Bhd, effective on 1/8/18 (MPOB License:578603002000 valid until 30/11/2019)	Complied
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	Sample contract and payment record verification together with interviews of suppliers and contractor found the payments has been made as per contract. Refer to new FFB supplier, Abang Benjamin Bin Abang Aing. The payment was paid as per the agreement. However, the contract for CPO transporter and PK transporter were expired.	Minor Non Compliance

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Criterion / Indicator		Assessment Findings	Compliance
		1) PK transporter, Jin Piaw Construction Sdn Bhd refer to transporter agreement, effective 1st February 2016. Validity period: 3 years for the date of agreement 2) CPO transporter, Viva Master Sdn Bhd refer to transporter agreement, effective 1st February 2016. Validity period: 3 years for the date of agreement Thus, Minor NC was raised.	
Criterion 4.6.4: Contractor			
4.6.4.1	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	Palmgroup POM has initiated the MSPO awareness to all its contractors. The mill has issued a memo to all the contractors dated 12 January 2017 regarding the implementation of MSPO in the mill. So far, no new contractor at Palmgroup POM.	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Palmgroup POM has prepared a standard contract for all the contractors. The signed copy of the contract available at the mill. Verified sample of contract with both party agreement for; 1) Contract bunch ash packing agreement, PPOM/BS/1601/001 dated 1st January 2016. So far, no new contractor at Palmgroup POM.	Complied
4.6.4.3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required. - Minor compliance -	Palmgroup POM has no objection to allow BSI auditors to verify the assessment through physical inspection if required.	Complied

Section 4: Assessment Conclusion and Recommendation

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment Palmgroup POM Certification Unit complies with the MS 2530-4:2013. It is recommended that the certification of Palmgroup POM Certification Unit is continued.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: Raymond Nyian	Name: Mohd Hafiz Mat Hussain
Company name: Palmgroup Holdings Sdn. Bhd.	Company name: BSI Services Malaysia Sdn. Bhd.
Title: Manager, Sustainability	Title: Lead Auditor
Signature:  Date: 30/09/2019	Signature:  On Behalf Date: 29/9/2019

Appendix A: Assessment Plan

Date	Time	Subjects	MH	MN
Wednesday, 31/07/19	08:30 – 09:00	Opening Meeting at Palmgroup Palm Oil Mill <ul style="list-style-type: none"> • Presentation by Palmgroup POM • Presentation by BSI Lead Auditor -introduction of team member and assessment agenda • Confirmation of assessment scope and finalizing audit scope 	√	√
	09:00 – 11:00	Palmgroup Palm Oil Mill Field Assessment: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment. Laboratory, weighbridge and palm product storage area, staff, workers and contractor interview, housing and facility inspection, clinic, etc.	√	√
	10:30-11:30	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	√	
	11:00 – 12:30	Document Review (MS:2530 Part 4), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services, P6 : Best practices	√	√
	12:30 – 13:30	Lunch / Break	√	√
	13:30 – 16:00	Continue with Document review and site verification if deemed necessary.	√	√
	16:00 – 17:00	Preparation for Interim briefing	√	√
	Thursday 01/08/19	08:30 – 11:30	Continue unfinished elements at Palmgroup POM	√
11:30		Preparation for closing meeting at Palmgroup POM	√	√
12:00 – 12:30		Closing meeting for Palmgroup POM	√	√

Appendix B: List of Stakeholders Contacted

Internal Stakeholders

Workers' Committee Representatives Gender Committee Representatives Sprayers Harvesters Mill Operators

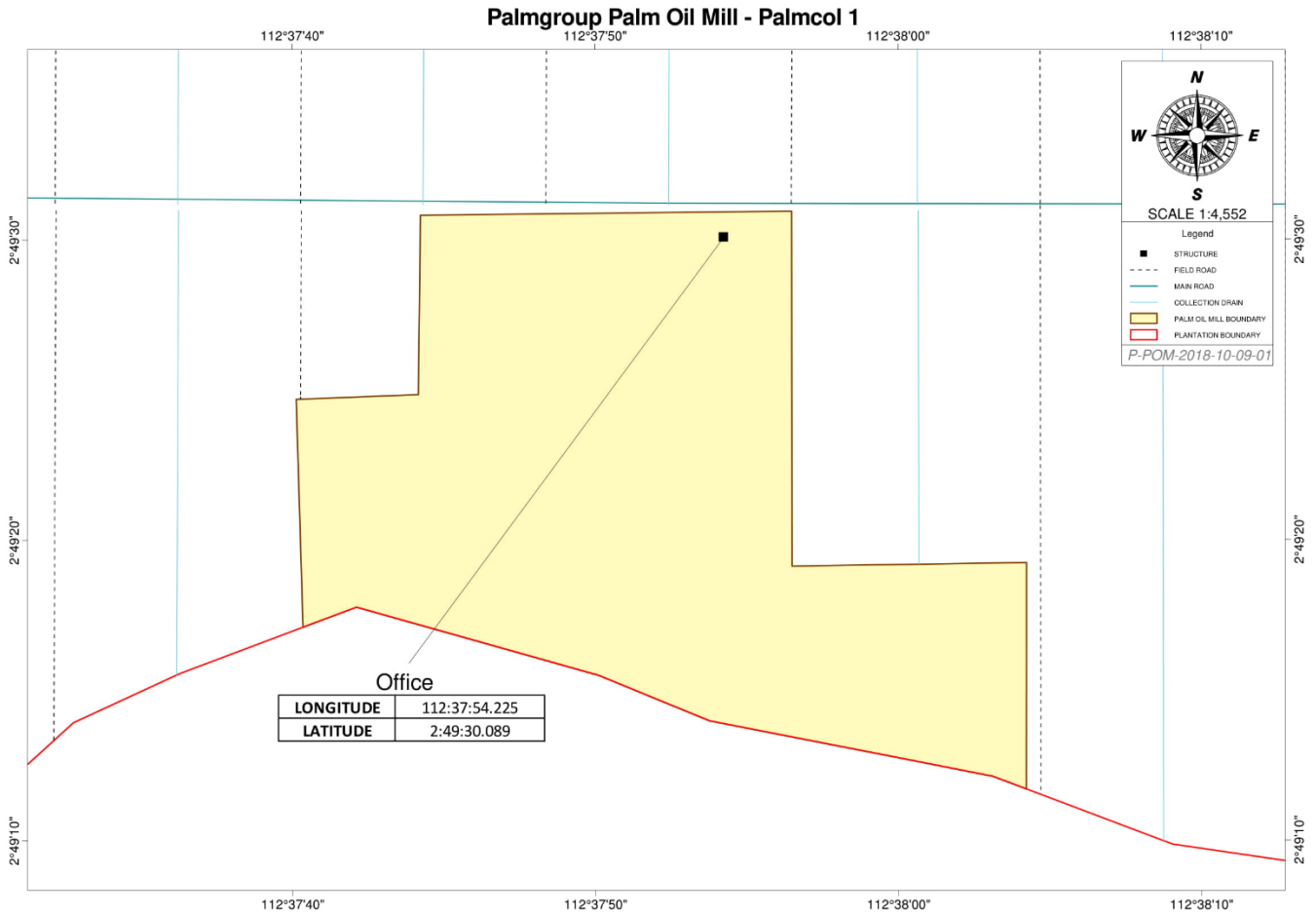
External Stakeholders

Government Departments	NGOs and others	Local Communities
Not attended during Stakeholder meeting with auditor.	Contractors	Village Head Headmaster of SK Sg. Anak

Appendix C: Smallholder Member Details

No	Name of smallholder	Year Planted	Land Area (ha)	Forecast FFB (Mt/ha/year)
1	-Not Applicable-			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
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21				
22				
23				
TOTAL				

Appendix F: Location Palmgroup POM



Appendix G: List of Abbreviations

BOD	Biochemical Oxygen Demand
CB	Certification Bodies
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
EFB	Empty Fruit Bunch
EHS	Environmental, Health and Safety
EIA	Environmental Impact Assessment
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPIC	Free, Prior, Informed and Consent
GAP	Good Agricultural Practice
GHG	Greenhouse Gas
GMP	Good Manufacturing Practice
GPS	Global Positioning System
HCV	High Conservation Value
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
LD50	Lethal Dose for 50 sample
MSPO	Malaysian Sustainable Palm Oil
MSDS	Material Safety Data Sheet
MT	Metric Tonnes
OER	Oil Extraction Rate
OSH	Occupational Safety and Health
PK	Palm Kernel
PKO	Palm Kernel Oil
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PPOM	Palmgroup Palm Oil Mill
RTE	Rare, Threatened or Endangered species
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure