

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

FGV Holdings Berhad
Head Office: Level 20 West, Wisma FGV Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia
Certification Unit: FGV Palm Industries Sdn Bhd (Kerteh Palm Oil Mill) and FGV Plantations (Malaysia) Sdn Bhd (FGVPM Semaring 01 Estate and FGVASSB Kerteh Estate) Location of Certification Unit: Kilang Kelapa Sawit Kerteh Beg Berkunci No. 3 23309 Ketengah Jaya, Terengganu, Malaysia

Report prepared by:
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Report Number: 9674404

Assessment Conducted by:
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TABLE of CONTENTS	Page No
Section 1: Executive Summary	3
1.1 Organizational Information and Contact Person	3
1.2 Certification Information.....	3
1.3 Location of Certification Unit.....	4
1.4 Plantings & Cycle	4
1.5 FFB Production (Actual) and Projected (tonnage).....	4
1.6 Certified CPO / PK Tonnage	5
1.7 Certified Area	5
1.8 Details of Certification Assessment Scope and Certification Recommendation:.....	6
Section 2: Assessment Process	7
1. Assessment Program	8
Section 3: Assessment Findings	9
3.1 Details of audit results	9
3.2 Details of Nonconformities and Opportunity for improvement.....	9
3.3 Status of Nonconformities Previously Identified and OFI	10
3.4 Issues Raised by Stakeholders	10
3.5 Summary of the Nonconformities and Status.....	10
3.6 Summary of the findings by Principles and Criteria	11
Section 4: Assessment Conclusion and Recommendation	88
Appendix A: Assessment Plan.....	90
Appendix B: List of Stakeholders Contacted	92
Appendix C: Smallholder Member Details.....	93
Appendix D: Kerteh Palm Oil Mill Location and Field Map	94
Appendix E: FGVPMSB Semaring 01 Estate Field Map	95
Appendix F: FGVASSB Kerteh Estate Field Map.....	96
Appendix G: List of Abbreviations	97

Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	FGVPISB Kerteh POM - 500178404000 FGVPMSB Semaring 1 Estate - 560381002000 FGVASSB Kerteh Estate - 512671002000		
Company Name	FGV Holdings Berhad		
Address	Head Office: Level 20 West, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia Certification unit: Kerteh Palm Oil Mill, Beg Berkunci No. 3, 23309 Ketengah Jaya, Terengganu, Malaysia		
Group name if applicable:	FGV Kerteh Complex		
Subsidiary of (if applicable)	N/A		
Contact Person Name	Anthonius Sani		
Website	http://www.feldaglobal.com/sustainability	E-mail	anthonius.s@fgvholdings.com
Telephone	03-2859 1623	Facsimile	03-27890440

1.2 Certification Information			
Certificate Number	Mill: MSPO 693211 Estate: MSPO 693212		
Issue Date	29/04/2019	Expiry date	28/04/2024
Scope of Certification	Mill: Production of Sustainable Palm Oil and Palm Oil Products Estate: Production of Sustainable Oil Palm Fruits		
Stage 1 Date	12/09/2018 – 14/09/2018		
Stage 2 / Initial Assessment Visit Date (IAV)	08/01/2019 – 10/01/2019		
Continuous Assessment Visit Date (CAV) 1	N/A		
Continuous Assessment Visit Date (CAV) 2	N/A		
Continuous Assessment Visit Date (CAV) 3	N/A		
Continuous Assessment Visit Date (CAV) 4	N/A		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
RSPO 693209	RSPO	BSI Services Malaysia Sdn Bhd	10/02/2024
QMS 9001:2015	Quality management system	SIRIM QAS International Sdn Bhd	23/06/2019

MSP0 Public Summary Report
Revision 0 (Aug 2017)

EMS 14001:2015	Environmental management system	SIRIM QAS International Sdn Bhd	23/06/2019
OHSAS 18001:2007	Occupational health and safety management system	SIRIM QAS International Sdn Bhd	23/06/2019

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
FGVPISB Kerteh Palm Oil Mill	Kilang Kelapa Sawit Kerteh, Beg Berkunci No. 3, 23309 Ketengah Jaya, Terengganu, Malaysia	103° 19' 55" E	4° 37' 33" N
FGVPMSB Semaring 1 Estate	Ladang Felda Semaring 1, P.O. Box No. 7, Pejabat Pos A.M.B.S, 23400, Dungun, Terengganu, Malaysia	103° 02' 25" E	4° 40' 20" N
FGVASSB Kerteh Estate	Ladang Kerteh Estate, Jalan Kelubi, Ketengah Jaya, 23300 Dungun, Terengganu, Malaysia	103° 19' 13" E	4° 34' 29" N

1.4 Plantings & Cycle

Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
FGVPMSB Semaring 1 Estate	-	981.05	-	-	-
FGVASSB Kerteh Estate	-	-	106.42	-	-
TOTAL	-	981.05	106.42	-	-

1.5 FFB Production (Actual) and Projected (tonnage)

Producer Group	Estimated	Actual	Forecast (Mar 19 – Feb 20)
FGVPMSB Semaring 1 Estate	N/A	N/A	12,790.00
FGVASSB Kerteh Estate	N/A	N/A	2,864.00
TOTAL	N/A	N/A	15,654.00

MSP0 Public Summary Report
Revision 0 (Aug 2017)

1.6 Certified CPO / PK Tonnage			
Mill	Estimated	Actual	Forecast (Mar 19 – Feb 20)
FGVPISB Kerteh Palm Oil Mill 60 MT/hr	CPO (OER:%)	CPO (OER: %)	CPO (OER: 20.50 %)
	N/A	N/A	3,209.07MT
	PK (KER: %)	PK (KER: %)	PK (KER: 5.20 %)
	N/A	N/A	814.01MT

1.7 Certified Area					
Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
FGVPMSB Semaring 1 Estate	981.05	2.0	3.0	986.05	99.49
FGVASSB Kerteh Estate	106.42	0	5.48	111.90	95.1
Total	1087.47	2.0	8.48	1097.95	

1.8 Details of Certification Assessment Scope and Certification Recommendation:

BSI Services Malaysia Sdn Bhd has conducted the Initial Certification Assessment of FGV Palm Industries Sdn Bhd - Kerteh Palm Oil Mill, located in Kilang Kelapa Sawit Kerteh, Beg Berkunci No. 3, 23309 Ketengah Jaya, Terengganu, Malaysia comprising 2 estates (Semaring 1 Estate and Kerteh Estate), 1 mill (Kerteh Palm Oil Mill) and infrastructure.

The assessment was conducted onsite to assess the compliance of the certification unit against the MS 2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholder, MS 2530-4:2013 Part 4: General principles for palm oil mills and MSPO Guidance.

The onsite assessment was conducted on 08 - 10/01/2019.

Based on the assessment result, FGV Palm Industries Sdn Bhd - Kerteh Palm Oil Mill and Supply Bases (FGVPMSB Semaring 1 Estate and FGVASSB Kerteh Estate) complies with the MS 2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholder, MS 2530-4:2013 Part 4: General principles for palm oil mills and MSPO Guidance and recommended for certification.

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 08 - 10/01/2019. The audit programme is included as Appendix A. The approach to the audit was to treat the FGVPISB Kerteh Palm Oil Mill and Supply Bases (FGVPMSB Semaring 1 Estate and FGVASSB Kerteh Estate) as a MSPO Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, declared conservation areas and local communities. Prior to audit conducted, public consultation was made accordingly; refer <https://www.bsigroup.com/en-MY/RSPO-MSPO-Certification/MSPO-clients-and-reports1/>

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. MS 2530-3:2013 and MS 2530-4:2013 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

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

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

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

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

MSPO Public Summary Report
Revision 0 (Aug 2017)

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

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

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

1. Assessment Program					
Name (Mill / Plantation / Group smallholders)	Year 1 (Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 3)	Year 5 (ASA 4)
FGVPISB Kerteh Palm Oil Mill	√	√	√	√	√
FGVPMSB Semaring 1 Estate	√	√	√	√	√
FGVASSB Kerteh Estate	√	√	√	√	√
Stakeholder Consultation	√				

Tentative Date of Next Visit: November 4, 2019 - November 6, 2019

Total No. of Mandays: 6 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 14001, 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 mill and estate best practices, waste management, HCV, environmental, occupational safety & health, long-term economic viability, and ecological. He is fluent in Bahasa Malaysia and English languages.

Muhammad Fadzli Masran – Team Member

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

Accompanying Persons: Nil

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 was one (1) Major nonconformity and two (2) opportunity for improvement were raised. The Kerteh Palm Oil Mill 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 Actions for the Major Nonconformity has been verified for its effectiveness and closed accordingly.

Major Nonconformities:		
Ref	Area/Process	Clause
1727954-201901-M1	Plantations (Semaring 1 Estate)	4.4.5.7 (Part 3)
Requirements:	The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.	
Statement of Nonconformity:	The monitoring system for time recording system was not effectively implemented.	
Objective Evidence:	Semaring 1 Estate: During document review, found that no monitoring was done for "kad kerja" by the management: 1. ID No: FW04880526	
Corrections:	The management should monitor the kad kerja for workers.	
Root cause analysis:	No supervision by management for monitoring kad kerja for the worker	
Corrective Actions:	Monitoring by estate manager management through regular management meetings and periodic reviews by RSPO Internal Audit as well as by JTK HQ	
Assessment Conclusion:	1. Sighted the evidence of briefing dated 17/1/2019 for staff and mandore by the estate manager regarding monitoring for "kad kerja". 2. Sighted the evidence of briefing dated 02/02/2019 for executives, staff and mandore by the senior manager JTK HQ regarding monitoring for "kad kerja". The evidences submitted found adequate and effectively implemented. Thus, the Major NC was effectively closed.	

MSP0 Public Summary Report
Revision 0 (Aug 2017)

Opportunity For Improvement		
Ref	Area/Process	Clause
1727954-201901-I1	Kerteh Palm Oil Mill	4.5.3.4 (Part 4)
Requirements:	Domestic waste should be disposed as such to minimise the risk of contamination of the environment and watercourse.	
Objective Evidence:	The used of domestic waste bin need to be improved at linesite area.	

Opportunity For Improvement		
Ref	Area/Process	Clause
1727954-201901-I2	Plantations (Semaring 1 Estate)	4.4.4.2 (Part 3)
Requirements:	The occupational safety and health plan shall cover the following: i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.	
Objective Evidence:	Monitoring of the first aid kit should be conducted and recorded appropriately by the appointed person in-charge.	

Noteworthy Positive Comments	
1.	Nil

3.3 Status of Nonconformities Previously Identified and OFI

Not applicable since this is Initial Assessment.

3.4 Issues Raised by Stakeholders

IS #	Description
1	Issues: Nil
	Management Responses:
	Audit Team Findings:

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1727954-201901-M1	Major - 4.4.5.7 (Part 3)	10/01/2019	Closed on 26/02/2019

3.6 Summary of the findings by Principles and Criteria

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

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	A policy for the implementation of MSPO shall be established. - Major compliance -	MSPO Policy is namely " <i>Polisi Kelestarian Kumpulan/ Group Sustainability Policy</i> " dated 24 August 2017 (FGV/SED/POL/001) which was describe on MSPO requirements.	Complied
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	The policy was emphasize on the improvement economic, environment and social and improve estate productivity.	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 -	Audit plan 2018 for Kerteh Complex (audit plan is for 37 complex in one plan) was established. Based on the audit plan, the internal audit will be conducted on 21-25/5/2018. The internal audit for Semaring 1 Estate and Kerteh Estate was conducted on 21-25/5/2018. Total 15 NCs (Semaring 1 Estate) and 30 NCs (Kerteh Estate) were raised during the audit. All the findings were closed accordingly by the management.	Complied
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of	Internal Audit procedure ML-1A/L2-Pr11(0) rev 0 and effective date 01/06/16 was established. The audit was conducted on 21-	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	<p>strengths and root causes of nonconformities, in order to implement the necessary corrective action.</p> <p>- Major compliance -</p>	<p>25/5/2018. The audit summary report was sighted. There was 15 NCs (Semaring 1 Estate) and 30 NCs (Kerteh Estate) raised during internal audit and all NCs were closed effectively.</p>	
4.1.2.3	<p>Report shall be made available to the management for their review.</p> <p>- Major compliance -</p>	<p>At Semaring 1 Estate, the Management Review conducted on 10/7/18 was discuss on the 15 NCs and has been completed and reviewed in this meeting minutes and signed by Estate Manager.</p> <p>At Kerteh Estate, the Management Review conducted on 29/12/18 was discuss on the 30 NCs and has been completed and reviewed in this meeting minutes and signed by Officer In-charge.</p>	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	<p>The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.</p> <p>- Major compliance -</p>	<p>Management Review 01/2018 was conducted on 10/7/2018 (Semaring 1 Estate) and 29/12/18 (Kerteh Estate). The meeting was chaired by Estate Manager and Officer In-charge. The discussion as follow:</p> <ul style="list-style-type: none"> - Result of internal audit - customer satisfaction, - product conformance, - environment compliance, - Safety and Health - social impact - Replanting 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		- other matters.	
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	<p>The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.</p> <p>- Major compliance -</p>	<p>Continual improvement 2019 was established. Action plans available to include the issues from social, environmental impact, safety and health and quality. The sampled plans as follow:</p> <ol style="list-style-type: none"> 1. Reduction of chemical usage 2. Increase FFB production 3. Control the social impact 4. Reduce GHG emission 5. Recycle program 	Complied
4.1.4.2	<p>The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption.</p> <p>- Major compliance -</p>	<p>Any new information is updated to employees through morning briefings, memo, meetings, station training. So far, no new technology at Semaring 1 Estate and Kerteh Estate.</p>	Complied
4.1.4.3	<p>An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.</p> <p>- Major compliance -</p>	<p>Any new information is updated to employees through morning briefings, memo, meetings, station training. So far, no new technology at Semaring 1 Estate and Kerteh Estate.</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance	
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	<p>The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>Adequate information covering on environmental, social and legal issues which are relevant to MSPO Criteria and relevant to stakeholders is shared for effective participation and decision making. Procedure Communication, Involvement and Consultation ML-1A/L2-Pr 12 (0) and has been communicated in March 2018 in Malay language (national language) through letters to external stakeholders. Policies are also displayed at estate office.</p> <p>At Kerteh Estate, there is Visitor Book to records all the input from visitors such as CHRA, Mechanization Visit and complaint book.</p>	<p>Complied</p>
4.2.1.2	<p>Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>Memo dated January 2018 by Estate Manager (Semaring 1 Estate) and Officer In-charge (Kerteh Estate) has a list of 13 document and policy has been given to the stakeholders. Stakeholders can request for these documents as per Communication procedure.</p>	<p>Complied</p>
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p>FGVPM has established SOP on Communication, Participation and Consultation with Doc. Ref. No. FGV/ML-1A/L2-Pr12 issue 1 effective date 01.06.16. For internal communication, among the methods of communication such as below:</p> <p>a. Morning briefing</p>	<p>Complied</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> b. Letter circulation c. Notice board and memo d. Continuous campaign e. Officer inspection f. Monthly meeting g. Suggestion box <p>For external stakeholder, the methods of communication used are:</p> <ul style="list-style-type: none"> a. Complaint book b. Stakeholder’s meeting <p>The timeline for the complaints solved is 2 weeks for responds and 1 week for investigation.</p>	
4.2.2.2	<p>A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.</p> <p>- Minor compliance -</p>	<p>At Semaring 1 Estate, the person responsible for social was Assistant Manager, sighted the appointment letter dated 10.01.18 while at Kerteh Estate, Assistant Manager was appointed as Communication Officer on 01.01.18.</p>	Complied
4.2.2.3	<p>List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.</p> <p>- Major compliance -</p>	<p>Semaring 1 Estate and Kerteh estate has developed a stakeholder list which last reviewed on August 2018. The list included FFB suppliers, suppliers, NGOs, contractors, government authorities and local communities.</p> <p>Stakeholder meeting was conducted on 10/07/18 for Kerteh complex with the participation of contractors, government bodies and nearby estates. The meeting minutes and attendant list is sighted. Actions</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		have been taken to resolve the issues raised during the meeting.	
Criterion 4.2.3 – Traceability			
4.2.3.1	The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s). - Major compliance -	FGV has established SOP for traceability for all estate and documented in 'Manual Ladang Sawit Lestari – Mengangkut BTS ke Kilang'. Refer doc no. MLSL (Ed.3)-Sec.4 (8.0) issued on 1/9/2017. The SOP used sets of form to be filled by the estate to trace the origin of the FFB. i. Labelled for lorry – Lorry no., Estate Name, Mill Name ii. FFB quality certificated – Field/Blok, Total FFB, Average Bunch Weight, Estimate weigh, date. iii. FFB dispatch note	Complied
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	FGV have established systems to monitor the implementation of the traceability systems in the mill thorough Internal Audit conducted by the Plantation Sustainability Department.	Complied
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system. - Minor compliance -	Both estate visited has appointed Person Responsible for for Traceability Product. Semaring 1 Estate The estate has assigned field supervisor as person responsible for Traceability Product as per letter dated 10/1/2018. Refer letter no. (01) RSPO/P1, P6. Kerteh Estate	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		The estate has assigned the station supervisor as the person responsible for Traceability Product	
4.2.3.4	Records of sales, delivery or transportation of FFB shall be maintained. - Major compliance -	The estate visited maintained the records of crop sales and delivery to the mill such as: i. FFB dispatch chit ii. Bunch count chit	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. - Major compliance -	<p>FGV has established SOP on track changes, monitoring, implementation and compliances of legal and other requirement. Refer doc. no ML-1A/L2-Pr6(0) dated 1/6/2016.</p> <p>Plantation and Sustainability Department and Manager, Asst. Manager and Supervisor/Clerk for respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance.</p> <p>All legal requirement was documented in Register of Legal and Other Requirements (Ref doc no ML-1A/L5-AP1 pind 0) and List of compliance license/permit/legal requirement.</p> <p>Compliance to each applicable law and regulation is monitored by the operating units. Sighted the sampled evidence of compliancy to the regulation as follows:</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p><u>Semaring 1 Estate</u></p> <p>i. MPOB License. License no. 560381002000. Validity period from 1/5/2018 - 30/4/2019</p> <p>ii. Purchasing of diesel and Petrol. Ref. no. TR/DGN/92/07 SKD for 8500 litre of diesel and 300 liter of petrol. Validity period from 19/9/2018 – 18/9/2019</p> <p>iii. Weighbridge certificate – Ref no. MCM TKT ATP 035791. Validity period 5/8/2018 – 4/8/2019.</p>	
4.3.1.2	<p>The management shall list all laws applicable to their operations in a legal requirements register.</p> <p>- Major compliance -</p>	<p>All legal requirement was documented in Register of Legal and Other Requirements (Ref doc no ML-1A/L5-AP1 pind 0). Compliance to each applicable law and regulation is monitored by the operating units. The legal register at all sites were reviewed/updated on a yearly basis / as and when needed for new updates/licenses.</p>	Complied
4.3.1.3	<p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p>- Major compliance -</p>	<p>All legal requirement was documented in Register of Legal and Other Requirements (Ref doc no ML-1A/L5-AP1 pind 0). Compliance to each applicable law and regulation is monitored by the operating units. The legal register at all sites were reviewed/updated on a yearly basis / as and when needed for new updates/licenses.</p>	Complied
4.3.1.4	<p>The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.</p> <p>- Minor compliance -</p>	<p>Plantation and Sustainability Department, Manager, Asst. Manager or Supervisor in Charge for respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance.</p> <p><u>Semaring 1 Estate</u></p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>The estate has assign supervisor/clerk as person responsible to monitor the compliance and to track and update the changes in regulatory requirements. Refer appointment letter no. (01) RSPO/P1, P6 dated 10/1/2018 signed by the manager. The person responsible to:</p> <ul style="list-style-type: none"> i. Update/monitor Law and Regulation master list. ii. Monitor and ensure all permit and license renewed on time. iii. To communicate all information regarding new laws and regulation to all employee and contractors. <p><u>Kerteh Estate</u></p> <p>FASSB has assigned Staff in Charge as person responsible to monitor the compliance and to track and update the changes in regulatory requirements.</p>	
Criterion 4.3.2 – Lands use rights			
4.3.2.1	<p>The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.</p> <p>- Major compliance -</p>	<p>FGVPM did not acquire land from landowners, but leased it directly from the government. There were no issues of land disputes.</p>	Complied
4.3.2.2	<p>The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.</p> <p>- Major compliance -</p>	<p>FGVPM leased all the land directly from the government. There were no issues of land disputes recorded. All land title were kept in the office and available for review.</p> <p><u>Semaring 1 Estate</u></p> <p>FGV has the approval to develop the land for Semaring 1 Estate from the State of Terengganu as per letter dated 18/4/2018 at total of</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		3968.19 acres. Refer letter no. PTG. TR. 00/42/1995/C/002/01-(44). <u>Kerteh Estate</u> FELDA has the approval to develop land for Kerteh area from state of Terengganu as per letter dated 18/4/2011. Refer letter no. PTG. TR. 00/42/1995/C/002/01-(44). FELDA have permitted FASSB to operate in the FELDA land as per letter dated 18/1/2018. Refer letter no. (06) JPLDG1151/02-30.	
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	Legal boundary for both estate were clearly demarcated and visibly maintained. Sighted during site visit at P13 in Semaring 1 Estate, the legal boundary were demarcated with red and white concrete pole. For FAS Kerteh Estate, legal boundary along the estate were demarcated with fences.	Complied
4.3.2.4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	There was no land dispute in the certification unit and supply base at the time of audit. Verified the information through the land titles and during stakeholder’s consultation.	Complied
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.	For land dispute, there is document ‘Pengenalpastian dan Penyelesaian Pertikaian Tanah’ FGV/ML-1A/L2-Pr10 issue 1 version 0 dated 01.6.2016 if there is any land dispute occur. The objective of the procedure is to handle and monitor issue raised from local	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	communities on customary or user rights. Procedure on the compensation to the people entitled and monitoring of boundary stone was detailing in the procedure. Compensation will be paid according to basic cost/ acre and market land price. There is no land dispute in the certification unit and supply base at the time of audit. Verified the information through the land titles and during stakeholder’s consultation.	
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available. - Minor compliance -	There is no land dispute in the certification unit and supply base at the time of audit. Verified the information through the land titles and during stakeholder’s consultation.	Complied
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance -	There is no land dispute in the certification unit and supply base at the time of audit. Verified the information through the land titles and during stakeholder’s consultation.	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 impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	SIA was conducted by Plantation and Sustainability Department (PSD) as follow: 1. “Laporan Penilaian Impak Sosial FGVPM Semarang 01” was conducted by Plantation and Sustainability Department (PSD) on 23.05.2018 with documented report dated 11.07.2018. 2. “Laporan Penilaian Impak Sosial FASSB Kerteh” was conducted by Plantation and Sustainability Department (PSD) on	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>21.05.2018.</p> <p>The assessment conducted was involved site visits, document reviewed and interviewed with the relevant stakeholders such as workers, contractors and external stakeholders.</p> <p>The SIA been conducted and the social management plan is updated accordingly. Example seen are:</p> <ol style="list-style-type: none"> 1. Semaring 1 Estate: Company holds the contractor's passport without worker's agreement. Inspection and implementation from Sept 2018-Apr 2019. 2. Semaring 1 Estate: Information on the legal issue to the contractors in meeting, memo and roll call is seldom to be held from estate management. Management will conduct briefing on the legal, OSHA policy and sustainability to the contractor from Sept 2018-Apr 2019. 	
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>Semaring 1 Estate and Kerteh Estate has developed a SOP on Handling Complaints and Grievances with Doc. Ref. No. FGV/ML-1A/L2-Pr13, Issue 1 with effective date 01.06.16. The procedure has include the scope for:</p> <ol style="list-style-type: none"> a. Project management issue b. Housing maintenance c. Estate management d. Complaint on amenities e. Complaint on worker's welfare 	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>f. Freedom of expression in meeting</p> <p>As references, the Policy and Procedure on whistleblowing, Ministry of Human Resource website and Akta Perhubungan Perusahaan 1967 were cross-referenced.</p> <p>There were internal (5 steps) and external complaint steps need to be followed.</p>	
4.4.2.2	<p>The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.</p> <p>- Major compliance -</p>	<p>Complaints were acted on and replied with completion date and verified. Most of the complaints were related to house repair work such as broken fan or door recorded in Complaint Book and other complaints were recorded in Permohonan Membaiki Kerosakan Rumah. The management has taken action to rectify the problems. The complainants have acknowledged after the problems been rectified. For example:</p> <ol style="list-style-type: none"> 1. Complaint dated 08/08/18: broken sink and lamp at Semaring 01 Estate. 2. Complaint dated 11/11/18: lamp was not function at House no 25187 at Kerteh Estate. 	Complied
4.4.2.3	<p>A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.</p> <p>- Minor compliance -</p>	<p>Complaint forms (internal and external) and record book available. Internal stakeholders are aware of the complaint mechanism during interview.</p> <p>External stakeholders were explained on the complaint mechanism during stakeholder consultation on 10/07/18.</p>	Complied
4.4.2.4	<p>Employees and the surrounding communities should be made aware that complaints or suggestions can be made any</p>	<p>Suggestion box are prepared for internal and external stakeholders. Forms are available. These are communicated through Stakeholders</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	time. - Minor compliance -	Consultation dated 10/07/18 (minutes sighted).	
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. - Major compliance -	Internal forms and book available for 2017 and 2018 and seen during audit.	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	Growers should contribute to local development in consultation with the local communities. - Minor compliance -	As per group level, FGV has launched the Malaysian Sun Bear Conservation Programme with MNS, UKM and department of wild life. The program was conducted for the protecting both endangered species of Rafflesia and Sunbear. In Semaring 1 Estate, sighted the request to use estate van for Smart English competition from SK Jongok Batu on 19.04.2018 and the Hari Raya bonus for RM150/pax for locals and foreigners RM50/pax. In Kerteh Estate, there was 'festive allowance' been distributed to the workers for RM 50 on 05.06.2018	Complied
Criterion 4.4.4: Employees safety and health			
4.4.4.1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented. - Major compliance -	FGVPM has established Safety and Health Policy and documented in Quality, Occupational Safety and Health and Environmental Policy signed by the CEO on 20/11/2017. <u>Semaring 1 Estate</u>	Complied

Criterion / Indicator	Assessment Findings	Compliance
	<p>The estate has established Health and Safety plan and documented in Annual OSH Programme – Semaring 1 Estate FY 2018. The plan was based on requirement by Occupational Safety and Health Act, RSPO and others certification and legal. Sighted the implementation of OSH plan as follows:</p> <ul style="list-style-type: none"> i. PPE awareness training for new join workers on 26/8/2018 ii. PPE awareness for new join workers on 26/8/2018 iii. OSH legislation awareness training on 17/5/2018 iv. 3rd quarter OSH committee meeting 12/8/2018 <p><u>Kerteh Estate</u></p> <p>Kerteh Estate has maintained Safety and Health Policy signed by Felda Agricultural Service CEO dated 2/1/2018. The policy written in Bahasa Malaysia and displayed on the notice board. The Safety and Health Plan documented in Safety and Health Programme FY 2018. Sighted implementation of OSH plan as follows:</p> <ul style="list-style-type: none"> i. Briefing on FASSB Safety Passport – Safety Procedure on 11/5/2018 ii. Briefing on Company Policy on 29/8/2 iii. Chemical handling for sprayers on 30/7/2018 iv. Briefing on wages on 28/6/2018 v. SOP on fertiliser loading and field application on 28/6/2018 vi. Safety Work Procedure for Harvester on 24/4/2018 	

Criterion / Indicator	Assessment Findings	Compliance
<p>4.4.4.2 The occupational safety and health plan shall cover the following:</p> <ul style="list-style-type: none"> a) A safety and health policy, which is communicated and implemented. b) The risks of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to pesticides: <ul style="list-style-type: none"> i. all employees involved shall be adequately trained on safe working practices ii. all precautions attached to products shall be properly observed and applied d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. 	<p>FGV has established Safety and Health Policy and documented in Quality, Occupational Safety and Health and Environmental Policy signed by the CEO on 20/11/2017. The policy was communicated through training, briefing and displayed on notice board at several placed in the estates.</p> <p><u>Semaring 1 Estate</u></p> <p>The estate has established procedure for identification of health and safety issue. It was documented in "Manual Prosedur Kualiti, Keselamatan Kesihatan Pekerjaan dan Alam Sekitar". Refer document no FGVPM/L2/PP-01.</p> <p>Health and safety issue assessment has been documented in hazard identification, risk assessment and risk control HIRARC. The assessment include all processing activities and support activities base on workstation. . All activities with significant risk has been listed and mitigation plan to improve the condition has been established and documented. The document was reviewed annually. Sighted latest reviewed of HIRARC dated 2/1/2018 by Asst. Manager and approved by the Manager.</p> <p><u>Kerteh Estate</u></p> <p>Health and safety issue assessment has been documented in hazard identification, risk assessment and risk control HIRARC. Refer doc. No FGV/ML-1A/L2-P2. The assessment include all processing activities and support activities base on workstation. . All activities with significant risk has been listed and mitigation plan to improve the condition has been established and documented. The document was reviewed annually. Sighted latest reviewed of HIRARC dated</p>	<p>Complied</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
<p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>3/1/2018.</p> <p><u>Semaring 1 Estate</u></p> <p>The pesticides handlers have been given appropriate training before handling pesticides including pesticides operators and chemical store keeper. Sighted the training records for pesticides handlers:</p> <ul style="list-style-type: none"> i. Pesticides application for sprayers dated 2/9/2018 ii. Pesticides handling for store keeper dated 22/12/2017 <p><u>Kerteh Estate</u></p> <p>Pesticides operator has been provided with training. Sighted training records for pesticides handle as follows:</p> <ul style="list-style-type: none"> i. Triple Rinsing training on 29/8/2018 ii. Chemical handling for sprayers on 30/7/2018 <p>The management of both estate visited has provided appropriated PPE to the employee as per HIRADC and Safety Working procedure.</p> <p>Noted during interview with the sprayers at Semaring 1 Estate, they have been provided with PPE such as glove, goggle, boots and apron. Sighted the PPE records for the sprayers has been issued on 3/6/2018 and latest training for the workers was given on 2/9/2018.</p> <p>Sighted during interview with harvester at Kerteh Estate, the workers was provided with PPE such as safety helmet and sickle cover.</p> <p>FGV has established SOP for Chemical Handling and documented in the Safety Operating Procedure, Chemical Handling. Refer doc no. FPI-PK-036, issue no. 3 dated 14/7/2018.</p>	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
	<p><u>Semaring 1 Estate</u></p> <p>FGVPMSB has appointed the Estate Manager as responsible person and chairman for safety and health committee as per QOHSE Manual Procedure FPI/L2/QOSHE 4.0 and letter dated 1/1/2017 signed by General Manager Wilayah Kuantan. The Manager has appointed several staff and workers as OSH Committee.</p> <p><u>Kerteh Estate</u></p> <p>FGVASSB has appointed the site supervisor Mr. Mohd Fauzi Ishak as as responsible person and chairman for safety and health committee as per letter dated 1/6/2018 signed Head of Kluster. Refer letter no (12)HSE/B/02. Safety and health issue was discussed during committee meeting.</p> <p>All safety, health and welfare issue been discussed during OSH committee meeting. The meeting was on quarterly basis. Sighted the minutes meeting for OSH committee for FY 2018 at both estate visited:</p> <p><u>Semaring 1 Estate</u></p> <ul style="list-style-type: none"> i. 1st quarter: 13/3/2018 ii. 2nd quarter: 30/5/2018 iii. 3rd quarter: 12/8/2018 iv. 4th quarter: 21/11/2018 <p><u>Kerteh Estate</u></p> <ul style="list-style-type: none"> i. 2nd quarter: 19/6/2018 	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
	<p>ii. 3rd quarter: 24/9/2018</p> <p>iii. 4th quarter: 11/12/2018</p> <p>FGVPM has established in OSH Management Procedure – Emergency Preparedness and Response. Ref doc no. FGVPM/L2/PP-08.</p> <p><u>Semaring 1 Estate</u></p> <p>The estate has established emergency procedures for incident of fire, minor and major accident and chemical spillage. The procedure is written in Bahasa Malaysia an available at the office and displayed at the OSH notice board for review. Interview with workers during site visit shows the understanding of the emergency procedures. Training for Emergency Response was conducted 15/1/2018.</p> <p>Estate visited has trained employee for first aid training and appointed the trained first aider to be present at all workstation. Noted during interview with mandore show the understating to conduct emergency treatment if accident occurs in the field.</p> <p><u>Semaring 1 Estate</u></p> <p>The estate have trained workers and staff as competent first aider. The training of first aider was conducted on 21-22/12/2017.</p> <p>Monitoring of the of first aid kit should be conducted on timely basis and recorded by appointed responsible person to ensure it was appropriately stocked as per requirement by Guidelines On First-Aid In The Workplace by DOSH or FMA's 4th Schedule of Safety Health Welfare Regulation, 1970.</p> <p>Thus, OFI was raised.</p>	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance						
		<p><u>Kerteh Estate</u></p> <p>The estate have provided the mandore/driver with first aid box. The training of first aider was conducted on 13/6/2018</p> <p>Accident records are found to be updated. All records on Lost Time Accident (LTA) metrics are maintained.</p> <p>Samples of accident statistic as shown below :</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Semaring 1 Estate</th> <th>Kerteh Estate</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>0 (LTA 0)</td> <td>0 (LTA 0)</td> </tr> </tbody> </table> <p>*LTA is equivalent to lost man days (MC)</p> <p>Monthly accident report was send to the region SHE Department for compilation.</p>	Year	Semaring 1 Estate	Kerteh Estate	2017	0 (LTA 0)	0 (LTA 0)	
Year	Semaring 1 Estate	Kerteh Estate							
2017	0 (LTA 0)	0 (LTA 0)							
Criterion 4.4.5: Employment conditions									
4.4.5.1	<p>The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.</p> <p>- Major compliance -</p>	<p>Felda Global Ventures Plantations (M) Sdn Bhd has developed Group Sustainability Polisi, Clause 8.7 - Human Rights (FGV/SED/POL/001, Dated 24/8/2017, Revision: 0.0). FGV is committed and support human rights. Briefing of the policy was conducted in series. Sighted the attendance records on 15.01.2018 07.02.2018, 25.03.2018 to all workers at Semaring 01 Estate. At Kerteh Estate, the policy has been communicated through training conducted on 8.6.2018 to 16 workers.</p>	Complied						
4.4.5.2	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity</p>	<p>Felda Global Ventures Plantations (M) Sdn Bhd has Group Sustainability Policy, Doc No: FGV/SED/POL/001 dated 24.08.17</p>	Complied						

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
<p>and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>- Major compliance -</p>	<p>under 8.9 Responsible Employment. FGV Group also firmly supports the provision of equal opportunity to all and shall seek to ensure that all employees and applicants for employment should receive fair treatment and shall not engage in or support discrimination based on race, nationality, religion, disability, gender, age, sexual orientation, union membership or political affiliation.</p>	
<p>4.4.5.3 Management shall ensure that employees’ pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p>	<p>FGV Plantations (M) Sdn Bhd has developed a guideline on the payment rate of work for workers in plantations as per Surat Pekeliling Bil 30 (Pindaan 1) dated 21 Sept 2007 and Surat Pekeliling Bil 30 (Pindaan 2) dated 9 April 2012.</p> <p>The management has included basic pay, net pay, gross pay, deduction of salary, days of attended to work and allowances in the pay slip. All mill workers are local workers. No female work in nighshift. No overtime more than limit of 104 hours/month.</p> <p>Sampled below pay slip for Oct 18, Nov 18 and Dec 18 for workers below found that the pay and conditions meet legal requirement:</p> <ol style="list-style-type: none"> 1. Employee id (Semaring 1 Estate): FW04880526 2. Employee id (Semaring 1 Estate): FW04880563 3. Employee id (Semaring 1 Estate): LW04880027 4. Employee id (Semaring 1 Estate): FW04880431 5. Employee id (Kerteh Estate): 1503030005 6. Employee id (Kerteh Estate): 1706150002 7. Employee id (Kerteh Estate): 1712160006 <p>Seen the payslip found that deduction of salary was implemented.</p>	<p>Complied</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>The deduction of salary are such as Felkop fee, Takaful Insurance, KEPF, SOCSO, Electricity, Water and etc. Consent letter signed by the workers on the stated items and approval letter from Jabatan Buruh Semenanjung Malaysia:</p> <ol style="list-style-type: none"> 25.10.96 to Felda Palm Industries Sdn Bhd with Ref. No. (13)010/HQ/840A/61 to make deduction on salary for Skim Perumahan FPISB, Skim Koperasi Permodalan Felda Berhad (KPF); Yuran Asrama Semai Bakti; Bayaran Rawatan Perubatan/Bersalin; Tabung Kebajikan Felda; Yuran Kelab Sukan Rekreasi (KSRF); Skim Pinjaman Kenderaan FPISB; Skim Insuran Takaful Berkelompok dan Bayaran Bil Elektrik dan Air. 13.5.1999 with Ref. No. PP3/34/0247 for all Felda and Subsidiaries Company for the deductions on Insurans Hayat (Barakah) and Pendidikan Iqra' dari Syarikat Takaful National. 05.02.2005 to Felda Palm Industries Sdn Bhd with Ref. No. PP3/34/1013 for the deduction of yuran bulanan Badan Kebajikan Petugas Felda Palm Industries. 26.04.2016 with ref no: (22)dIm BHG. PU/9/129 Jld 23 for FGV Plantations (Malaysia) Sdn Bhd for the deduction on salary for excess of electric bill, water bill and medical bill. 	
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 no employee of contractor engaged at Semaring 1 Estate except for transportation of FFB.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.5	<p>The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>Records of basic employee information (name, gender, date of birth, date join) and designation were established.</p>	Complied
4.4.5.6	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>Collective Agreement was made between FGV Plantations (M) Sdn Bhd and Workers' Association for FGV Plantations (Malaysia) Sdn Bhd (Semenanjung) which effective from 1/1/2016 – 31/12/2018. The collective agreement has detailed out all the wages, annual leave, welfare and amenities, discipline. The new collective agreement was still in draft stage.</p> <p>Employment contracts/ Offer letters are available in language that understood by workers. The contract has detailing the payments whereas the employment conditions such as period of working, working hour, medical assistance, transportation provided, holiday and annual leave, termination of services and etc was refer to "Perjanjian Bersama Antara Felda Palm Industries Sdn Bhd dengan Kesatuan Pekerja-Pekerja Felda Palm Industries Sdn Bhd Semenanjung" which valid from 1/1/2016 – 31/12/2018 for mill workers. The offer letter/ contract was signed by the workers and sampled as below:</p> <ol style="list-style-type: none"> 1. Employee id (Semaring 1 Estate): FW04880526 2. Employee id (Semaring 1 Estate): FW04880563 3. Employee id (Semaring 1 Estate): LW04880027 	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
	4. Employee id (Semaring 1 Estate): FW04880431 5. Employee id (Kerteh Estate): 1503030005 6. Employee id (Kerteh Estate): 1706150002 7. Employee id (Kerteh Estate): 1712160006	
4.4.5.7 The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer. - Major compliance -	<p>Working hours is using punch card mechanism and explained by interviewed employees. Punch time shows time in and out and used to calculate working hours including overtime. No overtime more than limit of 104 hours/month.</p> <p>Sampled below pay slip for Aug 18, June 18 and Apr 18 for workers below:</p> <ol style="list-style-type: none"> Employee id (Semaring 1 Estate): FW04880526 Employee id (Semaring 1 Estate): FW04880563 Employee id (Semaring 1 Estate): LW04880027 Employee id (Semaring 1 Estate): FW04880431 Employee id (Kerteh Estate): 1503030005 Employee id (Kerteh Estate): 1706150002 Employee id (Kerteh Estate): 1712160006 <p>However, the time recording system was not implemented effectively at Semaring 1 Estate. Verified "kad kerja" for FW04880526 found that no monitoring by the management.</p> <p>Thus, major NC was raised.</p>	Major non-compliance

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.8	The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement. - Major compliance -	Overtime is agreed with employee and does not exceed 104 hours. Employees are clear with working hours. They also understand maximum overtime and overtime calculation.	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 -	Salary, deductions and overtime is clear in the salary slip. Interview with workers shows they understand the salary and overtime calculations.	Complied
4.4.5.10	Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions. - Minor compliance -	Other incentives eg: housing facilities and panel clinic (besides government clinic) were provided to employees.	Complied
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation. - Major compliance -	At Semaring 1 Estate, the linesite inspection been conducted by staff on weekly basis while at Kerteh Estate, the linesite inspection been conducted by staff on weekly basis.	Complied
4.4.5.12	The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and	Felda Global Ventures Plantations (M) Sdn Bhd has developed Group Sustainability Policy, Doc No: FGV/SED/POL/001 dated 24.08.17 and	Complied

Criterion / Indicator	Assessment Findings	Compliance
<p>violence at the workplace.</p> <p>- Major compliance -</p>	<p>Sexual Harassment, Violence and Reproductive Rights Policy with Doc. No. ML-1A/L1-Po10(0) dated 1/6/2014. The company is committed to protect the rights of women on the reproductive and family planning. Discrimination is not allowed in the company. Briefing of the policy was conducted in series. Besides, the policy was publicly displayed at the office area. Interviewed with the female employees found that they were aware of the function of Gender Committee and all the policies.</p>	
<p>4.4.5.13 The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p>- Major compliance -</p>	<p>Felda Global Ventures Plantations (M) Sdn Bhd has developed Group Sustainability Policy, Doc No: FGV/SED/POL/001 dated 24.08.17 under 8.13, freedom of voicing and form a union. The policy has been briefed to workers on 28.07.2018. During the interview with workers, it was confirmed that workers aware on the worker’s union and freely to form or join them.</p>	<p>Complied</p>
<p>4.4.5.14 Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions.</p> <p>- Major compliance -</p>	<p>Minimum age of employment was above 18 years for Semaring 1 Estate and Kerteh Estate. Verified list of current employees as per January 19 shows no employee below 18 years.</p>	<p>Complied</p>

Criterion / Indicator	Assessment Findings	Compliance
Criterion 4.4.6: Training and competency		
<p>4.4.6.1</p> <p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p> <p>- Major compliance -</p>	<p>The estate visited has established training program based on annual training need analysis conducted.</p> <p><u>Semaring 1 Estate</u></p> <p>FGVPM Wilayah Kuantan has established training programme for employee and documented in Health and Safety Plan and Training Schedule for Employee. In the training programme covers training for Firefighting, PPE awareness, Store management, Pesticides application, and first aid and Safety work procedure.</p> <p><u>Kerteh Estate</u></p> <p>Kerteh Estate has established training programme and documented in Safety and Health programme. The training programme covers training on company policy, Safety issue, SOP for operational activities, PPE awareness, chemical handling and emergency response plan.</p>	<p>Complied</p>
<p>4.4.6.2</p> <p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p>- Major compliance -</p>	<p>Estates visited has conducted training need analysis and documented in 'Analisa Keperluan Latihan Petugas dan Pekerja'. Training Plan has been established based on the training need analysis conducted.</p>	<p>Complied</p>
<p>4.4.6.3</p> <p>A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to</p>	<p>The estates visited has training program which updated annually based on training need analysis. The training identified were programmed throughout the year.</p>	<p>Complied</p>

Criterion / Indicator	Assessment Findings	Compliance	
<p>the documented training procedure.</p> <p>- Minor compliance -</p>			
<p>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</p>			
<p>Criterion 4.5.1: Environmental Management Plan</p>			
<p>4.5.1.1</p>	<p>An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>FGVPM has established Environmental and documented in Quality, Occupational Safety and Health and Environmental Policy signed by the CEO on 20/11/2017. The policy was communicated through training, briefing and displayed on notice board at several placed in the estate.</p> <p><u>Semaring 1 Estate</u></p> <p>Noted during interview with sprayers and harvesters, the understanding of the environmental policy were adequate regarding prohibition of open burning and hunting of RTE in the estate.</p>	<p>Complied</p>
<p>4.5.1.2</p>	<p>The environmental management plan shall cover the following:</p> <ul style="list-style-type: none"> a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. <p>- Major compliance -</p>	<p><u>Semaring 1 Estate</u></p> <p>The estate has conducted aspects and impacts analysis and was reviewed on annually basis. Latest review was conducted on 3/1/2018. The estate has identified significant aspects and established environmental management plan to mitigate the impacts. Sighted the implementation of the management plan as follows:</p> <ul style="list-style-type: none"> i. Latest empty containers disposal was conducted on 8/1/2019, invoice no SLV048819010001 <p><u>Kerteh Estate</u></p>	<p>Complied</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		The estate has conducted aspects and impacts analysis and was reviewed on annually basis. Latest review was conducted on 3/1/2018. The estate has identified significant aspects and established environmental management plan to mitigate the impacts.	
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored. - Major compliance -	Both estate visited has established environmental management plan base on the significant aspect identified in the aspect and impact assessment conducted. In the management plan stated the issue, mitigation plan, person responsible and monitoring plan.	Complied
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	The program to promote activities with positive impacts was included in continual improvement plan. Sighted the implementation of the positive impacts as follows: <u>Kerteh Estate</u> i. The estate has reduce the usage of A4 paper from 3 rim per month to 2 rim per month	Complied
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives. - Major compliance -	The estates management has established annual training program which covers the environmental awareness and compliance related trainings to the executives, staffs and workers. Sighted the training conducted to ensure the employee awareness as follows: <u>Semaring 1 Estate</u> i. Pesticides operators training on 2/9/2018 <u>Kerteh Estate</u>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		i. Triple Rinsing training on 29/8/2018 ii. HCV Management Training on 20/7/2018 iii. Chemical handling for sprayers on 30/7/2018	
4.5.1.6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed. - Major compliance -	Both estate discussed their concern about environmental issue with the workers representative in the Safety, Health and Environmental Committee meeting which conducted on quarterly basis.	Complied
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 an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period. - Major compliance -	The estate visited has established baseline for consumption of non-renewable energy monitored on monthly basis. Sighted the sampled records of Diesel consumption per FFB processed FY 2018 as follows: <u>Kerteh Estate</u> Jun 2018: 3.39 L/MT FFB Jul 2018: 3.08 L/MT FFB Aug 2018: 3.32 L/MT FFB Sep 2018: 1.90 L/MT FFB Oct 2018: 1.75 L/MT FFB Nov 2018: 1.09 L/MT FFB	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	The estate has estimation of diesel usage in the annual budget.	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	operations. This shall include fuel use by contractors, including all transport and machinery operations. - Major compliance -		
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	No renewable energy used in the estate.	Not applicable
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 -	The estates visited has identified all waste products and source of pollutions and documented in Identification of Source and Type of Waste. The waste identified as follows: i. Scheduled Waste - Estate Operation – Used PPE, Used lubricant and hydraulic oil - Office and housing – Lamp, Electronic device ii. Non-schedule waste - Estate operation – used tyre, scrap iron - office and housing – Paper, Plastic, domestic waste	Complied
4.5.3.2	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution b) Improving the efficiency of resource utilization and	The estate has established waste management plan base on the identification and source of pollutions and documented in in Identification of Source and Type of Waste. Sighted the implementation of the waste management plan: <u>Semaring 1 Estate</u>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	<p>recycling of potential wastes as nutrients or converting them into value-added by-products</p> <p>- Major compliance -</p>	<p>i. Empty pesticides container were triple rinse and punctured and kept at designated store before disposed by Awie Metal Sdn. Bhd., license no 004067 and 004068.</p> <p><u>Kerteh Estate</u></p> <p>i. The estate has reduce the usage of A4 paper from 3 rim per month to 2 rim per month</p> <p>ii. All empty container were send to central collection unit at PPTR as per approval letter by DOE dated 9/8/2016. Refer letter no. (BB)91/110/619/161.</p>	
4.5.3.3	<p>The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.</p> <p>- Major compliance -</p>	<p>SOP for handling scheduled wastes has been established entitled Waste Management. Ref doc no. FGVP/L3/PK-05 in order to comply with the Environmental Quality Regulations (Scheduled Waste) 2005.</p> <p><u>Semaring 1 Estate</u></p> <p>The estate conducted repairs and service of all the vehicle and machineries by outside contractors. All waste generated was disposed by the appointed contractors. Refer letter approval by DOE no. AS (BB) 91/110/619/161 dated 6/9/2011.</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>Empty pesticides container were triple rinse and punctured and kept at designated store before disposed to licensed contractors.</p> <p><u>Semaring 1 Estate</u></p> <p>Validity period from September 2018 to 30/4/2019. Sighted the disposal records as follow:</p> <p>i. 8/1/2019, invoice no SLV048819010001</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p><u>Kerteh Estate</u></p> <p>All empty container were send to central collection unit at PPTR as per approval letter by DOE dated 9/8/2016. Refer letter no. (BB)91/110/619/161. Sighted the delivery note from FAS Kerteh to PPTR dated 7/12/2018. Sighted the copy of Notification of Scheduled waste from PPTR.</p>	
4.5.3.5	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p> <p>- Minor compliance -</p>	<p>Domestic waste for both estate visited were collected 3 times a week by assigned tractor driver and disposed at designated landfill in the estate. Sighted at the landfill for both estate visited, only domestic waste were disposed.</p> <p><u>Kerteh Estate</u></p> <p>Sighted the records of domestic waste collection for the month of September, October, November and December 2018.</p>	Complied
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.</p> <p>- Major compliance -</p>	<p>The estates visited has conducted assessment of all polluting activities and identified the significant aspects and impacts. Management plan has been established to reduce the pollution and emission.</p>	Complied
4.5.4.2	<p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p> <p>- Major compliance -</p>	<p>Management plan has been established to reduce the pollution and emission. The management plan reviewed on annually basis. The management plan stated the activities, impacts, mitigation plan, person responsible and monitoring plan.</p> <p>Sighted the implementation of the plan as follows:</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>i. Sighted the diesel usage as follows: <u>Kerteh Estate</u> Jun 2018: 3.39 L/MT FFB Jul 2018: 3.08 L/MT FFB Aug 2018: 3.32 L/MT FFB Sep 2018: 1.90 L/MT FFB Oct 2018: 1.75 L/MT FFB Nov 2018: 1.09 L/MT FFB</p> <p>ii. Sighted the buffer zone area were demarcated with white and blue color at the palm. No chemical application signboard were erected at the buffer zone</p>	
Criterion 4.5.5: Natural water resources			
4.5.5.1	<p>The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <p>a. Assessment of water usage and sources of supply.</p> <p>b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate’s current activities.</p> <p>c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night</p>	<p><u>Semaring 1 Estate</u></p> <p>The estate has established the water management plan and reviewed on annually basis. Latest review was conducted on Jan 2018. The management plan was focusing on mitigation plan to reduce water pollution and water shortage in the estate.</p> <p>The management has conducted water sampling for river flow crossing the estate. Sighted the latest waster sampling analysis were conducted on 2/1/2019 for Sg. Balu and Sg. Semaring. The result yet to be received during the audit.</p> <p>The estate has established riparian zone for river flows across the</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance
<p>application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</p> <p>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p>- Major compliance -</p>	<p>estate. The last palm adjacent to the river were marked with blue and white paint. Sighted the implementation at riparian zone for Sg. Balu at PM 13, there was no evidence of chemical application at the riparian zone at the vegetation were well maintained.</p> <p><u>Kerteh Estate</u></p> <p>The estate has established the water management plan and reviewed on annually basis. Latest review was conducted on 12/6/2018. The management plan was focusing on mitigation plan to maintain the soil moisture reduce water pollution and water shortage. Sighted the implementation of the management plan as follows:</p> <p>i. Noted the records of EFB Mulching as follows:</p> <p>Jun – 144.66 ton</p> <p>Jul - 124.07 ton</p> <p>Sep – 41.68 ton</p>	
<p>4.5.5.2 No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p>- Minor compliance -</p>	<p>Sighted during site visit, there was no construction of bunds, weirs and dams across Sg. Balu and Sg, Semaring.</p>	<p>Complied</p>
<p>4.5.5.3 Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).</p> <p>- Minor compliance -</p>	<p>Estate visited has implemented water harvesting in the estate. Such as directing water from road side drain into the field. For planting at hilly area, the estate has constructed conservation terrace and plant cover crop to conserve water and prevent land erosion.</p>	<p>Complied</p>
<p>Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value</p>		

Criterion / Indicator	Assessment Findings	Compliance
<p>4.5.6.1 Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p> <ul style="list-style-type: none"> a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities. b) Conservation status (<i>e.g.</i> The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities. <p>- Major compliance -</p>	<p><u>Semaring 1 Estate</u></p> <p>The estate has conducted assessment on High Conservation Value and Biodiversity. The assessment was conducted by Plantation Sustainability Biodiversity Department on 24/5/2018 and the report was updated on 28/12/2018.</p> <p>No HCV on biodiversity were identified in the estate area. As the estate were adjacent with Chemerong Forest Reserve, the management has identified hotspot areas and documented in High Conservation Value and Biodiversity report. The management has established Biodiversity Management Plan 2018-2023 for the estate to conserve the hotspot areas identified. Sighted the implementation of the management plan as follows:</p> <ul style="list-style-type: none"> i. No trespassing signboard were erected at the boundary with Chemerong Forest Reserve. Sighted during site visit, the signboard were erected at field PM13 adjacent with the forest reserve. ii. The estate conducted the wildlife monitoring on quarterly basis. Sighted the monitoring records dated 16/1/2018, 29/4/2018, 3/5/2018 and 24/7/2018. 	<p>Complied</p>
<p>4.5.6.2 If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <ul style="list-style-type: none"> a) Ensuring that any legal requirements relating to the protection of the species are met. b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to 	<p>No HCV on biodiversity were identified in the estate. The estate have listed the all legal requirements relating to the protection of the species in the Legal Register.</p> <p>Estate visited has conducted awareness training on prohibition of illegal hunting, fishing, handling and collecting activities of wildlife in the estate area. Signboard on prohibition of illegal hunting in the estates area has been erected at several strategic area such as estate entrance and field adjacent with forest reserve i.e PM 13 at</p>	<p>Complied</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	<p>resolve human-wildlife conflicts.</p> <p>- Major compliance -</p>	Semaring 1 estate.	
4.5.6.3	<p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p>- Major compliance -</p>	No HCV on biodiversity were identified in the estate area. As the estate were adjacent with Chemerong Forest Reserve, the management has identified hotspot areas and documented in High Conservation Value and Biodiversity report. The management has established Biodiversity Management Plan 2018-2023 for the estate to conserve the hotspot areas identified.	Complied
Criterion 4.5.7: Zero burning practices			
4.5.7.1	<p>Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.</p> <p>- Major compliance -</p>	FGV has established Prohibition of Open Burning policy during replanting and documented in Group Sustainability Policy dated 24/8/2017. Ref doc no. FGV/SED/POL/001.	Complied
4.5.7.2	<p>A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.</p> <p>- Major compliance -</p>	No open burning as per Group Sustainability Policy	Complied
4.5.7.3	<p>Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.</p> <p>- Major compliance -</p>	No open burning as per Group Sustainability Policy	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.5.7.4	<p>Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.</p> <p>- Minor compliance -</p>	<p>The previous crop were felled or mowed down, chipped and shredded and windrowed as per 'Manual Ladang Sawit Lestari'. Ref doc. No MLSL (Ed.2) – Sec.2 (6.0) dated 1/6/2012.</p>	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			
4.6.1.1	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<p>Estate holds three SOP and documented in Plantation Sustainability and Quality Management, Sustainable Palm Oil Manual Procedure and Occupational Safety, Health and Environmental Manual</p> <p>Sighted the latest review in Sustainability Palm Oil Manual on procedure for competency, awareness and training dated 1/6/2016.</p> <p>The SOP for the estates and mill operations are available which is prepared on Group basis. There are levels of the documentation identified as follows;</p> <ul style="list-style-type: none"> a) Manual Ladang Sawit LESTARI on reviewed 1/6/12 Sawit pra matang edisi II seksyen 3 b) Manual Ladang Sawit LESTARI reviewed on 1/6/12 Sawit matang edisi II seksyen 4 c) Manual Ladang Sawit LESTARI 1/6/12 Pembajaan sawit edisi II seksyen 5 	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		d) Prosedur Kerja Selamat e) Manual Kelestarian (Sustainability) f) Work instruction g) Records.	
4.6.1.2	Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals. - Major compliance -	FGV has established policy regarding oil palm grown within permitted levels on sloping land and documented Conservation of Sloping Land and river reserve Policy Signed by the CEO on 20/11/2017. The estates construct terraces at slope area of more than 6 degrees. Planting of cover crop are made to retain the soil structure and conservation. a) Road side pit are made to divert water at slope areas to prevent road erosion and surface damage. b) Terraces are constructed inclined towards the terrace wall	Complied
4.6.1.3	A visual identification or reference system shall be established for each field. - Major compliance -	Field references were identified by year of planting. Signboard were erected and palms at the entrance of each field were painted with the field identification. Sighted the implementation at field PM 13 at Semaring 1 Estate and Kerteh Estate.	Complied
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	The annual business plan is available as per the Group Financial Procedure. & Guidelines. Both estates and the mill had a similar format i.e. in the form of annual budget with a 5 year projection.	Complied

Criterion / Indicator	Assessment Findings	Compliance
<p>- Major compliance -</p>	<p>(Budget year, PY2, PY3, PY4, PY5) This business plan is prepared as guidance for future planning. The budget contains palm year of planting, age categories, and FFB production.</p> <p>Component of operating expenditure includes</p> <p>a) Penjagaan & Penyeliaan</p> <ul style="list-style-type: none"> - merumput - membaja - parit - jalan & jambatan - pemuliharaan tanah & air - mencantas - sanitasi pokok - sempadan & ukur - menyulam - penyeliaan am <p>b) Pungutan</p> <ul style="list-style-type: none"> - buruh - pengangkutan - penyeliaan - peralatan 	

Criterion / Indicator		Assessment Findings	Compliance
4.6.2.2	<p>Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.</p> <p>- Major compliance -</p>	<p>There was no replanting at Semaring 1 Estate and Kerteh Estate for the next 5 years (2019 – 2023). The last replanting at Semaring 1 Estate was done in 2013.</p>	Complied
4.6.2.3	<p>The business or management plan may contain:</p> <ul style="list-style-type: none"> a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production : cost per tonne of FFB d) Price forecast e) e) Financial indicators : cost benefit, discounted cash flow, return on investment <p>- Major compliance -</p>	<p>This requirement i.e. crop material, crop projection, yield, production cost is available. It is provided in the business management plan shown in item 4.6.2.1 above.</p> <p>The estates had a format and guideline to calculate the returns on the field operations i.e. Income=sale of FFB (with award of CPO/CPK from the mill) less the expenditure (fixed and direct cost). This format is sighted.</p>	Complied
4.6.2.4	<p>The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.</p> <p>- Major compliance -</p>	<p>The estates performance is recorded in the monthly progress report.</p> <ul style="list-style-type: none"> a) Details on the actual vs budget i.e. crop production, fixed and direct cost are shown therein. b) The management also provides variance report on the performance and reviewed on a monthly basis. c) The supervisory personnel maintained a daily cost for the field operations. d) The meeting involving the Managers sits monthly with the 	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		Regional PA and Head for the performance review.	
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	<p>Pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p>- Major compliance -</p>	<p>Contract was signed by both parties for Surat Perintah Kerja. The terms and conditions were available as addendum to the contract above.</p> <p>Sampled SPK as follow:</p> <ol style="list-style-type: none"> 1. Semaring 1 Estate- Syafiq Jaya, No SPK: 5300004411, dated 01.06.2018 for transporting the oil palm seedlings from nursery to estate (from Ladang Aring to Semaring 1 Estate). 2. Kerteh Estate - the extension agreement for contractor Raja Ismail B Raja Daud for loading & transporting the FFB from estate to FPISB Kerteh (106.42 Ha); no Contract No: (02)820213501/24-SPK2016 dated 24.07.18 for the work from 01.08.2018 to 31.07.2019. 	Complied
4.6.3.2	<p>All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.</p> <p>- Major compliance -</p>	<p>Payment was made on timely manner for Syafiq Jaya and Raja Ismail B. Raja Daud. The payment vouchers were sighted.</p>	Complied
Criterion 4.6.4: Contractor			
4.6.4.1	<p>Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.</p>	<p>MSPO briefing was conducted during stakeholder consultation 10/7/2018.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.6.4.2	<p>The management shall provide evidence of agreed contracts with the contractor.</p> <p>- Major compliance -</p>	<p>The contract was based on job and informative tender mechanism. Contract was signed by both parties for Surat Perintah Kerja. The terms and conditions were available as addendum to the contract.</p> <p>Sampled SPK as follow:</p> <ol style="list-style-type: none"> 1. Semaring 1 Estate- Syafiq Jaya, No SPK: 5300004411, dated 01.06.2018 for transporting the oil palm seedlings from nursery to estate (from Ladang Aring to Semaring 1 Estate). 2. Kerteh Estate - the extension agreement for contractor Raja Ismail B Raja Daud for loading & transporting the FFB from estate to FPISB Kerteh (106.42 Ha); no Contract No: (02)820213501/24-SPK2016 dated 24.07.18 for the work from 01.08.2018 to 31.07.2019. 	Complied
4.6.4.3	<p>The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.</p> <p>- Minor compliance -</p>	Both estate were agreed for BSI auditors to verify the assessment through a physical inspection if required.	Complied
4.6.4.4	<p>The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted.</p> <p>- Major compliance -</p>	Verification of jobs done was carried out by Estate Assistant and daily job recording was available.	Complied
4.7 Principle 7: Development of new planting			

Criterion / Indicator	Assessment Findings	Compliance
Not applicable since there is no new planting at Kerteh Palm Oil Mill Certification Unit		

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

Criterion / Indicator	Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility		
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy		
4.1.1.1	Policy for the implementation of MSPO shall be established. - Major compliance -	MSPO Policy is namely " <i>Polisi Kelestarian Kumpulan/ Group Sustainability Policy</i> " dated 24 August 2017 (FGV/SED/POL/001) which was describe on MSPO requirements.
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 policy was emphasize on the improvement economic, environment and social and improve milling productivity.
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 -	Audit plan 2018 for Kerteh Complex (audit plan is for 37 complex in one plan) was established. Based on the audit plan, the internal audit will be conducted on 21-25/5/2018. The internal audit for Kerteh POM was conducted on 23/5/2018. Total 13 NCs were raised during the audit. All the findings were closed accordingly by the management.

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
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 -	Internal Audit procedure ML-1A/L2-Pr11(0) rev 0 and effective date 01/06/16 was established. The audit was conducted on 23/5/2018. The audit summary report was sighted. There was 13 NCs raised during internal audit and all NCs were closed effectively.	Complied
4.1.2.3	Reports shall be made available to the management for their review. - Major compliance -	Management Review conducted on 30/11/18 was discuss on the 19 NC and has been completed and reviewed in this meeting minutes and signed by Mill Manager.	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 -	Management Review 02/2018 was conducted on 17/9/2018. The meeting was chaired by Mill Engineer. The discussion as follow: <ul style="list-style-type: none"> - Result of internal audit - customer satisfaction, - product conformance, - environment compliance, - Safety and Health - social impact - Replanting - other matters. 	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 -	Continual improvement 2019 was established. Action plans available to include the issues from social, environmental impact, safety and health and quality. The sampled plans as follow: 1. Reduce diesel consumption 2. BOD level at Final discharge below 50 ppm 3. Increase OER above 20.65% 4. Increase KER above 5.25% 5. Zero accident for 2019	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 -	Any new information is updated to employees through morning briefings, memo, meetings, station training. The latest technology that has been plan by the mill was to install dust collector. The letter from FGV to DOE was sighted.	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 -	Adequate information covering on environmental, social and legal issues which are relevant to MSPO Criteria and relevant to stakeholders is shared for effective participation and decision making. Procedure Communication, Involvement and Consultation ML-1A/L2- Pr 12 (0) and has been communicated in March 2018 in Malay language (national language) through letters to external	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>stakeholders. Policies are also displayed in POM and office mainly for internal stakeholders.</p> <p>Requests for information from the stakeholders, Regulatory Departments such as DOSH and DOE visiting log book were attended accordingly. Refer to annual inspection (Hydrostatic Test) by DOSH was conducted on 23/5/18. No major issue was raised by the DOSH officer and visit from Jabatan Alam Sekitar Terengganu on 2.9.18 and 2 issues has been raised for KS Kerteh.</p>	
4.2.1.2	<p>Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>Memo dated 1/8/2018 by Mill Manager has a list of 13 document and policy has been given to the stakeholders. Stakeholders can request for these documents as per Communication procedure.</p>	Complied
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p>FGVPISB has established SOP on Communication, Participation and Consultation with Doc. Ref. No. FGV/ML-1A/L2-Pr12 issue 1 effective date 01.06.16. For internal communication, among the methods of communication such as below:</p> <ul style="list-style-type: none"> a. Morning briefing b. Letter circulation c. Notice board and memo d. Continuous campaign e. Officer inspection 	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		f. Monthly meeting g. Suggestion box For external stakeholder, the methods of communication used are: a. Complaint book b. Stakeholder’s meeting The timeline for the complaints solved is 2 weeks for responds and 1 week for investigation.	
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 -	At Kerteh POM, the general clerk has been nominated as the person responsible for issues such as stakeholder request, complaints & grievances. The appointment letter was sighted dated 06.09.18.	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 -	Kerteh POM has developed a stakeholder list which last reviewed on August 2018. The list included FFB suppliers, suppliers, NGOs, contractors, government authorities and local communities. Stakeholder meeting was conducted on 10/07/18 for Kerteh complex with the participation of contractors, government bodies and nearby estates. The meeting minutes and attendant list was sighted. Actions have been taken to resolve the issues raised during the meeting.	Complied
Criterion 4.2.3 – Traceability			
4.2.3.1	The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard	FGV has established SOP for traceability and documented in SOP for Mill MSPO SCCS (Mass Balance). Ref doc no. MSPO SCCS Issue	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	operation procedure for traceability. - Major compliance -	no. 1 dated 28/12/2018 page 6. During assessment, the mill yet to be MSPO certified. Once certified, the Mill will use Mill Performance Report to generate digital stamping for certified crop.	
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	FGV have established systems to monitor the implementation of the traceability systems in the mill thorough Internal Audit conducted by the Plantation Sustainability Department. Latest Internal audit was conducted on 23/5/2018.	Complied
4.2.3.3	The management shall identify and assign suitable employees to implement and maintain the traceability system. - Minor compliance -	The mill has established MSPO SCCS monitoring committee lead by the Mill manager. The committee member consist of Mill asst. manager, weighbridge clerk, operation supervisor, lab personnel, and FFB grader and security personnel.	Complied
4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained. - Major compliance -	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel are maintained in various forms such as: <ul style="list-style-type: none"> • Mass Balance Worksheet – monthly input • Local Sales Delivery Advice (LSDA) • Incoming FFB Records • Outgoing CPO Records • Outgoing PK Records 	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
<p>4.3.1.1 All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>FGV has established SOP on track changes, monitoring, implementation and compliances of legal and other requirement. Refer doc. no ML-1A/L2-Pr6 (0) dated 1/6/2016.</p> <p>Plantation and Sustainability Department and Manager and Asst. Manager for respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance.</p> <p>All legal requirement was documented in Register of Legal and Other Requirements (Ref doc no ML-1A/L5-AP1 pind 0) and List of compliance license/permit/legal requirement.</p> <p>Compliance to each applicable law and regulation is monitored by the operating units. Sighted the sampled evidence of compliancy to the regulation as follows:</p> <ul style="list-style-type: none"> i. MPOB License. License no. 500178404000. For processing 259200 ton FFB. Validity period from 1/4/2018 -1 31/3/2019 ii. DOE's 'Jadual Pematuhan'. License no. 004053. Validity period from 1/7/2018 – 30/6/2019 iii. Purchasing of diesel. Ref. no. TR/DGN/12/08 SKD for 20000 litre. Validity period from 11/1/2018 – 10/1/2019 <p>Competence person license</p> <ul style="list-style-type: none"> i. Authorised Entrant and Standby Person for Confined Space, Serial no. NW-NCC-AE-R-1610-D, NW-NCC-AE-R-1610-D. Validity period till 22/5/2020. 	<p>Complied</p>

Criterion / Indicator		Assessment Findings	Compliance
		ii. CePSWaM – Cert no. CePSWaM/00823 iii. CePPOME – Cert no. CePPOME/185967. Validity period 15/11/2018 – 15/11/2019	
4.3.1.2	The management shall list all relevant laws related to their operations in a legal requirements register. - Major compliance -	FGV has established SOP on track changes, monitoring, implementation and compliances of legal and other requirement. Refer doc. no ML-1A/L2-Pr6 (0) dated 1/6/2016. All legal requirement was documented in Register of Legal and Other Requirements (Ref doc no ML-1A/L5-AP1 pind 0) and List of compliance license/permit/legal requirement.	Complied
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 -	All legal requirement was documented in Register of Legal and Other Requirements (Ref doc no ML-1A/L5-AP1 pind 0) and List of compliance license/permit/legal requirement. Compliance to each applicable law and regulation is monitored by the operating units. The legal register at all sites were updated on a yearly basis / as and when needed for new updates/licenses.	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 -	Plantation and Sustainability Department and Manager and Asst. Manager for respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Plantation and Sustainability Department conducted Internal audit for Sustainability Certification to monitor the status of legal compliance. Latest audit was conducted on 23/5/2018. No issues regarding compliance to legal and other requirement raised during	Complied

Criterion / Indicator		Assessment Findings	Compliance
		the internal audit.	
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 -	FGV did not acquire land from landowners, but leased it directly from the government. There were no issues of land disputes.	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 -	FGV leased all the land directly from the government. There were no issues of land disputes recorded. All land title were kept in the office and available for review. Sighted the Land Title as follows: No. : 8322 No. Lot: 4081 Area: 47370 m2	Complied
4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	FGV leased all the land directly from the government. There were no issues of land disputes recorded. All land title were kept in the office and available for review. Legal boundary along the mill were clearly demarcated with fences.	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).	There was no land dispute in the certification unit and supply base at the time of audit. Verified the information through the land titles and during stakeholder’s consultation.	Complied

Criterion / Indicator		Assessment Findings	Compliance
- Minor 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 -	For land dispute, there is document 'Pengenalpastian dan Penyelesaian Pertikaian Tanah' FGV/ML-1A/L2-Pr10 issue 1 version 0 dated 01.6.2016 if there is any land dispute occur. The objective of the procedure is to handle and monitor issue raised from local communities on customary or user rights. Procedure on the compensation to the people entitled and monitoring of boundary stone was detailing in the procedure. Compensation will be paid according to basic cost/ acre and market land price. There is no land dispute in the certification unit and supply base at the time of audit. Verified the information through the land titles and during stakeholder's consultation.	Complied
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -	There is no land dispute in the certification unit and supply base at the time of audit. Verified the information through the land titles and during stakeholder's consultation.	Complied
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - Major compliance -	There is no land dispute in the certification unit and supply base at the time of audit. Verified the information through the land titles and during stakeholder's consultation.	Complied
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			

Criterion / Indicator		Assessment Findings	Compliance
4.4.1.1	<p>Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.</p> <p>- Minor compliance -</p>	<p>SIA namely "Laporan Penilaian Impak Sosial FPISB Kilang Sawit Kerteh" was conducted by Plantation and Sustainability Department (PSD) on 24.05.2018 with documented report dated 22.05.2018.</p> <p>The assessment conducted was involved site visits, document reviewed and interviewed with the relevant stakeholders such as workers, contractors and external stakeholders.</p> <p>The social management plan is updated accordingly. Example seen were:</p> <ol style="list-style-type: none"> 1. KS Kerteh: No SK form for water and electric deduction for KS Kerteh's linesite. The SK form is available and implemented on 31.05.18. 2. KS Kerteh: Contractor receive late payment for job completion which is between 6-11 months. The explanation on the payment process for job completion was conducted on 31.05.18. 	Complied
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>Kerteh POM has developed a SOP on Handling Complaints and Grievances with Doc. Ref. No. FGV/ML-1A/L2-Pr13, Issue 1 with effective date 01.06.16. The procedure has include the scope for:</p> <ol style="list-style-type: none"> a. Project management issue b. Housing maintenance c. Estate management d. Complaint on amenities 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>e. Complaint on worker’s welfare</p> <p>f. Freedom of expression in meeting</p> <p>As references, the Policy and Procedure on whistleblowing, Ministry of Human Resource website and Akta Perhubungan Perusahaan 1967 were cross-referenced.</p> <p>There were internal (5 steps) and external complaint steps need to be followed.</p>	
4.4.2.2	<p>The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties.</p> <p>- Major compliance -</p>	<p>Complaints were acted on and replied with completion date and verified. Most of the complaints were related to house repair work such as broken fan or door recorded in Complaint Book and other complaints were recorded in Permohonan Membaiki Kerosakan Rumah. The management has taken action to rectify the problems. The complainants have acknowledged after the problems been rectified. For example:</p> <p>Complaint dated 06/03/2018: fan was not function at Surau’s Kerteh POM.</p>	Complied
4.4.2.3	<p>A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.</p> <p>- Minor compliance -</p>	<p>Complaint forms (internal and external) and record book available. Internal stakeholders are aware of the complaint mechanism during interview.</p> <p>External stakeholders were explained on the complaint mechanism during stakeholder consultation on 10/07/18.</p>	Complied
4.4.2.4	<p>Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.</p>	<p>Suggestion box are prepared for internal and external stakeholders. Forms are available. These are communicated through Stakeholders Consultation dated 10/07/18 (minutes</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	sighted)	
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 -	Internal forms and book available for 2017 and 2018 and seen during audit.	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 -	CSR activity was carried out on 7/6/2018 for donation to <i>Rumah Kebajikan Bandar Al-Muktafillah Shah</i> .	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 -	FGV has established Safety and Health Policy and documented in Quality, Occupational Safety and Health and Environmental Policy signed by the CEO on 20/11/2017. The mill has established Safety and Health Plan and reviewed on annually basis. The plan covers meetings, medical surveillance, CEM, CHRA and etc. Sighted the implementation of Safety and Health Plan FY 2018 as follows: i. Workstation inspection was conducted on monthly basis.	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
	<p>Sighted the inspection records for the month of September, October and November 2018.</p> <p>ii. LEV monitoring inspection was conducted on monthly basis. Sighted the inspection records dated 6/9/2018, 7/10/2018 and 8/11/2018 conducted by the Lab supervisor.</p> <p>iii. CHRA was conducted on 2/8/2018 till 1/9/2018. Ref. report no. JKPP HQ/16/ASS/00/18-2018(007).</p>	
<p>4.4.4.2</p>	<p>The occupational safety and health plan should cover the following:</p> <ul style="list-style-type: none"> a) A safety and health policy, which is communicated and implemented. b) The risk of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill: <ul style="list-style-type: none"> i. All employees involved are adequately trained on safe working practices; ii. All precautions attached to products should be properly observed and applied; d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). e) The management shall establish Standard Operating Procedure 	<p>Complied</p> <p>FGV has established Safety and Health Policy and documented in Quality, Occupational Safety and Health and Environmental Policy signed by the CEO on 20/11/2017. The policy was communicated through training, briefing and displayed on notice board at several placed in the mill.</p> <p>FGVPM has established SOP to assess risk of all operation. Refer doc no FPI/L2/QOSHE-1.0 rev. 7 dated 8/6/2018. The mill has conducted risk assessment and documented Hazard Identification, Risk Assessment and Determination Control. Ref form no. FPI/L4/QOSHE-1.4 Pind. 2. The HIRADC reviewed at minimum of once a year and if any accident cases happen in the mill. Latest review was conducted in March 2018. All activity with significant impact has been documented in Safety and Health Significant HIRADC Register. Ref doc no. FPI/L4/QOSHE-1.6 Pind. 1.</p> <p>The chemicals handlers have been given appropriate training including lab operators and chemical store keeper. Sighted the training records for chemicals handlers:</p> <ul style="list-style-type: none"> i. CHRA briefing and chemical handling training on 3/9/2018 <p>The mill management has provided all the workers with</p>

Criterion / Indicator	Assessment Findings	Compliance
<p>for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept ant the concerns of employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>appropriate PPE as per HIRARC conducted and Safety Working Procedure established. 2 pair of shoes and 2 units of earplug was provided to all workers annually. Other PPE was provided if necessary according to job. Records of PPE issuance recorded by individual employee and documented in BIN card. Sighted the records for workshop and boiler workers.</p> <p>FGV has established SOP for Chemical Handling and documented in the Safety Operating Procedure, Chemical Handling. Refer doc no. FPI-PK-036, issue no. 3 dated 14/7/2018.</p> <p>FGV has appointed the Sr. Manager, Mr. Zaini Idris as responsible person and chairman for safety and health committee as per QOHSE Manual Procedure FPI/L2/QOSHE 4.0 and letter dated 14/9/2017 signed by General Manager Wilayah Kuantan. The Sr. Manager has appointed several staff and workers as OSH Committee.</p> <p>All safety, health and welfare issue been discussed during OSH committee meeting such as accident report from Kerteh Mill and other group mill. The meeting was on quarterly basis. Sighted the minutes meeting for OSH committee for FY 2018:</p> <ul style="list-style-type: none"> i. 1st quarter: 27/2/2018 ii. 2nd quarter: 28/5/2018 iii. 3rd quarter: 13/8/2018 <p>FGV has established emergency procedures and documented in Emergency Preparedness and Response in QOSHE Manual Procedure document no. FPI/L2/QOSHE-14.0. In the procedure stated emergency procedure on fire, minor and major accident</p>	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance				
		<p>and chemical spillage. The procedure is written in Bahasa Malaysia an available at the office for review.</p> <p>The mill have competent First Aider. Sighted during site visit first aid was available in the supervisor room with item as per requirement. The person in charge and first aider information displayed on the first aid kit. Training for first aider was conducted on 2-3/12/2017 and 2-3/8/2018.</p> <p>Accident records are found to be updated. All records on Lost Time Accident (LTA) metrics are maintained.</p> <p>Samples of accident statistic as shown below :</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Kerteh POM</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>03 (LTA 50)</td> </tr> </tbody> </table> <p>*LTA is equivalent to lost man days (MC)</p> <p>Monthly accident report was send to the region SHE Department for compilation.</p>	Year	Kerteh POM	2017	03 (LTA 50)	
Year	Kerteh POM						
2017	03 (LTA 50)						
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>FGV has developed Group Sustainability Policy, Clause 8.7 - Human Rights (FGV/SED/POL/001, Dated 24/8/2017, Revision: 0.0). FGV is committed and support human rights. Briefing of the policy was conducted in series. Sighted the attendance records on 28.07.18 in Kerteh POM.</p>	Complied				

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.2	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>- Major compliance -</p>	<p>FGV has Group Sustainability Policy, Doc No: FGV/SED/POL/001 dated 24.08.17 under 8.9 Responsible Employment. FGV Group also firmly supports the provision of equal opportunity to all and shall seek to ensure that all employees and applicants for employment should receive fair treatment and shall not engage in or support discrimination based on race, nationality, religion, disability, gender, age, sexual orientation, union membership or political affiliation.</p>	Complied
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>FGV has developed a guideline on the payment rate of work for workers in plantations as per Surat Pekeliling Bil 30 (Pindaan 1) dated 21 Sept 2007 and Surat Pekeliling Bil 30 (Pindaan 2) dated 9 April 2012.</p> <p>The management has included basic pay, net pay, gross pay, deduction of salary, days of attended to work and allowances in the pay slip. All mill workers are local workers. No female work in nighshift. No overtime more than limit of 104 hours/month.</p> <p>Sampled below pay slip for Oct 18, Nov 18 and Dec 18 for workers below found that the pay and conditions meet legal requirement:</p> <ol style="list-style-type: none"> 1. Employee id (KKS Kerteh): 01203173 2. Employee id (KKS Kerteh): 1211089 3. Employee id (KKS Kerteh): 1202977 4. Employee id (KKS Kerteh): 1403936 <p>Seen the payslip found that deduction of salary was implemented. The deduction of salary are such as Felkop fee, Takaful</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>Insurance, KEPF, SOCSO, Electricity, Water and etc. Consent letter signed by the workers on the stated items and approval letter from Jabatan Buruh Semenanjung Malaysia:</p> <ol style="list-style-type: none"> 25.10.96 to Felda Palm Industries Sdn Bhd with Ref. No. (13)010/HQ/840A/61 to make deduction on salary for Skim Perumahan FPISB, Skim Koperasi Permodalan Felda Berhad (KPF); Yuran Asrama Semai Bakti; Bayaran Rawatan Perubatan/Bersalin; Tabung Kebajikan Felda; Yuran Kelab Sukan Rekreasi (KSRF); Skim Pinjaman Kenderaan FPISB; Skim Insuran Takaful Berkelompok dan Bayaran Bil Elektrik dan Air. 13.5.1999 with Ref. No. PP3/34/0247 for all Felda and Subsidiaries Company for the deductions on Insurans Hayat (Barakah) and Pendidikan Iqra' dari Syarikat Takaful National. 05.02.2005 to Felda Palm Industries Sdn Bhd with Ref. No. PP3/34/1013 for the deduction of yuran bulanan Badan Kebajikan Petugas Felda Palm Industries. 26.04.2016 with ref no: (22)dIm BHG. PU/9/129 Jld 23 for FGV Plantations (Malaysia) Sdn Bhd for the deduction on salary for excess of electric bill, water bill and medical bill. 	
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 no employee of contractor engaged at Kerteh POM</p>	<p>Complied</p>

Criterion / Indicator		Assessment Findings	Compliance
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>Records of basic employee information (name, gender, date of birth, date join) and designation were established.</p>	Complied
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>Collective Agreement was made between FGV Plantations (M) Sdn Bhd and Workers' Association for FGV Plantations (Malaysia) Sdn Bhd (Semenanjung) which effective from 1/1/2016 – 31/12/2018. The collective agreement has detailed out all the wages, annual leave, welfare and amenities, discipline. The new collective agreement was still in draft stage.</p> <p>Employment contracts/ Offer letters are available in language that understood by workers. The contract has detailing the payments whereas the employment conditions such as period of working, working hour, medical assistance, transportation provided, holiday and annual leave, termination of services and etc was refer to "Perjanjian Bersama Antara Felda Palm Industries Sdn Bhd dengan Kesatuan Pekerja-Pekerja Felda Palm Industries Sdn Bhd Semenanjung" which valid from 1/1/2016 – 31/12/2018 for mill workers. The offer letter/ contract was signed by the workers and sampled as below:</p> <ol style="list-style-type: none"> 1. Employee id (KKS Kerteh): 01203173 2. Employee id (KKS Kerteh): 1211089 3. Employee id (KKS Kerteh): 1202977 	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		4. Employee id (KKS Kerteh): 1403936	
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>Working hours is using punch card mechanism and explained by interviewed employees. Punch time shows time in and out and used to calculate working hours including overtime. No overtime more than limit of 104 hours/month.</p> <p>Sampled below pay slip for Aug 18, June 18 and Apr 18 for workers below:</p> <ol style="list-style-type: none"> Employee id (KKS Kerteh): 01203173 Employee id (KKS Kerteh): 1211089 Employee id (KKS Kerteh): 1202977 Employee id (KKS Kerteh): 1403936 	Complied
4.4.5.8	<p>The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable.</p> <p>- Major compliance -</p>	Overtime is agreed with employee and does not exceed 104 hours. Employees are clear with working hours. They also understand maximum overtime and overtime calculation.	Complied
4.4.5.9	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p>- Major compliance -</p>	Salary, deductions and overtime is clear in the salary slip. Interview with workers shows they understand the salary and overtime calculations.	Complied
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</p>	Other incentives eg: project incentive, group insurance, housing facilities and panel clinic (besides government clinic) were provided to employees.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	development, medical care provisions and improvement of social surroundings. - Minor 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 -	Kerteh POM provides 1 worker with or without family is 1 house to be occupied. The linesite inspection conducted in weekly basis as per record 'Kertas Semak Perumahan Kilang Sawit Kerteh'. The inspector appointed was changed in every month. So far, no poor cleanliness found at linesite area. The linesite inspection records for November 18 and December 18 were verified.	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 -	FGV has developed Group Sustainability Policy, Doc No: FGV/SED/POL/001 dated 24.08.17 and Sexual Harassment, Violence and Reproductive Rights Policy with Doc. No. ML-1A/L1-Po10(0) dated 1/6/2014. The company is committed to protect the rights of women on the reproductive and family planning. Discrimination is not allowed in the company. Briefing of the policy was conducted in series. Besides, the policy was publicly displayed at the office area. Interviewed with the female employees found that they were aware of the function of Gender Committee and all the policies.	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	FGV has developed Group Sustainability Policy, Doc No: FGV/SED/POL/001 dated 24.08.17 under 8.13, freedom of voicing and form a union. The policy has been briefed to workers on 28.07.2018. During the interview with workers, it was confirmed that workers aware on the worker's union and freely to form or join them.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	right should not be discriminated against or suffer repercussions. - Major compliance -		
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. - Major compliance -	Minimum age of employment was above 18 years for Kerteh POM. Verified list of current employees as per January 19 shows no employee below 18 years.	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 -	The mill has established training program based on annual training need analysis conducted. The program was documented in Training Schedule for Employee/Contractors. Refer doc. No. FPI/L4/QOSHE-5.1 Pind 0. Sighted the implementation of the training plan as follows: i. CHRA briefing and chemical handling training on 3/9/2018 ii. Training for Firefighting dated 20/8/2018 iii. Accident, near miss incident, occupational disease notification training on 13/8/2018 iv. Safety Briefing and RSPO Policy briefing On 4/8/2018 v. Electric Safety – Log out, Tag out during morning briefing on 2/4/2018	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	The mill has established training program based on annual training need analysis conducted and the document were available for review. The analysis was based on issue of concern,	Complied

Criterion / Indicator		Assessment Findings	Compliance
	employees based on their job description. - Major compliance -	job designation and type of training needs for the employee.	
4.4.6.3	A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure. - Minor compliance -	The mill has training program which updated annually based on training need analysis. The training identified were programmed throughout the year.	Complied
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented. - Major compliance -	FGVPISB has established Environmental and documented in Quality, Occupational Safety and Health and Environmental Policy signed by the CEO on 20/11/2017. The policy was communicated through training, briefing and displayed on notice board at several placed in the mill.	Complied
4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations - Major compliance -	The mill has conducted assessment on aspects and impacts analysis and established the environmental management plan base on significant aspect identified. The assessment was reviewed at minimum once a year. the latest review was conducted on 7/4/2018. The management plan was documented in Significant Environmental Aspect and Impacts Registrar Form. Refer doc no. FPI/L4/QOSHE 1.8 Pind 0.	Complied

Criterion / Indicator		Assessment Findings	Compliance						
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored. - Major compliance -	The mill has established the environmental management plan base on activity with significant impact to the environment. The management plan was documented in Significant Environmental Aspect and Impacts Registrar Form. Refer doc no. FPI/L4/QOSHE 1.8 Pind 0. The management plan consist of significant aspect, mitigation plan, time frame and person responsible.	Complied						
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	The program to promote positive impact are included in the Environmental Management Plan. Sighted the implementation of the plan as follows: i. Usage of shell and fiber as fuel for boiler to reduce the usage of diesel. Sighted the usage of fiber and shell usage as follows: <table border="1" data-bbox="1070 863 1727 991"> <thead> <tr> <th>Month</th> <th>Fiber (MT)</th> <th>Shell (MT)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>29983.06</td> <td>5235.37</td> </tr> </tbody> </table>	Month	Fiber (MT)	Shell (MT)	2018	29983.06	5235.37	Complied
Month	Fiber (MT)	Shell (MT)							
2018	29983.06	5235.37							
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 -	The mill management has established annual training program which covers the environmental awareness and compliance related trainings to the executives, staffs and workers. Sighted the training conducted to ensure the employee awareness as follows: i. Quality, Safety and Environmental policy campaign dated 20/1/2018 ii. Sustainability Policy (RSPO/MSPO) dated 25/8/2018	Complied						
4.5.1.6	The management shall organize regular meetings with workers	The mill has established Environmental Performance Monitoring	Complied						

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance																
	<p>where concerns of workers about the environmental quality are discussed.</p> <p>- Major compliance -</p>	<p>Committee which consist representative from the management and employee to discuss concern about the environmental quality. The committee conduct meeting twice a year. Sighted the meeting for 2nd half of 2018 dated 13/8/2018. In the meeting discuss about DOE visit, pollution report, compliance to law and regulations, and audit report.</p>																	
Criterion 4.5.2: Efficiency of energy use and use of renewable energy																			
4.5.2.1	<p>Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period</p> <p>- Major compliance -</p>	<p>The mill has established baseline for consumption of non-renewable energy at 0.4 L/MT FFB processed monitored on monthly basis. Sighted the records of Diesel consumption per FFB processed FY 2018 as follows:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>July</td> <td>0.38</td> </tr> <tr> <td>Aug</td> <td>0.16</td> </tr> <tr> <td>Sep</td> <td>0.22</td> </tr> <tr> <td>Oct</td> <td>0.21</td> </tr> <tr> <td>Nov</td> <td>0.24</td> </tr> <tr> <td>Dec</td> <td>0.24</td> </tr> <tr> <td>Average</td> <td>0.31</td> </tr> </tbody> </table> <p>Plan to reduce the usage of the non-renewable energy has been established by using renewable energy such as shell and kernel as fuel for boiler to reduce the usage of diesel.</p>	Month	2018	July	0.38	Aug	0.16	Sep	0.22	Oct	0.21	Nov	0.24	Dec	0.24	Average	0.31	Complied
Month	2018																		
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Oct	0.21																		
Nov	0.24																		
Dec	0.24																		
Average	0.31																		
4.5.2.2	<p>Palm oil millers shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations.</p>	<p>Mill established estimation management program for quality, environment, safety and health form. Refer doc. no.FPI/L4/QOSHE-3.2 Pind. 0.</p>	Complied																

Criterion / Indicator		Assessment Findings	Compliance						
	- Major compliance -								
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	Usage of shell and fiber as fuel for boiler to reduce the usage of diesel. Sighted the usage of fiber and shell usage as follows: <table border="1" data-bbox="1070 571 1727 699"> <thead> <tr> <th>Month</th> <th>Fiber (MT)</th> <th>Shell (MT)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>29983.06</td> <td>5235.37</td> </tr> </tbody> </table>	Month	Fiber (MT)	Shell (MT)	2018	29983.06	5235.37	Complied
Month	Fiber (MT)	Shell (MT)							
2018	29983.06	5235.37							
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 -	The mill has identified all waste products and source of pollutions and documented in Identification of Source and Type of Waste. The waste identified as follows: <ul style="list-style-type: none"> i. Scheduled Waste <ul style="list-style-type: none"> - Mill Operation – Used PPE, Used lubricant and hydraulic oil - Office and housing – Lamp, Electronic device ii. Non-schedule waste <ul style="list-style-type: none"> - mill operation – used tyre, scrap iron - office and housing – Paper, Plastic, domestic waste iii. mill byproduct <ul style="list-style-type: none"> - EFB, POME, Shell, Mesocarp fiber 	Complied						
4.5.3.2	A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should	The mill has established waste management plan base on the identification and source of pollutions and documented in in Identification of Source and Type of Waste. Sighted the	Complied						

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
<p>include measure for:</p> <ul style="list-style-type: none"> a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products. <p>- Major compliance -</p>	<p>implementation of the waste management plan:</p> <ul style="list-style-type: none"> i. The mill has provided the 3R bin at the mill. Sighted during site visit, the waste were segregated accordingly. 	
<p>4.5.3.3</p> <p>The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005</p> <p>- Major compliance -</p>	<p>SOP for handling scheduled wastes has been established entitled Waste Management. Ref doc no. FPI/L2/QOSHE-9.0 rev. 2 dated 3/11/2017 in order to comply with the Environmental Quality Regulations (Scheduled Waste) 2005.</p> <p>The mill have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. Stores for scheduled waste were and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>Sighted the sampled scheduled waste disposal records:</p> <ul style="list-style-type: none"> i. 17/5/2018 for SW 305; C/N no: 20180517094PXU71 ii. 17/5/2018 for SW 409; C/N no: 2018051710UIN8MO iii. 17/5/2018 for SW 410; C/N no: 2018051709NVLEPZ 	<p>Complied</p>
<p>4.5.3.4</p> <p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.</p> <p>- Minor compliance -</p>	<p>The domestic waste were handled by Ketengah Jaya Municipal and disposed at the municipal landfill.</p> <p>However, the used of domestic waste bin need to be improved at</p>	<p>Complied</p>

Criterion / Indicator		Assessment Findings	Compliance
		linesite area. Refer to OFI raised.	
Criterion 4.5.4: Reduction of pollution and emission including greenhouse gas			
4.5.4.1	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.</p> <p>- Major compliance -</p>	<p>The assessment of all polluting activities was conducted through environmental aspect and impact assessment which includes the greenhouse gas emissions, stack emission, scheduled wastes, solid wastes and effluent.</p> <p>Monitoring plan was established based on Environment Aspect and Impact assessment DOE license compliance schedule which include scheduled waste storage and disposal record, POME final discharge BOD and boiler stack sampling.</p> <p>Observed the stack emission monitoring as per DOE requirement:</p> <p>i. Report date: 3/4/2018 Report no.: STK/Kerteh/18-001 Result: Boiler 1 – 0.191 g/Nm3 Boiler 3 – 0.166 g/Nm3</p> <p>ii. Report date: 31/10/2018 Report no.: STK/Kerteh/18-002 Result: Boiler 1 – 0.154 g/Nm3 Boiler 3 – 0.150 g/Nm3</p> <p>Result shown the stack emissions are within approval limit at 0.4 g/Nm3</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance																																				
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	The mill has identified all significant pollutant and documented in Pollution Reduction Plan. Among the source of pollutants identified are diesel, FFB processing and EFB disposal usage and BOD for POME discharge.	Complied																																				
4.5.4.3	Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations. - Major compliance -	<p>Mill effluent is treated through biological anaerobic treatment. Regular monitoring was conducted as per requirement. Monthly and quarterly report was submitted to DOE accordingly. Sighted the Quarterly Return Form to DOE as follows:</p> <p>4th quarter:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Parameter</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Oct</td> <td>BOD</td> <td>74</td> </tr> <tr> <td>pH</td> <td>8.32</td> </tr> <tr> <td rowspan="2">Nov</td> <td>BOD</td> <td>162</td> </tr> <tr> <td>pH</td> <td>7.56</td> </tr> <tr> <td rowspan="2">Dec</td> <td>BOD</td> <td>117</td> </tr> <tr> <td>pH</td> <td>6.82</td> </tr> </tbody> </table> <p>3rd quarter:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Parameter</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Jul</td> <td>BOD</td> <td>81</td> </tr> <tr> <td>pH</td> <td>8.06</td> </tr> <tr> <td rowspan="2">Aug</td> <td>BOD</td> <td>74</td> </tr> <tr> <td>pH</td> <td>8.27</td> </tr> <tr> <td rowspan="2">Sep</td> <td>BOD</td> <td>89</td> </tr> <tr> <td>pH</td> <td>8.26</td> </tr> </tbody> </table>	Month	Parameter	Results	Oct	BOD	74	pH	8.32	Nov	BOD	162	pH	7.56	Dec	BOD	117	pH	6.82	Month	Parameter	Results	Jul	BOD	81	pH	8.06	Aug	BOD	74	pH	8.27	Sep	BOD	89	pH	8.26	Complied
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Criterion / Indicator	Assessment Findings	Compliance
Criterion 4.5.5: Natural water resources		
<p>4.5.5.1 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>Monitor river water</p> <p>Mill has established the Water Management Plan and latest review was conducted on 31/12/2018. The management plan focusing on water shortage/contamination and water usage efficiency. In the plan stated the root cause, mitigation plan and Person In Charge for each plan programmed.</p> <p>Sighted the implementation of water management plan as follows:</p> <ul style="list-style-type: none"> i. Monthly record of water usage/ton FFB, sighted the records in Monthly Environmental Performance Indicators. Sighted the sampled record for FY 2018. ii. The mill conducted river water sampling on monthly basis as required by ‘Jadual Pematuhan’. 	<p>Complied</p>
<p>4.5.5.2 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>The mill conducted river water sampling on monthly basis as required by ‘Jadual Pematuhan’. Sighted the results of river water sampling conducted as follows:</p> <ul style="list-style-type: none"> i. Report date: 19/9/2018 Report no.: 2465/2018 Result: Conform to NWQS ii. Report date: 22/10/2018 Report no.: 2851/2018 	<p>Complied</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>Result: Conform to NWQS</p> <p>iii. Report date: 7/11/2018</p> <p>Report no.: 2972/2018</p> <p>Result: Conform to NWQS</p>	
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>Mill holds three SOP and documentation available at the mill for review. Noted the Sustainable Palm Oil Manual Procedure, Safety working procedure and Quality, Occupational Health, Safety and Environmental Procedure.</p> <p>Sighted the latest review in Sustainability Palm Oil Manual on procedure for competency, awareness and training dated 1/6/2016.</p> <p>FGVPISB has established mechanism to monitor the implementation of their procedure by Mill/Plantation Advisor Visit, Agronomist Visit, Mill Quality Control Unit and Audit on compliance to SOP (P&D). The visit conducted on annually basis.</p> <p>The mill processing system is documented in the following documents;</p> <p>a) Manual <i>Operasi Kilang Sawit</i> first introduced on 2/1/2001 & revised dated 23/10/17</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

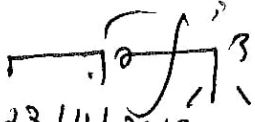
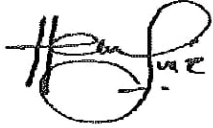
Criterion / Indicator		Assessment Findings	Compliance
		<p>b) <i>Prosedur Kerja Selamat</i></p> <p>c) <i>Manual Alam Sekitar EMS</i></p> <p>These documents provide guidelines and standards in the mill operations. The Standard Operating procedure (SOP) described details from the reception, sterilisation, threshing, pressing, clarification, depericarping (nut polishing) station, effluent, laboratory, workshop, despatches etc. In addition, there are also manuals available within the industry and MPOB that are used as guidelines.</p>	
4.6.1.2	<p>All palm oil mills shall implement best practices.</p> <p>- Major compliance -</p>	<p>FGVPISB has established mechanism to monitor the implementation of their procedure by Mill Advisor Visit. The visit conducted on annually basis. The report covers on Product quality, Process and Maintenance cost, mill throughput, compliances to law and regulation, OSH and cleanliness.</p> <p>Records and monitoring has been established in Kerteh POM and the document are available for review. Sighted the sampled monitoring records as follows:-</p> <p>i. Mill Advisor Report: Sighted the mill advisor visit report dated 20-21/6/2017 and 7-8/2/2018. No major issue raised during the visit. Action plan for all the recommendation by the Mill Advisor has been established.</p> <p>The monitoring of the mill process is made through the shift supervision headed by an Assistant Engineer and the Mill Assistant. All process parameters are documented and summarized in a daily report. The external monitoring is made</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		through visits by the General Manager and also technical personnel from the Head Office. DOSH performed the annual UPV machinery inspection. This is to ensure compliance to Policies, procedures in relation mill operations, financial, OSH, welfare among others.	
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>The annual business plan is available. The document is in the form of annual budget and the projection for 5 years prepared as guidance for future planning. The business plan contains FFB processed, production of CPO, PK and processing cost.</p> <p>The Component of operating expenditure among others includes;</p> <ul style="list-style-type: none"> a) process labour, b) maintenance external, maintenance parts, c) consumable, EVIT, d) admin cost, e) labour overhead. <p>Inclusive in the business plan is also Capital Expenditure (CAPEX) among others showing expenditure on replacement and purchase of machinery/equipments.</p> <p>The profit and loss statement were made available prepared by the Regional office.</p>	Complied
Criterion 4.6.3: Transparent and fair price dealing			

Criterion / Indicator		Assessment Findings	Compliance
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	Contract was signed by both parties for Surat Perintah Kerja. The terms and conditions were available as addendum to the contract above. Sampled SPK as follow: 1. Aziz bin Jusoh Surat Perintah Kerja, No SPK: 3301297685/20837083, dated 11.07.18 for 'Upah Konkrit Jalan Utama Hadapan Kilang' was sighted.	Complied
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	The evidence for payment voucher, cheque no: 351998179 dated 17.08.2018, payment made per RM 17,960 for Aziz bin Jusoh and RM 2,540 as 'security deposit' until job completion expected on 30.09.2018 (cheque no: 61303277777-011021).	Complied
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 -	MSPO briefing was conducted during stakeholder consultation 10/7/2018.	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	The contract was based on job and informative tender mechanism. Contract was signed by both parties for Surat Perintah Kerja. The terms and conditions were available as addendum to the contract. Sampled SPK as follow: 1. Aziz bin Jusoh Surat Perintah Kerja, No SPK: 3301297685/20837083, dated 11.07.18 for 'Upah Konkrit Jalan	Complied

Criterion / Indicator		Assessment Findings	Compliance
		Utama Hadapan Kilang' was sighted.	
4.6.4.3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required. - Minor compliance -	Kerteh POM and Plantations were agreed for BSI auditors to verify the assessment through a 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 Kerteh Palm Oil Mill Certification Unit complies with the MS 2530-3:2013 and MS 2530-4:2013. It is recommended that the certification of Kerteh Palm Oil Mill Certification Unit is approved.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: Anthonius Sani	Name: Mohd Hafiz Mat Hussain
Company name: FGV Holdings Berhad	Company name: BSI Services Malaysia Sdn. Bhd.
Title: Senior Manager	Title: Client Manager
Signature:  Date: 23/4/2019.	Signature:  Date: 17/04/2019

MSPO Public Summary Report
Revision 0 (Aug 2017)

Appendix A: Assessment Plan

Date	Time	Subjects	(MF)	(MH)
Tuesday, 8/1/2019	08:30 - 09:00	Opening Meeting <ul style="list-style-type: none"> • Presentation by Kerteh Certification Unit Team • Presentation by BSI Lead Auditor -introduction of team member and assessment agenda • Confirmation of assessment scope and finalizing audit scope 	√	√
	09:00 - 11:00	Kerteh 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.	√	√
	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	√	√
		Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)		√
	12:30 - 13:30	Lunch / Break	√	√
	13:30 - 16:30	Continue with Document review and site verification if deemed necessary	√	√
	16:30 - 17:00	Interim closing meeting	√	√
Wednesday, 9/1/2019	09:00 - 11:00	Semaring 1 Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc.), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.	√	√
	11:00 - 12:30	Document review (MS:2530 Part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting	√	√
		Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)		√
	12:30 - 13:30	Lunch / Break	√	√
	13:30 - 16:30	Continue with Document review and site verification if deemed necessary.	√	√

MSPO Public Summary Report
Revision 0 (Aug 2017)

Date	Time	Subjects	(MF)	(MH)
	16:30 - 17:00	Interim closing meeting	√	√
Thursday, 10/1/2019	09:00 - 11:00	Kerteh Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc.), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.	√	√
	11:00 - 12:30	Document review (MS:2530 Part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting	√	√
		Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)		√
	12:30 - 13:30	Lunch / Break	√	√
	13:30 - 15:30	Continue with Document review and site verification if deemed necessary	√	√
	15:30 - 16:30	Preparation for closing meeting	√	√
	16:30 - 17:30	Closing meeting	√	√

Appendix B: List of Stakeholders Contacted

1. Gender Representative
2. Workers Representative
3. Representative from Kg Jongok Batu
4. Contractors
5. BOMBA Ketengah Jaya

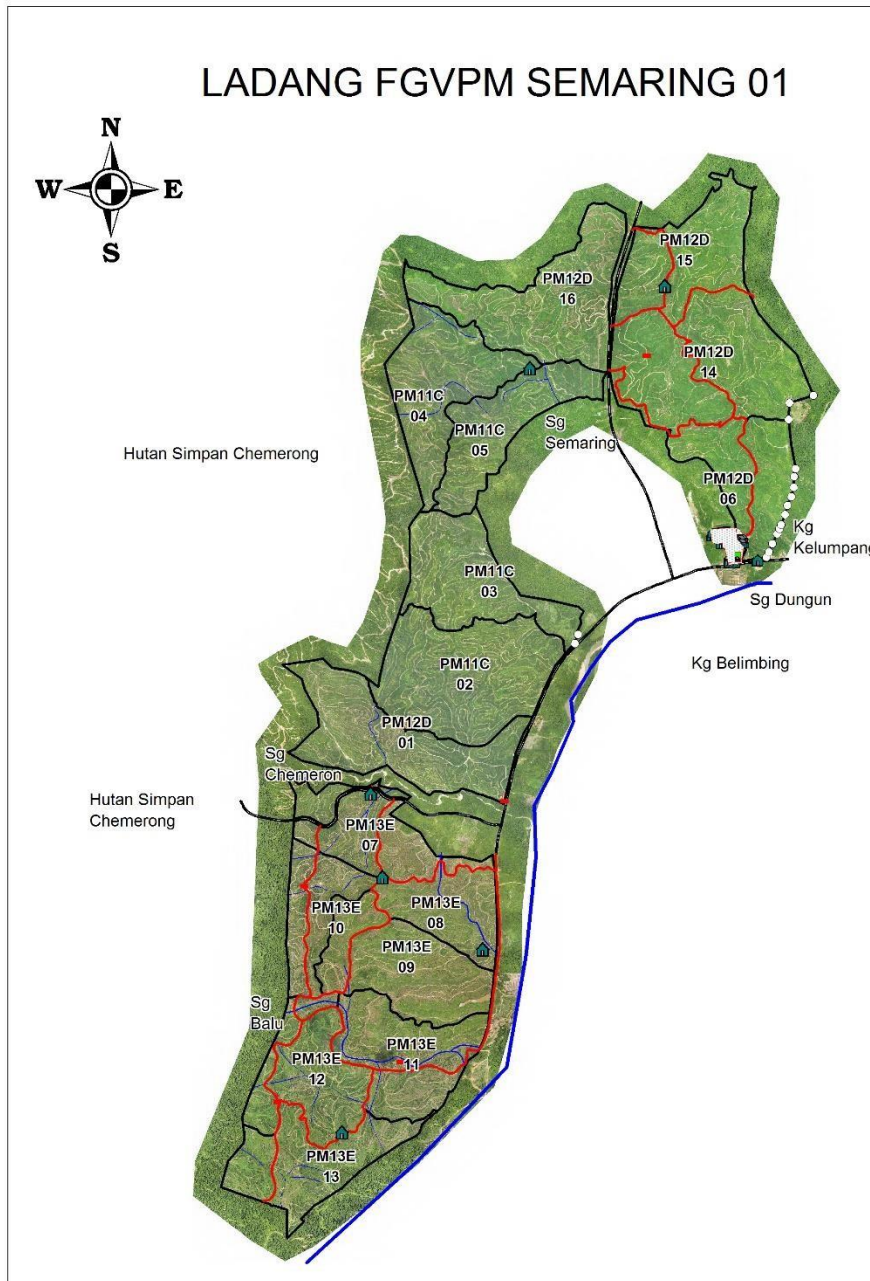
Appendix C: Smallholder Member Details

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				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
TOTAL				

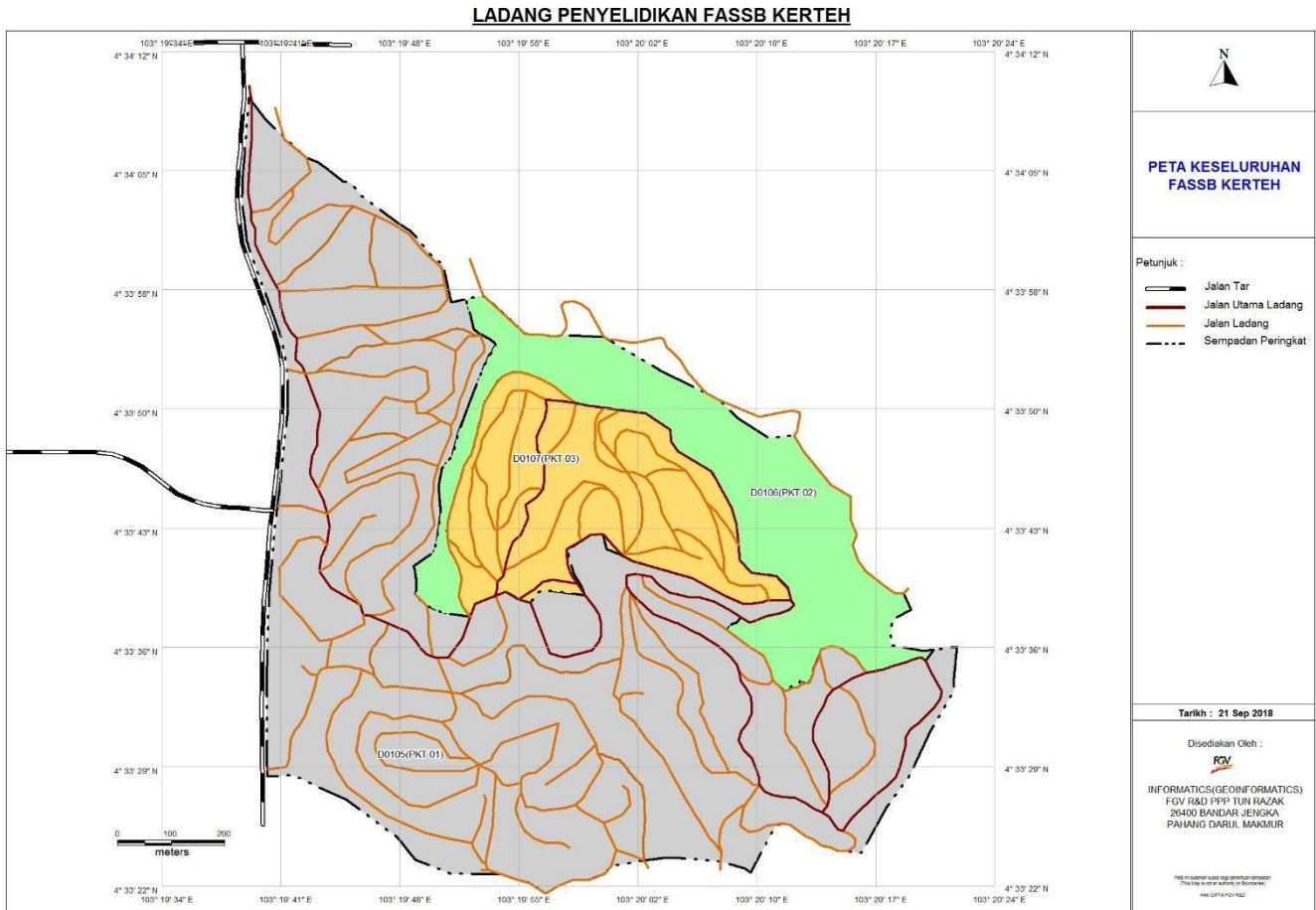
Appendix D: Kerteh Palm Oil Mill Location



Appendix E: FGVPMSB Semaring 01 Estate Field Map



Appendix F: FGVASSB Kerteh Estate Field Map



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
MSP0	Malaysian Sustainable Palm Oil
MSDS	Material Safety Data Sheet
MT	Metric Tonnes
OER	Oil Extraction Rate
OSH	Occupational Safety and Health
PK	Palm Kernel
PKO	Palm Kernel Oil
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RTE	Rare, Threatened or Endangered species
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure