

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

Company Name Sime Darby Plantation Berhad
Client Company Address: Level 3, Main Block, Plantation Tower, No 2, Jalan PJU 1A/7 Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan
Certification Unit: Strategic Operating Unit (SOU 26) - Sandakan Bay Palm Oil Mill
Location of Certification Unit: Locked Bag 39, Suanlamba District, 90009 Sandakan, Sabah, Malaysia

Report prepared by:
Elzy Ovktafia (Lead Auditor)

Report Number: 9674543

Assessment Conducted by:
BSI Services Malaysia Sdn Bhd,
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Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Sandakan Bay POM: 508777804000 Segaliud Estate: 528339002000 Sentosa Estate: 530353002000 Tigowis Estate: 528342002000 Tun Tan Estate: 531250002000 Tunku Estate: 528340002000		
Company Name	Sime Darby Plantation Berhad - Sandakan Bay Palm Oil Mill		
Address	Strategic Operating Unit (SOU 26) - Sandakan Bay Palm Oil Mill. Locked Bag 39, Suanlamba District 90009 Sandakan, Sabah, Malaysia		
Group name if applicable:	Sime Darby Plantation Berhad		
Subsidiary of (if applicable)	N/A		
Contact Person Name	Mdm. Shylaja Devi Vasudevan Nair (Head, Sustainability Unit PSQM) Mr. Hudal Firdaus Lahuri (Mill Manager)		
Website	www.simedarbyplantation.com	E-mail	shylaja.vasudevan@simedarby.com kks.sandakan.bay@simedarby.com
Telephone	03-78484379 (Head Office) 089-622276/247225 (Mill)	Facsimile	03-78484356 (Head Office) 089-622276 (Mill)

1.2 Certification Information			
Certificate Number	Mill: MSPO 682050 Plantations: MSPO 689878		
Issue Date	09/02/2018	Expiry date	08/02/2023
Scope of Certification	Mill: Production of Sustainable Palm Oil and Palm Oil Products Estate: Production of Sustainable Oil Palm Fruits		
Stage 1 Date	N/A (The certification unit is RSPO Certified)		
Stage 2 / Initial Assessment Visit Date (IAV)	4/12/2017 – 7/12/2017		
Continuous Assessment Visit Date (CAV) 1	8/1/2019 – 11/1/2019		
Continuous Assessment Visit Date (CAV) 2	-		
Continuous Assessment Visit Date (CAV) 3	-		
Continuous Assessment Visit Date (CAV) 4	-		

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1.3 Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
RSPO 537872	RSPO Principles & Criteria for Sustainable Palm Oil Production: 2013; Malaysian National Interpretation: 2014; RSPO Supply Chain Certification for CPO Mills (Module E : Mass Balance)	BSI Services Malaysia Sdn Bhd	30/09/2023

1.4 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
Sandakan Bay Palm Oil Mill	Locked Bag 39, Suanlamba District, 90009 Sandakan, Sabah, Malaysia	118° 10' 03" E	5° 38' 26" N
Segaliud Estate	WDT 250, 90009 Sandakan Sabah, Malaysia	117° 45' 20" E	5° 43' 33" N
Sentosa Estate	Locked Bag 39, Suanlamba District, 90009 Sandakan, Sabah, Malaysia	118° 10' 21" E	5° 43' 44" N
Tigowis Estate	Locked Bag 39, Suanlamba District, 90009 Sandakan, Sabah, Malaysia	118° 13' 03" E	5° 44' 57" N
Tun Tan Estate	Locked Bag 39, Suanlamba District, 90009 Sandakan, Sabah, Malaysia	118° 10' 20" E	5° 45' 20" N
Tunku Estate	Locked Bag 39, Suanlamba District, 90009 Sandakan, Sabah, Malaysia	118° 10' 20" E	5° 45' 20" N

1.5 Plantings & Cycle					
Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Segaliud Estate	884.07	1,504.20	473.83	340.40	1,050.25
Sentosa Estate	808.13	954.68	-	1,445.92	-
Tigowis Estate	660.06	510.43	-	709.50	-
Tun Tan Estate	1,314.08	477.76	-	341.07	642.14
Tunku Estate	1,006.33	666.08	-	1219.07	-
Total (ha)	4,672.67	4,113.15	473.83	4,055.96	1,692.39

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1.6 FFB Production (Actual) and Projected (tonnage)			
Producer Group	Projected from last audit (Dec 2017 – Dec 2018)	Actual (Dec 2017 – Dec 2018)	Projected production for next 12 months (Dec 2018 – Dec 2019)
Segaliud Estate	51,640.36	57,832.94	68,384.49
Sentosa Estate	52,296	35,973	48,454
Tigowis Estate	28,871.912	25,526.64	58,902.76
Tun Tan Estate	32,836.05	15,223.04	34,255.40
Tunku Estate	25,205.98	50,157.04	32,000.00
Total	190,850.30	184,712.66	241,996.65

1.7 Certified CPO / PK Tonnage			
Mill	Estimated (Previous Year)	Actual (This Year)	Forecast (Next Year)
Mill Capacity: 60 MT/hr	Estimated (Dec 2017 – Dec 2018)	Actual (Dec 2017 – Dec 2018)	Forecast (Dec 2018 – Dec 2019)
	FFB	FFB	FFB
	190,850.30 MT	184,712.66 MT	241,996.65 MT
	CPO (OER: 21.52 %)	CPO (OER: 21.93 %)	CPO (OER: 22.16 %)
	41,070.98 MT	40,507.47 MT	53,626.46 MT
	PK (KER: 5.00 %)	PK (KER: 4.97 %)	PK (KER: 5.00 %)
9,542.51 MT	9,180.22 MT	12,099.83 MT	

1.8 Certified Area					
Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Segaliud Estate	4,252.75	261.19	306.19	4,820.13	88.22
Sentosa Estate	3,208.73	74.64	262.17	3,545.54	68.63
Tigowis Estate	1,879.99	9.93	184.10	2,074.02	90.64
Tun Tan Estate	2,775.05	4.74	363.44	3,143.23	137.86
Tunku Estate	2,891.48	30	281.57	3,203.05	90.27
Total	15,008.00	380.5	1,397.47	16,785.97	89.40

1.9 Details of Certification Assessment Scope and Certification Recommendation:

BSI Services Malaysia Sdn Bhd has conducted the 1st Annual Surveillance Assess Certification Assessment of Sime Darby Plantation Berhad - Sandakan Bay Palm Oil Mill (SOU 26), located in Locked Bag 39, Suanlamba District 90009 Sandakan, Sabah, Malaysia comprising 1 mill and 5 estates and infrastructure

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

The onsite assessment was conducted on 08-11 January 2019.

Based on the assessment result, Sime Darby Plantation Berhad - Sandakan Bay Palm Oil Mill (SOU 26) complies with the MS 2530-3:2013 MSPO Part 3: General principles for oil palm plantations and organized smallholder and MS 2530-4:2013 MSPO Part 4: General principles for palm oil mills 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 08-11 January 2019. The audit programme is included as Appendix A. The approach to the audit was to treat the Sandakan Bay Palm Oil Mill (SOU 26) and supply bases as a MSP0 Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. MS 2530-3:2013 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 $N = 1.0\sqrt{y}$ where y is the number of estates while when applicable, the smallholders sample were determined following the MSP0 Certification Requirement.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the MSP0 requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings. Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix B.

All the previous nonconformities are remains closed. The assessment findings for the initial assessment are detailed in Section 4.2. This report is structured to provide a summary of assessment finding as attached in the Section 3. The assessment was based on random samples and therefore nonconformities may exist that have not been identified. This report was externally reviewed by MSP0 approved Peer Reviewer prior to certification decision by BSI.

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The comments made by external stakeholders were also taken into account in the assessment where the stakeholder notification was made through BSI website: https://www.bsigroup.com/LocalFiles/en-MY/MSPO/Public%20Notification/MSPO%20stakeholder%20letter_SD%20Sandakan%20Bay_english.pdf

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)
Sandakan Bay POM	√	√	√	√	√
Segaliud Estate	√	√		√	
Sentosa Estate	√		√		√
Tigowis Estate		√	√		√
Tun Tan Estate		√		√	
Tunku Estate	√		√	√	√

Tentative Date of Next Visit: January 13, 2020 - January 16, 2020

Total No. of Mandays: 8 mandays

BSI Assessment Team:

Elzy Ovktafia - Lead Assessor

She graduated from Universiti Putra Malaysia in Diploma of Agriculture, holding the designatory of LISP from the Incorporated Society of Planters and currently in the midst of completing AISP. She involve in audits and technical reviews works mainly for Sustainability Programme includes RSPO, MSPO and 2nd Party Audit for Social Compliance Programme (URSA, ETI, etc) for almost 3 years in more than 11 countries. She is a qualified Lead Auditor/Auditor for MSPO, RSPO P&C, RSPO NEXT, RSPO SCC, ISO 9001:2015, ISO 14001:2015 and Social Compliance Audit by Verite. Prior to this, she was the Agronomist in R&D Department for almost 5 years in Oil Palm Plantation where her task involved in all Oil Palm Plantation Operations such as conducting experimental trials on Research & Development with technical paper publications, Crop Forecast, Leaf & Soil Sampling Collection, Fertilizer Recommendation, Pest and Diseases Training, Quality Control as well as special project namely Yield Intensification Project and Food for Palm Project for estates. During assessment, she covers the legal issues, land use rights, stakeholder consultation, worker’s welfare and social issues.

Daniel Francis – Team Member

Daniel Francis is a fulltime employee with BSI Services Malaysia. He holds a Bachelor of Applied Science Degree in Food Science, graduated from Charles Sturt University, Australia. He has over 8 years of working experience in the oil and gas industry and 3 years in the food & beverage industry. He is an experienced auditor for several management system standards including ISO 9001, ISO 14001, OHSAS 18001 and Integrated Management System. He had completed the ISO 9001:2015 Lead Auditor Course and RSPO SCC Lead Auditor Course. He had been involved in the RSPO & MSPO audits with various companies in Malaysia. During assessment, he covers the legal issues and occupational safety and health.

Accompanying Persons: -

Section 3: Assessment Findings

3.1 Details of audit results

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

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

3.2 Details of Nonconformities and Opportunity for improvement

The nonconformity is listed below.

During the Certification Assessment there were one (1) Major & one (1) Minor nonconformities raised. The **Sandakan Bay Palm Oil Mill (SOU 26)** Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

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

Major Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1728218-201901-M1	4.3.1.1 Part 3
Requirements:	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.	
Statement of Nonconformity:	Some of the legal requirements are not implemented effectively.	
Objective Evidence:	<p>1. JTK approval for salary deduction: Siri No 11(0322) KBN already expired on 13 December 2018. The renewal application has been submitted on 30.10.2018 to Pejabat Tenaga Kerja Kota Kinabatangan however, it is yet to be approved. Tun Tan Siew Sin Estate has made salary deduction on electricity and mosque in December 2018 for worker id: 126106, 60079 and 58373 in December 2018 salary. Further confirmation with Mr. Mohd Mansur bin Yahya (JTK Officer) through telephone, the management should not make salary deduction after 13 December 2018 since it is not yet approved.</p> <p>2. There is no approval from Suruhanjaya Tenaga for electrical fencing installation in Tigowis Estate and Tun Tan Siew Sin Estate as per "Akta 447, AKTA BEKALAN ELEKTRIK 1990", Sebagaimana pada 1 Mac 2013 - BAHAGIAN IV: PEPASANGAN BERLESEN DAN BERDAFTAR: Lesen dikehendaki bagi penggunaan pemasangan: terma, syarat dan kandungan lesen no 9. (1) <i>Tertakluk kepada apa-apa pengecualian yang ditetapkan, tiada seorang pun, selain pihak berkuasa bekalan, boleh—</i></p>	

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	<p><i>(a) menggunakan, mengerjakan atau mengendalikan atau membenarkan diguna, dikerja atau dikendalikan apa-apa pemasangan; atau (b) membekalkan elektrik daripada mana-mana pemasangan kepada atau bagi kegunaan mana-mana orang lain, kecuali di bawah dan mengikut terma sesuatu lesen yang membenarkan dengan nyata pembekalan atau penggunaan itu, mengikut mana-mana yang berkenaan.</i></p> <p>Apart from that, further clarification been made through Suruhanjaya Tenaga Cawangan Sandakan with Mr. Fahmi (Officer in charge for electrical fencing) on 14.01.2019 through phone and confirmed that the electric fences must get the Suruhanjaya Tenaga approval prior to the installation and must be inspected by the officer after the installation to get the written approval.</p> <p>3. In Tigowis Estate, diesel permit (Ruj No: PPDNKK.SDK.07/2011 (SK) for 20,000 liter diesel was expired in 05.06.2018. The application of renewal only made on 08.01.2019 and yet to be approved. However, during the period after expiry, the diesel consumption is sighted as per Diesel consumption record although the diesel permit is yet to be received.</p>
<p>Corrections:</p>	<p><u>Tun Tan Siew Sin Estate</u></p> <ol style="list-style-type: none"> 1. Estate to stop salary deduction until received the approval for salary deduction renewal. 2. Estate to re-imburse the amount that have been deducted (13-31 Dec 2018) to the involved workers. <p><u>Tigowis Estate & Tun Tan Siew Sin Estate</u></p> <ol style="list-style-type: none"> 1. To check and collect information on the electric fencing installation (Specification & layout). 2. To send submission of notification to Suruhanjaya Tenaga. <p><u>Tigowis Estate</u></p> <ol style="list-style-type: none"> 1. Estate to follow up with KPDNKK on the renewal status.
<p>Root cause analysis:</p>	<p><u>Tun Tan Siew Sin Estate</u></p> <ol style="list-style-type: none"> 1. Approval for salary deduction permit renewal from JTK required longer time due to the application need to be processed by JTK headquarters Kota Kinabalu. <p><u>Tigowis Estate & Tun Tan Siew Sin Estate</u></p> <ol style="list-style-type: none"> 1. During the installation of electric fencing take place by previous management. There is miss-understanding on the legal requirement (not cover East Malaysia). <p><u>Tigowis Estate</u></p> <ol style="list-style-type: none"> 1. Change of Person In Charge of permit renewal (Newly transferred chief clerk). 2. No list of permit with expiry date and renewal target date.
<p>Corrective Actions:</p>	<p><u>Tun Tan Siew Sin Estate</u></p> <ol style="list-style-type: none"> 1. Estate to renew earlier at least 3 months before permit expiry. 2. Estate to establish list of permit with expiry and target renewal. <p><u>Tigowis Estate & Tun Tan Siew Sin Estate</u></p> <ol style="list-style-type: none"> 1. AKTA BEKALAN ELEKTRIK 1990 will be updated in the Legal Requirement Register (LORR) by SQM. <p><u>Tigowis Estate</u></p> <ol style="list-style-type: none"> 3. Estate to renew earlier at least 3 months before permit expiry. 4. Estate to establish list of permit with expiry and target renewal.

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Assessment Conclusion:	<p>Audit team have reviewed the evidence submitted and the major NC is satisfactorily closed. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 10.03.2019.</p> <p>Evidence reviewed: New payslip in January 2019 without salary deduction, refund acknowledgement of salary deduction in December 2018, Permit & license renewal schedule, Labour department follow up letter, submission of notification electric fencing installation to Energy Commission, updated legal and other requirements register (LORR) and KDNKK Diesel Permit approval.</p>
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Minor Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1728218-201901-N1	4.3.1.4 - Part 3
Requirements:	The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.	
Statement of Nonconformity:	The monitoring of the legal compliance is not effectively demonstrated.	
Objective Evidence:	<p>In Tun Tan Siew Sin Estate, the monitoring of compliance was made through internal audit by SQM team annually however, the monitoring is not effective as it was found that the contractor's workers for Ooi Trading Sdn Bhd in Tun Tan Siew Sin Estate are having different work permit as below:</p> <ol style="list-style-type: none"> 1. Sahalim bin Dohan (Passport no: B7318510) – multiple entry visa valid until 29 July 2019. 2. Sumardi bin Arifuddin (Passport no: At697835) – Garden worker for Chung Chok Fen valid until 29.09.2019. 	
Corrections:	<p><u>Tun Tan Siew Sin Estate</u></p> <ol style="list-style-type: none"> 1. Estate to issued warning letter to the contractor. 2. Estate to discuss with contractor on the status of their workers. 3. Contractors to replace the 2 workers with other workers with valid document. 	
Root cause analysis:	<p><u>Tun Tan Siew Sin Estate</u></p> <p>The contractor not following agreement to supply workers with valid document.</p>	
Corrective Actions:	<p><u>Tun Tan Siew Sin Estate</u></p> <p>Estate management to monitor the validity of contractor's workers passport and work permit at regular interval or as and when. The monitoring outcome will be discussed at least on quarterly basis during estate management meeting (i.e. OSH meeting).</p>	
Assessment Conclusion:	Audit team have reviewed and accept the Corrective Action Plan (CAP) submitted and the minor NC CAP implementation will be further verified in the next assessment visit.	

Noteworthy Positive Comments	
1	Good cooperation from the management
2	The beautification efforts of housing area in worker's quarters.

3.3 Status of Nonconformities Previously Identified and OFI

Major Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1563646-201712-M1	MSPO Part 3, Indicator 4.5.3.2
Requirements:	A waste management plan to avoid or reduce pollution shall be developed and implemented.	
Statement of Nonconformity:	Waste management plan was not implemented effectively.	
Objective Evidence:	Segaliud Estate & Sentosa Estate: The visited operating units have their oil trap in place to avoid any oil spillage escape to the environment. However, sighted traces of oil flowing out from the oil trap at the diesel storage tank and workshop onto the drain and open ground.	
Corrections:	Segaliud and Sentosa Estate: To build cover for oil trap. Segaliud Estate: To check the current design with SQM personnel	
Root cause analysis:	Segaliud and Sentosa Estate: 1. Heavy rain causing water stagnant and brought mud into the oil trap. 2. No specific schedule for oil trap maintenance is available.	
Corrective Actions:	To appoint a person in charge for the maintenance of oil trap and to establish oil trap maintenance schedule.	
Assessment Conclusion:	Audit team have reviewed the evidence submitted and of the view that the major NC is satisfactorily closed. Continuous implementation of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 2/2/2018. During this ASA1 visit, there is no reoccurrence issue regarding oil trap during site visit in Tigowis Estate, Segaliud Estate and Tun Tan Siew Sin Estate.	

Minor Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1563646-201712-N1	MSPO Part 3, Indicator 4.5.3.5
Requirements:	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	
Statement of Nonconformity:	Domestic waste was not disposed as per to the Sime Darby Plantation - Operational Control Procedure.	
Objective Evidence:	Segaliud Estate: Dumpsite (P14B) available for all domestic waste which is collected twice a week by the estate management. However, the dumpsite at P14B opened since January 2017 was filled with rain water due to heavy rain and sighted plastic bottles floating. Size/dimension of the landfill does not comply with the company's operational control procedure. Refer to Section 6.4 on Landfill Design Criteria in the Sime Darby Plantation Operational Control Procedure Landfill Management in Estate (SD/SDP/PSQM(ESH)/203-EN7) Rev 0 dated 13/03/2017.	
Corrections:	1. Open new dumpsite based on company SOP (Landfill Management in estate).	

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	2. To establish schedule of opening and closing dumpsite.
Root cause analysis:	3. Lack of awareness on company SOP (Land Management in Estate). 4. Lack awareness about 3R (Reduce, reduce, recycle) programme.
Corrective Actions:	To conduct briefing on awareness about 3R programme to the workers.
Assessment Conclusion:	<p>The proposed correction and corrective action plan are acceptable. The effectiveness of implementation will be verified in the next assessment visit.</p> <p>During this ASA 1 audit, the verification on the corrective action plan done as below:</p> <p>Domestic waste was disposed at designated landfill.</p> <p><u>Tigowis Estate</u></p> <p>Site visit to landfill at P10B opened on 07/01/2019 was available for all domestic waste which is collected three times a week by the estate management.</p> <p><u>Segaliud Estate</u></p> <p>Site visit to landfill at 2015A opened on 08/01/2019 was available for all domestic waste which is collected two times a week by the estate management.</p> <p><u>Tun Tan Siew Sin Estate</u></p> <p>Site visit to landfill at P92D3 opened on 09/11/2018 and closed on 08/01/2019 was available for all domestic waste which is collected three times a week by the estate management.</p> <p>Workers interview reveal that they are aware of the zero burning policy including domestic waste are not allowed to be burned.</p> <p>All the estates visited continue to promote the 3R (reuse, reduce, recycle) program. The promotion was communicated through training, briefing and signage.</p>

Minor Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1563646-201712-N2	MSPO Part 3, Indicator 4.4.2.3
Requirements:	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.	
Statement of Nonconformity:	Some workers were not aware of the reporting hotline telephone number in case of any breach against the Code of Business Conduct (COBC).	
Objective Evidence:	<p>Sentosa Estate:</p> <p>The operating unit has conducted a training session to communicate its mechanism of reporting i.e. by utilizing the hotline telephone number, in case of any breach against the COBC. However, interview with workers revealed that they do not aware of it and moreover the hotline telephone number was not available at the strategic places such as on the notice boards of muster ground and labour quarters.</p>	
Corrections:	Estate management will establish a complaint form where employee and affected stakeholders can make a complaint.	
Root cause analysis:	1. During the COBC Training, some of the workers were found not paying full attention towards the briefing.	

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	2. No evaluation made after the briefing conducted.
Corrective Actions:	Estate management will re-conduct the COBC and whistleblowing training. After the training, evaluation form and copy of the whistle blowing details will be given to each of the workers.
Assessment Conclusion:	<p>The proposed correction and corrective action plan are acceptable. The effectiveness of implementation will be verified in the next assessment visit.</p> <p>During this ASA 1 audit, the verification on the corrective action plan done as below:</p> <ul style="list-style-type: none"> • Tigowis Estate: Sighted the training record COBC & Polices briefing dated 08/12/2018. • Segaliud Estate: Sighted the training record for COBC (New Worker) briefing dated 19/05/2018 and Policies briefing dated 25/06/2018. • Tun Tan Siew Sin Estate: Sighted the training record for COBC training dated 23/11/2018. <p>During the linesite visit, it was observed that the contact person for emergency was displayed.</p>

3.4 Issues Raised by Stakeholders

IS #	Description
1	<p>Issues:</p> <p><u>LKC Transport, Ooi Trading, Wawasan & Generasi Beringin Sdn Bhd</u> They were contracted in long terms with Sime Darby – Sandakan Bay POM. So far, no payment issue occurred. Only communication sometimes not sure with HQ or estate on the pending payment but solved already.</p>
	<p>Management Responses:</p> <p>Management said that in December 2018 has some payment being made directly from HQ, not estate that’s why there is some conflict but yes its already solved.</p>
	<p>Audit Team Findings:</p> <p>No further issue.</p>
2	<p>Issues:</p> <p><u>Neighbouring Estate (Bumi Hijau)</u> They appreciate the good cooperation rendered by Sandakan Bay POM to them and their worker’s children were allowed to go to HUMANA school.</p>
	<p>Management Responses:</p> <p>Management is committed to have a good rapport with the neighbouring community and will continue best practice.</p>
	<p>Audit Team Findings:</p> <p>No further issue.</p>
3	<p>Issues:</p> <p><u>Energy Commission Sandakan (through telephone)</u> The Officer, Wan Muhammad Fahmi has shared the requirement on the electric fencing for elephant in estate as per Akta Bekalan Elektrik 1990 (Pindaan 2015). As per act, prior to the installation, there</p>

	<p>must be approval on the design and after installation, the checking and approval from Suruhanjaya Tenaga is needed, therefore, an NC was raised under clause 4.3.1.1 Part 3.</p> <p>Management Responses: Management noted on the information and will work on the non-conformity raised.</p> <p>Audit Team Findings: No further issue.</p>
4	<p>Issues: <u>Workers' Representatives</u> The workers have informed that their wages were according to Minimum Wage Order 2016. No discrimination was occurred and they were treated equally regardless of the gender and nationalities.</p> <p>Management Responses: Management will continue communicating any new changes on the company policy or SOP through morning muster, trade union and complaint channel.</p> <p>Audit Team Findings: No further issue.</p>
5	<p>Issues: <u>Gender Committee</u> So far no sexual harassment case reported and gender committee members are actively conducting activities for women.</p> <p>Management Responses: Management will continue to provide awareness to all the employee on the grievance procedure, case reported and prevention action.</p> <p>Audit Team Findings: No other issue.</p>
6	<p>Issues: <u>HUMANA Teachers</u> The foreign worker's children are provided with education in estate since kindergarden until primary school and continue with secondary school in CLC. The teacher's salary being paid from HUMANA itself and management continuously giving contribution for the school activities. The school teacher lived in the estate quarters with free accommodation, water and electricity sources.</p> <p>Management Responses: Management will continue to support the education for the worker's children.</p> <p>Audit Team Findings: Verified the contribution in CSR records. No other issue.</p>
7	<p>Issues: <u>Jabatan Tenaga Kerja Kinabatangan (through telephone)</u> The officer, Mr. Mohd Mansur bin Yahya (JTK Officer) was contacted through telephone and verified that management should not make salary deduction after JTK salary deduction permit expired since it is not yet approved. Hence, an NC was raised under clause 4.3.1.1 Part 3.</p> <p>Management Responses: Management noted on the information and will work on the non-conformity raised.</p> <p>Audit Team Findings: No further issue.</p>

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1563646-201712-M1	Major	7/12/2017	Closed
1563646-201712-N1	Minor	7/12/2017	Closed
1563646-201712-N2	Minor	7/12/2017	Closed
1728218-201901-M1	Major	11/01/2019	Closed
1728218-201901-N1	Minor	11/01/2019	Open

3.6 Summary of the findings by Principles and Criteria

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 -	<p>Sime Darby Plantation has established a Corporate Policy Statement signed by the Managing Director, Datuk Franki Anthony Dass dated January 2015.</p> <p>The Internal Office Memo (IOM) regarding the MSPO Implementation and Certification for Upstream Malaysia from the Head, Plantation Sustainability and Quality Management, Mr Tang Men Kon was established, dated 08/09/2017.</p> <p>Apart from that, there is a memo titled 'statement on commitment towards MSPO implementation' ref no: SQM/RSPO/1811/22.11 signed by Head, Global Sustainability Operations dated 23 November 2018 to all SDP Estates – upstream and SDP mills – Upstream.</p>	Yes
4.1.1.2	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. - Major compliance -	The commitment stated that Sime Darby strive to achieve commitment towards a systematic approach in ensuring continuous improvement in operation, compliance to statutory, legal and other regulatory requirements and establishment of traceability within supply chain in line with existing Sustainability Policies.	Yes

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	The Internal Audit procedure (SD/SDP/PSQM/IAP; Rev 2 dated 01/11/2017) was established. The internal audit was conducted annually and when required.	Yes
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 -	Sandakan Bay POM: The internal audit has been conducted on 23 rd May 2018 for MSP0 & RSPO integrated Internal Consultative Assessment by SQM Sabah Region & Sustainability Unit (PSQM), Ms Fatini and Mr Amirul. During the audit, there were 1 Major and 4 OFI raised and closed on 26.06.2018.	Yes
4.1.2.3	Reports shall be made available to the management for their review. - Major compliance -	The internal audit report is available during the audit and the results were discussed during management review.	Yes
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 MSP0 and decide on any changes, improvement and modification. - Major compliance -	The procedure for Management Reviews (SOM, Sub-Section 5.6, Version 2:2015 dated 25/05/2015) was established. The frequency for management review needs to be carried out at least once a year. All the agenda such as OSH Objective, Mill Performance, Resource Evaluation, Need and Plan, Internal Audit MSP0 & RSPO Integrated	Yes

Criterion / Indicator		Assessment Findings	Compliance
		Internal Consultative Assessment, discipline and recommendation for improvement were discussed accordingly. The management review has been conducted on 25.05.2018	
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 -	There were plan to compress all cans for recycle and rain water harvesting.	Yes
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 -	Sandakan POM has a plan to build a Biogas Plant. Sighted the proposal and budget for year 2018/2019 and contract no: ED/555/12-13 signed on 27.04.2018 by Head, Engineering and Mill Services Upstream.	Yes
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 -	Stakeholders are allowed to obtain information from the mill upon request guided by the "Sustainable Plantation Management System" manual dated 01/11/2008, section "Documentation & Communication" – clause 3.2. Among the info can be obtained are history and ownership, local ecological environment, soils & site condition, hydrological system, socio-economic system, etc.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.2.1.2	<p>The management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>As per stated in the "Sustainable Plantation Management System" manual dated 01/11/2008, section "Documentation & Communication" – clause 3.2, where appropriate information on sustainable activities will be made available to the general public / stakeholders through yearly annual reports, circulars, agreements, Sime Darby website and other publications. Specific requests for information from interested parties shall be channelled to the PSQM, Communication Department, and Legal Department of Sime Darby.</p>	Yes
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p>The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2).</p> <p>The Sustainable Plantation Management System Appendix 5 (Flowchart and Procedures on handling Social Issues) dated 01/11/2008 documented the process for handling communication regarding social issues.</p>	Yes
4.2.2.2	<p>The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i>.</p> <p>- Minor compliance -</p>	<p>Person in charge for social for Sandakan Bay POM is Mill Engineer, Mr Muhammad Na'imusyahmi as per letter dated 31.03.2018.</p>	Yes
4.2.2.3	<p>A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.</p>	<p>List of stakeholders is available which was last updated on 21.09.2018. The list content among others are the FFB suppliers, government agencies, CPO & PK buyers, suppliers & contractors, NGOs (e.g. SPIEU, EAC Sabah, SEPA, etc.).</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	Stakeholder meeting last conducted on 14/5/2018, attended by internal and external stakeholders through iCare Safety & Health Townhall 6.0.	
Criterion 4.2.3 – Traceability			
4.2.3.1	<p>The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability.</p> <p>- Major compliance -</p>	<p>Ref.: Sustainable Plantation Management System (SPMS), Appendix 15, SOP for Sustainable Supply Chain and Traceability, ver. 2, 2018 issue no 3.</p> <p>Sandakan Bay POM is receiving FFB mainly from its supply base - Segaliud Estate, Sentosa Estate, Tigowis Estate, Tun Tan Estate and Tunku Estate.</p> <p>For own supply base: The weighbridge ticket provided the following details:</p> <ul style="list-style-type: none"> - Supplied from which estate - Product (FFB or Loose fruit) - Delivery note from estates stating the weight and fruit grade (A or B). - D.O Number - Weight of the shipment - Date of the shipment 	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>For despatch of CPO, the weighbridge ticket includes the following information to enable the customer to trace the CPO source</p> <ul style="list-style-type: none"> - Customer Name - Destination of the CPO - Product - DO number - PO number - Weight of the product. <p>For external FFB suppliers, they have their own delivery orders. All the external suppliers have to be approved by signing contract agreement and registered in the system before they are able to send their crop to mill.</p> <p>Sampled taken for Tunku Estate Weighbridge ticket no: 182978 dated 07.01.2019, Maju Jaya (outside crop) on 07.01.2019, chit no: 7827 and Despatch note 004497 dated 17.12.2018.</p>	
4.2.3.2	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>- Major compliance -</p>	<p>The method of inspection is by SCCS internal audit 13/3/2017. Based on the inspection, there was no finding raised on the implementation of traceability procedure.</p>	Yes
4.2.3.3	<p>The management shall identified and assign suitable employees to implement and maintain traceability system.</p> <p>- Minor compliance -</p>	<p>The overall personal in charge for the traceability is the Head of Operating Unit (in this case, the Mill Manager-Hudal Firdaus Lahuri) [ref.: Clause 4 of SOP for Sustainable Supply Chain and Traceability].</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained. - Major compliance -	Stock of CSPO is recorded Mass Balancing Records for Oil Mills. As at December 2018 there was 3,285.50 MT of CSPO from RSPO certification in MB account. So far no sales of MSPO certified CPO since its certification in 2018.	Yes
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations. - Major compliance -	<p>Sime Darby has established a mechanism to ensure compliancy to legal and other requirement and documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU26.</p> <p>PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>The latest evaluation was conducted on 01/10/2018 by QA supervisor and approved by Mill Manager. As to date, the Sandakan Bay POM comply with all the applicable local, state, national and ratified international laws and regulations.</p>	Yes
4.3.1.2	The management shall list all relevant laws related to their operations in a legal requirements register.	Documented procedure has been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>List of applicable legal and other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder.</p> <p>All the legal and other requirements were register accordingly and documented in the legal requirement register including Employment Insurance System (EIS) 2017. The latest evaluation/review was conducted on 01/10/2018 by QA supervisor and approved by Mill Manager.</p>	
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>Documented procedure has been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>List of applicable legal and other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder.</p> <p>All the legal and other requirements were register accordingly and documented in the legal requirement register including the latest addition of Employment Insurance System (EIS) 2017. The latest evaluation/review was conducted on 01/10/2018 by QA supervisor and approved by Mill Manager.</p>	Yes
4.3.1.4	<p>The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements.</p> <p>- Minor compliance -</p>	<p>A mechanism to ensure compliance to legal and other requirement has been documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU26.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites as well as from MAPA circulars.</p> <p>Person in charge for legal compliance for Sandakan Bay POM is Mill Engineer, Mr Muhammad Na'imusyahmi as per letter dated 31.03.2018.</p>	
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 -	Land use right for mill is under the land title of Tun Tan Estate.	Yes
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.	Land titles and copy of land titles are available during the audit. Sime Darby did not acquire land from landowners, but leased it directly from the government. Land title for Sandakan Bay POM is	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	under Tun Tan Siew Sin Estate. There were no issues of land disputes.	
4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	Not applicable. Land title for Sandakan Bay POM is under Tun Tan Siew Sin Estate. There were no issues of land disputes.	N/A
4.3.2.4	Where there are, or haven been disputes, documented proof of legal acquisition of land and fair compensation that have been or are being made to previous owners and occupants; shall made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	NA. Land issue is under the management of Tun Tan Estate.	N/A
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 -	NA. Land issue is under the management of Tun Tan Estate.	N/A
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -	NA. Land issue is under the management of Tun Tan Estate.	N/A
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - Major compliance -	NA. Land issue is under the management of Tun Tan Estate.	N/A

Criterion / Indicator	Assessment Findings	Compliance	
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	<p>Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.</p> <p>- Minor compliance -</p>	<p>The 5 yearly Social Impact Assessment [SIA] was done by the Social & Environment Projects Units of PSQM department that based on Impact Assessment Manual by federal Department of town and Country Planning Peninsular Malaysia and Malaysian Society of Impact Assessment for the whole SOU 26 from 07-11/05/2013. The assessment was aimed on livelihoods, social wellbeing of the wider community and physical impacts of human populations on social changes. All the respective operating units registered with an action plan which focus on area of concern and matters raised by the stakeholders. Some of the plans are still ongoing, such as worker’s house renovation, new uniforms for Auxiliary Police and stray dogs’ problem at housing complex and being review of the progress from time to time.</p> <p>Among the impacts identified for the mill are:</p> <ul style="list-style-type: none"> - Complaint on housing for workers takes a long time to be solved - House for contract workers are not in proper conditions - Van to go to hospital is always unavailable - Transportation to school is not suitable/fit to bring all school children. <p>Management plan was established thereafter. Verification of the status showed that all the impacts had been resolved.</p>	<p>Yes</p>

Criterion / Indicator	Assessment Findings	Compliance	
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented. - Major compliance -	Ref.: SPMS, Appendix 5, Flowchart and Procedure on Handling Social Issues, 1/4/2008. There has been no complaint raised by anyone so far for the past 12 months.	Yes
4.4.2.2	The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties. - Major compliance -	Records of complaints were kept in the complaint book. For housing maintenance, there is linesites defects & maintenance record book maintained since 2013 until recent complaint on 02.01.2019. Verification of the records showed that complaints from interested parties were resolved effectively and timely manner.	Yes
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints. - Minor compliance -	In general, there are options for both internal and external stakeholders to channel their complaints to the relevant authority at mill via the morning muster/roll call, via respective supervisors, direct to the manager, or a complaints book which is filled by workers to report about their housing/work conditions. In addition, at the management level, there are periodical health and safety meetings, meetings between local union leaders and the management as well as gender committee meetings which are held in all estates and mill.	Yes
4.4.2.4	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time. - Minor compliance -	Employees were made aware through daily briefing. For the surrounding communities, awareness is made by the estates through the stakeholder's meeting annually.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.4.2.5	Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request. - Major compliance -	Seen the internal and external stakeholders log book for mill. So far there was no complaint issued by any party.	Yes
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 -	Mill has contributed 10kg of rice for every 2 months to workers internally and gave donation for RM 200 to SK Rancangan Suan Lamba at 15.11.2018.	Yes
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 -	Sime Darby has established the Group Policy on Health and Safety signed by the Managing Director on Jan 2015. The policy has been communicated to the workers through induction training for new workers, morning briefing and displayed at various notice board within the mill. The PSQM team is also committed in establishing various working standards through procedures or pictorial method to improve safe working condition	Yes
4.4.4.2	The occupational safety and health plan should cover the following: a) A safety and health policy, which is communicated and implemented.	Safety and Health Policy has been established and communicated to the workers through induction training for new workers, morning briefing and displayed at various notice board within the mill.	Yes

Criterion / Indicator	Assessment Findings	Compliance
<ul style="list-style-type: none"> 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 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. 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. 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 	<p>Interview with the operator at the press station, boiler station and workshop shows the understanding of OSH practices in the mill. The mill has conducted assessment for risk on all the operations and documented in Hazard Identification, Risk Assessment, and Risk Control (HIRARC). The assessment cover all main operations and support operations such as security, office, store, weighbridge, fruit handling, threshing and etc. The assessment also covers working type, job step/list, hazard, effect, existing control, type, probability, etc. Latest review was conducted on 16/11/2018.</p> <p>The mill has established training program for employees exposed to chemicals used at the palm oil mill to ensure the continuous awareness to the employee. The training was conducted by the Manager, Asst. Manager and representative form the chemical suppliers to the supervisors and operators. Sighted the training records as follows:</p> <ul style="list-style-type: none"> i. MSP0 Training SOU26 Sandakan Bay dated 24/11/2018. ii. Confined Space Training dated 05/12/2018. iii. LOTO Training dated 17/10/2018. <p>SDS for each chemical used was available at Chemical Store.</p> <p>The mill provided the appropriate PPE to the workers as per HIRARC. Sighted during interview with employee at boiler station, the operator was provided with safety helmet, safety shoes, goggles and gloves. Sighted the PPE records for every employee.</p> <p>Procedures of chemical handling is presented in several documents, such Document No. SD/SDP/SQM(ESH)/001-1 Sime Darby</p>	

Criterion / Indicator	Assessment Findings	Compliance
<p>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>Plantation Environment, Safety, and Health Management System (ESHMS) Manual dated July 1st, 2012.</p> <p>Mill Manager was appointed by the Sime Darby management to be the Chairman of OSH Committee at the mill as per letter signed by the Regional General Manager. Mill management has appointed Safety Committee Member consist of OSH Coordinator, Secretary, seven representatives from Employer and ten representatives from Employee as per appointment letter by the Mill Manager. The OHS Chairman and Secretary are in coordination with PSQM Head Quarter Officer for any update national regulations and collective agreements.</p> <p>The management conducted OSH committee meeting on quarterly basis. In the meeting discussed issue on employees' safety, health and welfare such as mill safety and health achievement report, mill security, safety compliance by contractors, workplace audit report, legal compliance, safety and health training and etc. Sighted the minutes meeting for OSH committee dated 04/01/2019, 15/11/2018, 04/10/2018 and 05/07/2018.</p> <p>Accident of emergency procedure is presented in Mill Quality Management System Standard Operation manual (MQMS SOM) dated November 1st, 2008. Flowchart of emergency handling was presented in Appendix 5.5.3.3. Sighted during site visit, the emergency handling flowchart was available at the workshop, store and press station. The workstation also equipped with fire extinguisher and first aid kit. Noted during interview with employee shows the understanding regarding accident and emergency procedures.</p>	

Criterion / Indicator		Assessment Findings	Compliance
		<p>First aider present at various work station at the mill. The first aider responsible for first aid box at each workstation. During the interview with the first aider, shows the knowledge to perform first aid if any accident occur. Sighted the latest training records for first aider dated 16/03/2018 conducted by Medical Assistant.</p> <p>The mill recorded all accidents reports and reported to HQ using the PSQM-ESH Monthly update form. The accident occurred was reviewed on quarterly basis during OSH committee meeting. The latest meeting was conducted on 15/11/2018. Several issues being discussed and evaluated are man-hours work, work place inspection, accident report, firefighting and drill evacuation, training and other issues related to OSH.</p>	
Criterion 4.4.5: Employment conditions			
4.4.5.1	<p>The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.</p> <p>- Major compliance -</p>	<p>The "Social Policy" showcases the company's commitment to providing a workplace that is free from sexual harassment and all other forms of violence against women, workers, and community. The policy also commits to providing sufficient training and development for employees to increase their awareness and enhance their skills in line with this policy.</p>	Yes
4.4.5.2	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>- Major compliance -</p>	<p>The Social Policy dated January 2015 enforce the management's direction that all employees should be treated fairly in terms of recruitment, progression, terms and conditions of works and representation regardless of race, caste, nationality, gender, physique, sexual orientation, union membership, political view, religion and age. Interview with the foreign and local workers,</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		reveals there is no discriminatory issues as the management treat them well.	
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>Collective agreement between Sime Darby Plantation (Sabah) Sdn Bhd and SPIEU was available. Latest agreement was for the duration of 1/12/2017 to 31/12/2019 and signed by the related representatives (i.e. Head, Plantation Upstream, Malaysia, Head of HR, Head of HR Upstream, Head of Industrial Relations, General Secretary of SPIEU, President of SPIEU, The living wage in the CA was found to be sufficient to meet basic needs for the employees.</p>	Yes
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>The contractors have signed on the contract agreement prior commencement of work in the mill area. In the agreement, it was clearly stated that the contractors shall be responsible to comply any applicable legal requirements including the labour law. Apart from that, contractor need to sign the agreement that they need to follow the RSPO/ISCC/MSP0 guideline in accordance with Sime Darby Plantation of Mill/Estate Quality Management System (MQMS/EQMS) dated 28.11.2017.</p> <p>Interviewed with the contractors confirmed that they understood the terms and conditions stated in the contract.</p>	Yes
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>There is a list of employees consist of employee number, name, check roll type, joining date and status in the SAP system – Sime Estate Mill Upstream Application (SEMUA) System Employee Master Listing.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
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>There are 114 employees in Sandakan Bay POM. Employees have been provided with employment contract which were made reference to the collective agreement between employer and employees. The collective agreement for the mill were available for verification.</p> <p>Sampled below worker:</p> <ol style="list-style-type: none"> 1. Worker id: 34404 2. Worker id: 79812 3. Worker id: 147281 4. Worker id: 140891 5. Worker id: 68376 6. Worker id: 34416 	Yes
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>Time recording at the mill was implemented through recording of punch card system, which records the time-in and time-out of an employee. The records were updated on daily basis and attendance of workers was monitored regularly through site supervision.</p>	Yes
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>	<p>Working time found to be in accordance with legal requirement: Working hours i.e.: Daily rated workers (2 shifts):</p> <p><u>Shift A</u> Working hours = 0800 to 1600 Break time = 1100 to 1200</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p><u>Shift B</u> Working hours = 1600 to 0000 Break time = 2000 to 2100</p> <p>Auxiliary police (3 shifts): Shift 1 working hours = 0700 to 1500 Break time = 1200 to 1230 Shift 2 working hours = 1500 to 2300 Break time = 1800 to 1830</p> <p>Shift 3 working hours = 2300 to 0700 Break time = 0400 to 0430</p>	
4.4.5.9	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p>- Major compliance -</p>	<p>Hours of overtime were recorded in the payslip and rate was paid according to the regulatory requirements and collective agreements.</p>	Yes
4.4.5.10	<p>Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings.</p> <p>- Minor compliance -</p>	<p>Among the benefits offered by the company:</p> <ul style="list-style-type: none"> • Productivity incentive • turn-out incentive • transport allowance • telephone allowance 	Yes
4.4.5.11	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.</p> <p>- Major compliance -</p>	<p>The mill workers are provided with free housing facilities which includes water and electricity supply. Based on the visit to the labour quarters, it was noted that the housing condition was accordance to the Workers' Minimum Standards Housing and</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>Amenities Act 1990 (Act 446). Each house has a living room, 3 bedrooms, 1 bathroom, 1 toilet and a kitchen. The visits by Visiting Medical Office (VMO) to the housing were also well organised by the management, where records of visits were maintained for reference.</p> <p>Domestic water has been treated and sample sent to Lab Services Laboratories on monthly basis. So far the result showed no detection of e-coli and total coliform.</p>	
4.4.5.12	<p>The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.</p> <p>- Major compliance -</p>	<p>The "Social Policy" seen consist of information on non-discrimination and equal opportunities. Seen the policy displayed in the estate's office and regularly communicated to all levels of the workforce through training programs. Interviewed with workers during site visits, resulted with no form discrimination based on race, caste, national origin, religion, disability, gender, etc. The interviewed workers are aware on the term of discrimination and how they to respond if such incidents happen to them.</p>	Yes
4.4.5.13	<p>The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p>- Major compliance -</p>	<p>Stated in Sime Darby Responsible Agriculture Charter, Clause 2.2 (iii) which reads "Respecting the rights of employees to form and join unions, and the right to collective bargaining." Interview with the employees showed that there is no restriction for them to join any trade union.</p> <p>Union representative at Sandakan Bay POM is Mr. Wong Kon Soon (QA Clerk) –appointed through votes from members since Nov 2017. Functions:</p> <ul style="list-style-type: none"> - to collect issues raised by workers and forward them to the employers – will then report the President of SPIEU (Bacho Hata) 	Yes

Criterion / Indicator		Assessment Findings	Compliance
		- to organise meeting with members.	
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. - Major compliance -	Stated in Sime Darby Responsible Agriculture Charter, Clause 2.2 (ii) which reads "We will not employ anyone under the age of 18, unless in vocational and/or formal and structured apprenticeship, educational and training programmes." Based on verification of the SEMUA database, which has the information about date of birth and date joined, all the workers were over 18 years of age at the point of recruitment.	Yes
Criterion 4.4.6: Training and competency			
4.4.6.1	All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training. - Major compliance -	Mill has established ESH activities from CY 2019 based from training need analysis conducted and documented in the ESH Training Matrix from CY 2019. 31 training program were identified and programmed for all type of workers. As for contractors, there are trainings such as OHS, discipline and waste management incorporated, and it being briefed before starts any works and recorded in "Permit to Work".	Yes
4.4.6.2	Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description. - Major compliance -	Training need analysis was conducted and documented in ESH Training Matrix from CY 2019. The analysis was conducted base on the job category and type of training required. 35 training program were identified during the training need analysis FY 2019 and has been programmed throughout the year.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.4.6.3	<p>A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.</p> <p>- Minor compliance -</p>	<p>The mill has training program which updated annually. The annual internal audit by PSQM and management review does review the effectiveness of the training plan and its execution.</p>	Yes
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	<p>An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>Sime Darby has established Environmental Policy signed by the Managing Director on January 2015. The environmental management plan has been established to monitor the identified significant activities that give impacts on environment. A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented.</p>	Yes
4.5.1.2	<p>The environmental management plan shall cover the following:</p> <p>a) An environmental policy and objectives;</p> <p>b) The aspects and impacts analysis of all operations</p> <p>- Major compliance -</p>	<p>The Environmental Impact Plan and Pollution Prevention Plan was established based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and is reviewed every year to reflect the results of monitoring operational changes that may have positive and negative environmental impacts. Last reviewed was done on 16/07/2018.</p>	Yes

Criterion / Indicator	Assessment Findings	Compliance																		
<p>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.</p> <p>- Major compliance -</p>	<p>The Environmental Impact Plan and Pollution Prevention Plan was established based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and is reviewed every year to reflect the results of monitoring operational changes that may have positive and negative environmental impacts. Last reviewed was done on 16/07/2018.</p> <p>A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented. Sighted the monitoring of reduction of BOD to less than 20mg/l as reported in the Quarterly Return Form to DOE as follows:</p> <p>4th quarter:</p> <table border="1" data-bbox="1249 995 1783 1347"> <thead> <tr> <th>Month</th> <th>Parameter</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Oct</td> <td>BOD</td> <td>18.00</td> </tr> <tr> <td>pH</td> <td>8.51</td> </tr> <tr> <td rowspan="2">Nov</td> <td>BOD</td> <td>21.00</td> </tr> <tr> <td>pH</td> <td>8.60</td> </tr> <tr> <td rowspan="2">Dec</td> <td>BOD</td> <td>19.00</td> </tr> <tr> <td>pH</td> <td>8.41</td> </tr> </tbody> </table>	Month	Parameter	Results	Oct	BOD	18.00	pH	8.51	Nov	BOD	21.00	pH	8.60	Dec	BOD	19.00	pH	8.41	<p>Yes</p>
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4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	Environmental Impact Plan and Pollution Prevention also includes continual improvement plans. For example, to maintain polishing plant operation which will reduce BOD level below 20ppm and SS level below 200ppm. Also to maintain compost plants operation which will reduce 30% of generated effluent.	Yes																		
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives. - Major compliance -	The mill management has established annual ESH Training Plan from CY 2019 which covers the environmental awareness and compliance related trainings to the executives, staffs and workers. Sighted the training record for MSP0 training and COBC training dated 24/11/2018.	Yes																		
4.5.1.6	The management shall organize regular meetings with workers where concerns of workers about the environmental quality are	Environmental related matters were discussed during toolbox briefing. Noted during interview with employee shows the understanding on the importance of environmental quality. The	Yes																		

Criterion / Indicator		Assessment Findings	Compliance									
	discussed. - Major compliance -	employee are also encouraged to discuss environmental issues with the management.										
Criterion 4.5.2: Efficiency of energy use and use of renewable energy												
4.5.2.1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period - Major compliance -	<p>The Mill maintains records of energy usage, which is reported monthly to head office through SAP system. The use of the steam turbine for electricity generation has been optimized in order to reduce the dependence on diesel fossil fuel. No electric supply from SESB for Sandakan Bay POM and fully dependent on diesel powered generator and steam turbine.</p> <p>Sandakan Bay POM has established baseline for non-renewable energy base on average of last 3 years usage/FFB produce. The monitoring of non-renewable energy usage was conducted on annually basis.</p> <p>Sighted the sampled monitoring records for diesel and electricity usage for FY 2018 as follows:</p> <p>Baseline average: Diesel – 4.05 L/ton FFB Electricity – 28.982 kWh/ton FFB</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Diesel usage/FFB</th> <th>Electricity/FFB</th> </tr> </thead> <tbody> <tr> <td>July 2018</td> <td>6.14</td> <td>38.97</td> </tr> <tr> <td>Aug 2018</td> <td>5.26</td> <td>31.34</td> </tr> </tbody> </table>	Month	Diesel usage/FFB	Electricity/FFB	July 2018	6.14	38.97	Aug 2018	5.26	31.34	Yes
Month	Diesel usage/FFB	Electricity/FFB										
July 2018	6.14	38.97										
Aug 2018	5.26	31.34										

Criterion / Indicator		Assessment Findings			Compliance
		Sept 2018	4.34	30.46	
		Oct 2018	3.55	27.93	
		Nov 2018	3.49	29.29	
		Dec 2018	3.30	28.65	
4.5.2.2	<p>The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.</p> <p>- Major compliance -</p>	<p>Sandakan Bay POM has estimation of total energy required. This estimation was compared to the actual usage by monthly and reported to the head office for monitoring.</p>			Yes
4.5.2.3	<p>The use of renewable energy should be applied where possible.</p> <p>- Minor compliance -</p>	<p>Monthly record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimize use of renewable energy. Data is being compiled for comparison and control for future improvement. Apart from use of diesel for electricity, palm fiber and shells were also used to generate electricity through steam turbine and boiler.</p> <p>The use of energy in palm oil mill and line site was monitored monthly to compare the energy usage against the production of CPO. Electricity generation was through steam turbine and boiler where Palm fibre and PK shells were used as renewable energy/fuel. Monthly records of energy consumption of non-renewable and renewable fuel per metric ton of palm product at</p>			Yes

Criterion / Indicator		Assessment Findings	Compliance														
		<p>the Mill were available. Average usage of renewable energy recorded at 4.48 ton/FFB processed.</p> <p>Sighted the sampled records for usage of renewable energy PK shells and fibre for FY 2017/18 as follows:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Usage ton/FFB processed</th> </tr> </thead> <tbody> <tr> <td>Jul 2018</td> <td>4.52</td> </tr> <tr> <td>Aug 2018</td> <td>4.41</td> </tr> <tr> <td>Sept 2018</td> <td>4.43</td> </tr> <tr> <td>Oct 2018</td> <td>4.37</td> </tr> <tr> <td>Nov 2018</td> <td>4.57</td> </tr> <tr> <td>Dec 2018</td> <td>4.61</td> </tr> </tbody> </table>	Month	Usage ton/FFB processed	Jul 2018	4.52	Aug 2018	4.41	Sept 2018	4.43	Oct 2018	4.37	Nov 2018	4.57	Dec 2018	4.61	
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Criterion 4.5.3: Waste management and disposal																	
4.5.3.1	<p>All waste products and sources of pollution shall be identified and documented.</p> <p>- Major compliance -</p>	<p>The mill has identified the waste products and source pollution and documented in waste management plan FY 2018/19. The waste has been identified as follows:</p> <ul style="list-style-type: none"> i. Scheduled waste, SW 305, SW 306, SW 410, SW 102, SW 322 & SW 409 ii. Domestic waste – Rubbish iii. Industrial waste – POME, EFB, scrap metal & compost 	Yes														

Criterion / Indicator		Assessment Findings	Compliance
		<p>Records on the usage and disposal were well recorded and documented.</p> <p>Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained.</p>	
4.5.3.2	<p>A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for:</p> <p>a) Identifying and monitoring sources of waste and pollution.</p> <p>b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.</p> <p>- Major compliance -</p>	<p>Sandakan Bay POM has established the waste management plan and the plan was reviewed on annually basis.</p> <p>The mill has identified the waste products and source pollution and documented in waste management plan FY 2018/19. The waste has been identified as follows:</p> <p>i. Scheduled waste, SW 305, SW 306, SW 410, SW 102, SW 322 & SW 409</p> <p>ii. Domestic waste – Rubbish</p> <p>iii. Industrial waste – POME, EFB, scrap metal & compost</p> <p>In the management plan stated the type of waste, source of waste, mitigation plan and person responsible.</p>	Yes
4.5.3.3	<p>The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005</p> <p>- Major compliance -</p>	<p>Procedure for Scheduled Waste Management was established (SD/SDP/PSQM (ESH)/203-EN1 dated 26/2/2016. Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers.</p> <p>Sandakan Bay POM also 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</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>inspected and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>Observed during workers interview with storekeeper shows the understanding the proper disposal for waste as all used lubricant and contaminated spill kit will be collected as Scheduled Waste and stored in designated storage area.</p> <p>All the records were found adequate as per required by EQ (Scheduled Waste) Regulations 2005.</p> <p>Sighted the sampled scheduled waste disposal records:</p> <ul style="list-style-type: none"> i. 26/10/2018 for SW 409; C/N no: 201810261845XHS2 ii. 26/10/2018 for SW 109; C/N no: 2018102617E9C6O2 iii. 26/10/2018 for SW 110; C/N no: 20181026178S6YU7 iv. 26/10/2018 for SW 410; C/N no: 2018102618KGR8NY v. 26/10/2018 for SW 306; C/N no: 2018102617815ZXE 	
4.5.3.4	<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 management used to segregate the waste, i.e. general wastes and scheduled wastes was verified to be satisfactory in the Sandakan Bay POM. Proper storage areas were identified for the storage of the recyclable wastes at the mill.</p>	Yes
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, particulate and soot emissions, 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>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>Observed the stack emission monitoring report conducted by Envichem Consults Sdn Bhd to Dept. of Environmental as follows:</p> <ul style="list-style-type: none"> i. Stack 1 Report date: 07/12/2018 Report no.: LD/1218/2175/01 Result: 137 mg/m3 (M'sia Clean Air Regulation: 150 mg/m3) ii. Stack 2 Report date: 07/12/2018 Report no.: LD/1218/2175/02 Result: 133 mg/m3 (M'sia Clean Air Regulation: 150 mg/m3) <p>Result shown the stack emissions are within approval limit. For effluent discharge.</p> <p>The latest river (Air Sungai Matahari) water analysis test report was conducted by Lahad Datu Edible Oils Sdn Bhd as follows:</p> <ul style="list-style-type: none"> i. Report date: 28/12/2018 Report no.: AS/EF/220 Result: Non-Detected 	
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>Sandakan Bay POM Waste Management Plan FY18/19 has been integrated into environmental improvement plan which is being reviewed on yearly basis.</p> <p>Based on action plan, main source of significant pollutants and greenhouse gas (GHG) identified was methane (CH₄) emission through POME treatment. The company are monitored POME application on daily basis. GHG emission calculated using RSPO approved calculator (version 3.0).</p>	Yes

Criterion / Indicator	Assessment Findings	Compliance																		
<p>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.</p> <p>- Major compliance -</p>	<p>The method for effluent discharge at Sandakan Bay POM through land application at Tun Tan Siew Sin Estate (112 Ha) area. The BOD limit for final discharge need to be not higher than 20 mg/l.</p> <p>The latest effluent analysis test report for December 2018 was verified. Refer report no. AS/EF/220. The result show Sandakan Bay POM is in compliance with the Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977.</p> <p>For effluent discharge, 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" data-bbox="1249 970 1783 1321"> <thead> <tr> <th>Month</th> <th>Parameter</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Oct</td> <td>BOD</td> <td>18.00</td> </tr> <tr> <td>pH</td> <td>8.51</td> </tr> <tr> <td rowspan="2">Nov</td> <td>BOD</td> <td>21.00</td> </tr> <tr> <td>pH</td> <td>8.60</td> </tr> <tr> <td rowspan="2">Dec</td> <td>BOD</td> <td>19.00</td> </tr> <tr> <td>pH</td> <td>8.41</td> </tr> </tbody> </table>	Month	Parameter	Results	Oct	BOD	18.00	pH	8.51	Nov	BOD	21.00	pH	8.60	Dec	BOD	19.00	pH	8.41	<p>Yes</p>
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Criterion 4.5.5: Natural water resources																					
4.5.5.1	<p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> a) Assessment of water usage and sources. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities. c) Ways to optimize water and nutrient usage and reduce wastage (<i>e.g.</i> having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). <p>- Major compliance -</p>	<p>The mill has established Water Management Plan (Reduction of Water Usage/Contingency/Water Discharge) FY 2018/19. The plan focusing on shortage of water supply due to dry spell, severe water pollution and contamination of surface and ground water. In the plan stated the water source, areas of concern, monitoring, contingency plan, mitigation plan, person responsible and time frame.</p> <p>The mill has conducted water sampling (water catchment, WTP and Laboratory) on an annually basis. The latest microbiology analysis test report was conducted as follows:</p> <ul style="list-style-type: none"> i. Report date: 14/12/2018 Report no.: ML608/2018 Result: Non-Detected (<2) 	Yes																		

Criterion / Indicator		Assessment Findings	Compliance														
		<p>Water consumption was monitored monthly basis. Sighted the water usage/FFB processed monitoring records as follows:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Usage ton/FFB processed</th> </tr> </thead> <tbody> <tr> <td>July 2018</td> <td>1.33</td> </tr> <tr> <td>Aug 2018</td> <td>1.96</td> </tr> <tr> <td>Sept 2018</td> <td>1.69</td> </tr> <tr> <td>Oct 2018</td> <td>1.47</td> </tr> <tr> <td>Nov 2018</td> <td>1.56</td> </tr> <tr> <td>Dec 2018</td> <td>1.57</td> </tr> </tbody> </table>	Month	Usage ton/FFB processed	July 2018	1.33	Aug 2018	1.96	Sept 2018	1.69	Oct 2018	1.47	Nov 2018	1.56	Dec 2018	1.57	
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4.5.5.2	<p>Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.</p> <p>- Major compliance -</p>	<p>As per Scheduled of compliance for Sandakan Bay POM from DOE (003534), the method for effluent discharge at Sandakan Bay POM through land application at Tun Tan Siew Sin Estate (112 Ha) area.</p>	Yes														
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>SOP available for the Palm Oil Mill and the Estates. Palm Mill holds two SOPs: sustainability Plantation Management System (MQMS/SOM/08 v.1 dated 1/11/2008) includes mill SOP and Mill</p>	Yes														

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>Quality Management Manual v.1 2008/MQMS/QMM/08 as a guidance document to operate the mill.</p> <p>Sime Darby has established a system to monitor the mill operation. The Mill advisor, Structured Oil Recovery Assessment (SORA) and Planning and Monitoring Unit visited the operating units on timely basis. Their reports covers on all aspect of operation.</p> <p>Sighted the Mill Advisor on 10-11/07/2018, report no. SOU26/SBM/01/2018. The report covers on plant and machinery, upkeep and cleanliness, OER, KER, crop volume, operation cost and compliancy to law and regulations.</p>	
4.6.1.2	<p>All palm oil mills shall implement best practices.</p> <p>- Major compliance -</p>	<p>Sighted the Mill Advisor on 10-11/07/2018, report no. SOU26/SBM/01/2018. The report covers on plant and machinery, upkeep and cleanliness, OER, KER, crop volume, operation cost and compliancy to law and regulations.</p> <p>The mill managements develop Action Plans from the Advisory Reports for improvement of the operations. Review of Advisory Reports, Action Plans and site inspections confirmed consistent records of implementation of SOPs. This to ensure that performance is on track and best practices being consistently implemented.</p>	Yes
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	<p>Annual business plan in the form of annual budget and the projection for 5 years prepared as guidance for future planning. The business plan for FY18/19 contains FFB yield, CPO, OER, and KER, costs of production, milling utilization, FFB pricing etc. It also</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	includes environment, social (workers and staff's welfare), and health and safety component and associated capital expenditure for improvement of smallholder schemes. Sample of CAPEX for FY2018/2019: i. Upgrading Infrastructure (Block Workers - Residence) ii. Upgrading front-end station to new-line with new tipper and new SFB conveyor. iii. Replacement chimney for boiler no.1.	
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	The pricing method for services such as desilting of ETP ponds, CPO/PK transportation, has been clearly stated in the Letter of Offer (LOA) and contract agreement. Whereas, the pricing mechanism for purchasing FFB from third parties is guided by the MPOB pricing guideline.	Yes
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	All contracts were awarded through tendering system at Zone Level. Approved contractors will be given the LOA. Payments were all made in timely manner and no complaint from the contractor so far.	Yes
Criterion 4.6.4: Contractor			
4.6.4.1	In case of the engagement of contractors, they shall be made to understand the MSP0 requirements and shall provide the required documentation and information.	This requirement has been specified in a letter dated 01/7/2017 on RSPO/ISCC/MSP0 awareness on to all the contractors, vendors of the mill. This letter was sighted and has stated that all Contractors	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	need to follow RSPO/ISCC/MSP0 guideline in accordance with the Sime Darby Plantation of Estate Quality Management System.	
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Contract agreements between the mill and its contractors were made available. Generally, the elements of sustainability such as obligations to legal compliance, workers' welfare, safety and environmental issues. Contracts sampled for Letter of Award for Borneo Engineer dated 07 September 2018: To supply workshop manpower (maintenance) at KKS Sandakan Bay POM for November 2018 – November 2019.	Yes
4.6.4.3	The management shall accept MSP0 approved auditors to verify the assessments through a physical inspection, if required. - Minor compliance -	The requirement of accepting MSP0 accredited auditors to audit against the contractors was communicated through the stakeholder meeting together in iCare Safety & Health Townhall 6.0 meeting on 14/5/2018 to contractors. This was verified through slide presentation material.	Yes

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 -	<p>Sime Darby Plantation has established a Corporate Policy Statement signed by the Managing Director, Datuk Franki Anthony Dass dated January 2015.</p> <p>The Internal Office Memo (IOM) regarding the MSPO Implementation and Certification for Upstream Malaysia from the Head, Plantation Sustainability and Quality Management, Mr Tang Men Kon was established, dated 08/09/2017.</p> <p>Apart from that, there is a memo titled 'statement on commitment towards MSPO implementation ref no: SQM/RSPO/1811/22.11 signed by Head, Global Sustainability Operations dated 23 November 2018 to all SDP Estates – upstream and SDP mills – Upstream.</p>	Yes
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	The commitment stated that Sime Darby strive to achieve commitment towards a systematic approach in ensuring continuous improvement in operation, compliance to statutory, legal and other regulatory requirements and establishment of traceability within supply chain in line with existing Sustainability Policies.	Yes
Criterion 4.1.2 – Internal Audit			

Criterion / Indicator		Assessment Findings	Compliance
4.1.2.1	<p>Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.</p> <p>- Major compliance -</p>	<p>The Internal Audit procedure (SD/SDP/PSQM/IAP; Rev 2 dated 01/11/2017) was established.</p> <p>The internal audit was conducted annually and when required.</p>	Yes
4.1.2.2	<p>The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.</p> <p>- Major compliance -</p>	<p>The Internal Audit procedure (SD/SDP/PSQM/IAP; Rev 2 dated 01/11/2017) was established.</p> <p>The internal audit was conducted annually and when required.</p> <p><u>Tigowis Estate</u></p> <p>The MSPO & RSPO Integrated Internal Consultative Assessment was conducted on 21.05.2018 by SQM Region and Sustainability Unit (Lead Auditor: Fatini Abd Wahid, Auditor: Amirul Akmal Daud).</p> <p>During the audit, there were 1 Major, 3 minor NC and 9 OFI raised and all the findings were closed on 09/06/2018.</p> <p><u>Segaliud Estate</u></p> <p>The MSPO & RSPO Integrated Internal Consultative Assessment was conducted on 22.05.2018 by SQM Region and Sustainability Unit (Lead Auditor: Fatini Abd Wahid, Auditor: Amirul Akmal Daud).</p> <p>During the audit, there were 2 minor NC and 6 OFI raised and all the findings were closed on 13/06/2018 & 10.06.2018.</p> <p><u>Tun Tan Estate</u></p> <p>The MSPO & RSPO Integrated Internal Consultative Assessment was conducted on 23.05.2018 by SQM Region and Sustainability Unit (Lead Auditor: Fatini Abd Wahid, Auditor: Amirul Akmal Daud).</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		During the audit, there were 6 Major, 5 Minor NC and 4 OFI raised and all the findings were closed on 03/07/2018.	
4.1.2.3	Report shall be made available to the management for their review. - Major compliance -	The internal audit was conducted annually and when required. The report was made available at the estate offices.	Yes
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 -	<p>The procedure for Management Reviews (SOM, Sub-Section 5.6, Version 2:2015 dated 25/05/2015) was established.</p> <p>The frequency for management review needs to be carried out at least once a year.</p> <p>All the agenda such as OSH Objective, Estate Performance, Training, Complaints, Internal Audit MSPO and etc. were discussed accordingly.</p> <p><u>Tigowis Estate</u></p> <p>The MSPO Management Review was conducted on 23/11/2018 which was chaired by the Manager.</p> <p><u>Segaliud Estate</u></p> <p>The MSPO Management Review was conducted on 24/05/2018 which was chaired by the Manager.</p> <p><u>Tun Tan Estate</u></p> <p>The MSPO Management Review was conducted on 18/07/2018 which was chaired by the Manager.</p>	Yes

Criterion / Indicator	Assessment Findings	Compliance	
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>The management had established method for continual improvement e.g.: Kaizen and various action plans.</p> <p><u>Tigowis Estate</u></p> <p>Sighted the Lean Six Sigma (LSS) projects:</p> <ol style="list-style-type: none"> 1. Purchase New Tyre from Local Supplier. 2. Re-close debole hole 3. Utilization of company boat at Tunku Estate to transport school children 4. Own source of stoning for road repair. <p><u>Segaliud Estate</u></p> <p>Sighted the Lean Six Sigma (LSS) projects:</p> <ol style="list-style-type: none"> 1. Reducing Internal Transport for Harvesting 2. Reducing supervision & counting cost during amalgation of harvesting gang. 3. Reduce office landline rental cost. <p><u>Tun Tan Estate</u></p> <p>Sighted the Kaizen projects:</p> <ol style="list-style-type: none"> 1. Reduce number of watchman for elephant intrusion patrolling as improvements of electrical fencing along estate boundaries 	<p>Yes</p>

Criterion / Indicator		Assessment Findings	Compliance
		2. Reducing weeding rounds and substitute chemical Basta to Glyphosate (immature >18 months).	
4.1.4.2	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. - Major compliance -	Among the new technology adopted by the estate are: <ul style="list-style-type: none"> • Tigowis Estate: New method: Specialize the harvesting task to workers for increase the productivity. • Segaliud Estate: Purchase of 1 unit chainsaw and 4 units of knapsack grass cutter for own usage instead of hiring contractor as per Operating Unit Capex and recorded in Capex Weekly Monitoring. • Tun Tan Estate: Increase barn owl box instalment at replanting from 1:70 to 1:47 in order to reduce the chemical rat bait. 	Yes
4.1.4.3	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established. - Major compliance -	The action plan is included in the CIP for FY 2017/2018 and the Lean Six Sigma as described in Indicator 4.1.4.1.	Yes
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSP0 requirements			
4.2.1.1	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.	The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The time frame to provide feedback to the stakeholder is documented to be 2 weeks of the date receiving the queries. The Estate Manager is responsible to address all	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	communication and request for documentations that could be made available to public/stakeholders.	
4.2.1.2	Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. - Major compliance -	<p>Sime Darby Plantations Bhd continued to use the group website for disseminating public information. The Sustainability Report and Group Annual report is available in website.</p> <p>Information relating to land titles, safety and health plans, pollution prevention plans, and annual report are available at the estate.</p> <p>In addition to the website, the policies were also displayed at various locations including the main notice boards of the estates and muster ground notice boards for employees and visitors to view.</p> <p>Procedure for complaints and grievances were available through Sime Darby Plantations Bhd website at http://www.simedarbyplantation.com/Sustainability.aspx.</p>	Yes
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders. - Major compliance -	<p>The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2).</p> <p>The Sustainable Plantation Management System Appendix 5 (Flowchart and Procedures on handling Social Issues) dated 01/11/2008 documented the process for handling communication regarding social issues.</p>	Yes
4.2.2.2	A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.	As stated in the procedure, the Assistant Manager is appointed as responsible person to deal with the external communication and social	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	issues. Seen the appointment letter dated 17.09.2018 to Mohd Faris Abtholuddin in Tigowis Estate, 01.07.2018 to Abidin bin Hamid in Segaliud Estate and 01.08.2018 to Mohamad Shamsuri Baharin in Tun Tan Estate.	
4.2.2.3	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained. - Major compliance -	List of stakeholders was available at the visited estates (Tigowis Estate: updated as 20.11.2018). In general, they are the surrounding communities, neighbouring estates, refinery, suppliers, contractors, government agencies, etc. The external stakeholder consultation is conducted from time to time. The last meeting was conducted on 21/11/2018 (Tigowis Estate), 26/05/2018 (Segaliud Estate) and 21/02/2018 (Tun Tan Estate). Minutes of meeting were available for verification, e.g. at Tigowis, meeting was attended by 5 stakeholders from contractors and suppliers. The objective of the meeting is to discuss the current issues pertaining to social aspects such as environmental issue and preparation for flood and drought.	Yes
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 -	All the three visited estates send their FFB to Sandakan Bay POM. The weighbridge ticket provided the following details: <ul style="list-style-type: none"> • Product (FFB or Loose fruit) • Delivery note from estates stating the weight and fruit grade (A or B). • D.O Number • Date of the shipment 	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>The Sustainable Plantation Management System Appendix 15 dated March 2016 documented the procedure for traceability. The procedure requires validation of certificate of supplying estate.</p> <p>The procedure had identified critical control points to prevent contamination of non-certified FFB.</p> <p>The current traceability system is Sime Weigh System.</p> <p>The responsible personal for the traceability is the Estate Manager.</p> <p>Sampled weighbridge ticket; Tigowis Estate: C/N No: 016304 dated 08.01.2019 Vehicle no: SAA3204Y, Field No: 94G5 and 94G3, Block No: 27 & 28 and bunch no: 260, 55.</p>	
4.2.3.2	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>- Major compliance -</p>	<p>The method of inspection is by MSP0 internal audit on 21.05.2018 (Tigowis Estate), 22.05.2018 (Segaliud Estate) and 23.05.2018 (Tun Tan Estate). Based on the inspection, there was no finding raised on the implementation of traceability procedure.</p>	Yes
4.2.3.3	<p>The management should identify and assign suitable employees to implement and maintain the traceability system.</p> <p>- Minor compliance -</p>	<p>In Tigowis Estate, the Assistant Manager, Mohd Nor bin Hamis as per appointment letter dated 17.09.2018 and in Segaliud Estate, the Assistant Manager, Abidin bin Hamid as per appointment letter dated 01 November 2017 and in Tun Tan Estate, the Senior Assistant, Mohamad Shamsuri Baharin as per appointment letter dated 01.08.2018 were appointed as RSPO/ISCC/MSP0 representatives to monitor the compliance and update changes in regulatory requirement.</p>	Yes

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Criterion / Indicator		Assessment Findings	Compliance
4.2.3.4	Records of sales, delivery or transportation of FFB shall be maintained. - Major compliance -	There is no sale of the FFB per say as Segaliud, Tigowis and Tun Tan estates are the identified supply base to Sandakan Bay POM are belonged to the Sime Darby Plantation Bhd. The delivery note of the FFB are kept at the operating units and will be retained for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents.	Yes
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. - Major compliance -	Sime Darby has established a mechanism to ensure compliancy to legal and other requirement and documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU26. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008. All estates visited conducted evaluation on estate compliance with applicable laws and regulation on annual basis. Tigowis Estate: The latest evaluation was conducted on 03/12/2018 by Hospital Assistant and approved by Acting Manager. As to date, the Tigowis	No

Criterion / Indicator	Assessment Findings	Compliance
	<p>Estate comply with all the applicable local, state, national and ratified international laws and regulations.</p> <ol style="list-style-type: none"> 1. MPOB License: 5283420002000 valid from 01.04.2018 – 31.03.2019. 2. JTK License for foreign worker hire: Indonesia: 117 and Philippines: 45. Valid until 26.07.2018 – 25.07.2019. 3. Suruhanjaya Tenaga License for electrical of 50 km of Sandakan –Lahad Datu Highway valid from 10.02.2018 – 09.02.2019. 4. Diesel Permit: Ruj No: PPDNKK.SDK.07/2011 (SK) for 20,000 liter diesel was expired in 05.06.2018 5. JTK Approval for salary deduction for store, medical (pregnancy), mosque/church fund (RM2/RM3) and electrical bill (RM5) valid from 20.04.2018 – 19.04.2020 6. Diesel Permit application on 08.01.2018., permit no: S010799, valid from 06.06.2017 and expiry on 05.06.2018 for EURO 2M, 20,000 Liter. <p>Segaliud Estate: The latest evaluation was conducted on 08/12/2018 by Assistant Manager and approved by Senior Manager. As to date, the Segaliud Estate comply with all the applicable local, state, national and ratified international laws and regulations.</p> <ol style="list-style-type: none"> 1. MPOB License: 528339002000 valid from 01.04.2018 – 31.03.2019. 2. Lesen Berniaga 2019, A276964 dated 12.12.2018 – 31.12.2019. 3. Suruhanjaya Tenaga License for 360 kW valid from 	

Criterion / Indicator	Assessment Findings	Compliance
	<p>18.06.2018 – 17.06.2019 for Segaliud Estate and 127.5 kW for Mengaris Estate valid from 29.05.2018 – 28.05.2019.</p> <ol style="list-style-type: none"> 4. Air Receiver License: 1. Segaliud Estate registration no: PMT 143760 dated 27.07.2018 - 25.10.2019. 2. Mengaris Estate registration no: PMT 143761 dated 27.07.2018. 5. Diesel Permit: S 012891 54,000 litre valid from 17.12.2018 – 18.12.2019. 6. Jabatan Alam Sekitar: No: 003440 Legenda Bumimas Sdn Bhd valid from 01.05.2018 to 30.04.2019. 7. License to practice as dresser No 02903 for Crispina valid from 01.10.2018 – 31.12.2019. 8. JTK permit for salary deduction No siri: 600-1/2/8/1(11/KBN/2018-0159) valid from 24.04.2018 – 23.04.2020. 9. JTK Sabah: Lesen untuk menggaji pekerja bukan pemastautin No lesen: 029959V valid from 30.09.2018 – 29.09.2019 for 403 Indonesian, Philippines: 27. The extension of quota has been requested for 10 workers and approved on 11.01.2019. <p>Tun Tan Estate: The latest evaluation was conducted on 10/10/2018 by QA and approved by Estate Manager. As to date, the Tun Tan Siew Sin Estate comply with all the applicable local, state, national and ratified international laws and regulations.</p> <ol style="list-style-type: none"> 1. Diesel Permit: No siri: S012898 for 20,000 liter valid from 01.11.2018 – 31.10.2019. 2. MPOB license: 531250002000 valid from 01.08.2018 – 31.07.2019 (Menjual dan mengalih FFB), 583963011000 valid from 01.05.2018 	

Criterion / Indicator		Assessment Findings	Compliance
		<ol style="list-style-type: none"> 3. Air compressor: SB PMT 999 dated 03.01.2018 until 01.04.2019. 4. Lesen Penggajian Pekerja Asing: License no: 29959V valid from 01.08.2018 – 31.08.2019. The extension of quota has been requested and approved for another 100 workers (Indonesian/Philippine) on 13.11.2018. 5. Sabah Small Ship License: Ref no: SN-2018/P-78/1299 valid until 23.05.2019. 6. JTK approval for salary deduction: Siri No 11(0322) KBN already expired on 13 December 2018. The renewal application has been submitted on 30.10.2018 to Pejabat Tenaga Kerja Kota Kinabatangan however yet to be approved. Tun Tan Estate has made salary deduction on electricity and mosque in December 2018. Further confirmation with Mr. Mohd Mansur bin Yahya (JTK Officer) through telephone, the management should not make salary deduction after 13 December 2018 since it is not approved. 7. There is no approval from Suruhanjaya Tenaga license for electrical fencing installation in Tigowis Estate and Tun Tan Estate as per Electricity Regulation 1994, Regulation 15. 	
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>Documented procedure has been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>List of applicable legal and other requirements was made available during the assessment and compiled in the Legal and Other Requirement Register.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>All the legal and other requirements were register accordingly and documented in the legal requirement register including the Factory and Machinery (steam Boiler and Unfired Pressure Vessel) Regulation 1970, (Amendment) Regulation 2017 and Factory and Machinery (Exemption of Certificate of Fitness for Unfired Pressure Vessel) Order 2017.</p> <p>Sighted also the implementation beginning January 2019 for the Employment Insurance System (EIS) 2017.</p>	
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>Documented procedure has been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>List of applicable legal and other requirements was made available during the assessment and compiled in the Legal and Other Requirement Register.</p> <p>All the legal and other requirements were register accordingly and documented in the legal requirement register including the Factory and Machinery (steam Boiler and Unfired Pressure Vessel) Regulation 1970, (Amendment) Regulation 2017 and Factory and Machinery (Exemption of Certificate of Fitness for Unfired Pressure Vessel) Order 2017.</p> <p>Sighted also the implementation beginning January 2019 for the Employment Insurance System (EIS) 2017.</p>	Yes
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>A mechanism to ensure compliance to legal and other requirement has been documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU26. PSQM Department and respective</p>	No

Criterion / Indicator	Assessment Findings	Compliance
<p>- Minor compliance -</p>	<p>operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites as well as from MAPA circulars.</p> <p>As stated in the procedure, the Assistant Manager is appointed as responsible person to monitor the legal compliance. Seen the appointment letter dated 17.09.2018 to Mohd Faris Abtholuddin in Tigowis Estate, 01.07.2018 to Abidin bin Hamid in Segaliud Estate and 01.08.2018 to Mohamad Shamsuri Baharin in Tun Tan Estate.</p> <p>In Tun Tan Estate, the monitoring of compliance was made through internal audit by SQM team annually however, the monitoring is not effective as it was found that the contractor workers for Ooi Trading Sdn Bhd in Tun Tan Estate are having different work permit as below:</p> <ol style="list-style-type: none"> 1. Sahalim bin Dohan (Passport no: B7318510) – multiple entry visa valid until 29 July 2019 	

Criterion / Indicator		Assessment Findings	Compliance																																								
		2. Sumardi bin Arifuddin (Passport no: At697835) – Garden worker for Chung Chok Fen valid until 29.09.2019.																																									
Criterion 4.3.2 – Lands use rights																																											
4.3.2.1	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users. - Major compliance -	There is no customary land or negotiated agreements at all the visited estates.	Yes																																								
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land. - Major compliance -	<p>Sime Darby 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>Sighted sampled of Land Title at all estates visited:</p> <p>Tigowis Estate</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Title No.</th> <th>Lot. No</th> <th>Hectarage</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>PL07622014</td> <td>22014</td> <td>87.8187 ha</td> </tr> <tr> <td>2</td> <td>PL075322833</td> <td>075322833</td> <td>1986.2404 ha</td> </tr> </tbody> </table> <p>Segaliud Estate</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Title No.</th> <th>Lot. No</th> <th>Hectarage</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>296</td> <td>095310393</td> <td>119.78 ha</td> </tr> <tr> <td>2</td> <td>805</td> <td>095310544</td> <td>325.77 ha</td> </tr> <tr> <td>3</td> <td>492.2</td> <td>095310357</td> <td>199.19 ha</td> </tr> <tr> <td>4</td> <td>193.6</td> <td>095310320</td> <td>78.34 ha</td> </tr> <tr> <td>5</td> <td>197</td> <td>095310553</td> <td>79.80 ha</td> </tr> <tr> <td>6</td> <td>3993</td> <td>10947</td> <td>1616.36 ha</td> </tr> </tbody> </table>	No.	Title No.	Lot. No	Hectarage	1	PL07622014	22014	87.8187 ha	2	PL075322833	075322833	1986.2404 ha	No.	Title No.	Lot. No	Hectarage	1	296	095310393	119.78 ha	2	805	095310544	325.77 ha	3	492.2	095310357	199.19 ha	4	193.6	095310320	78.34 ha	5	197	095310553	79.80 ha	6	3993	10947	1616.36 ha	Yes
No.	Title No.	Lot. No	Hectarage																																								
1	PL07622014	22014	87.8187 ha																																								
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Criterion / Indicator		Assessment Findings				Compliance																				
			5954		2409.69 ha (-8.71 ha) Government Land Acquisition																					
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4.3.2.3	<p>Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.</p> <p>- Major compliance -</p>	<p>Legal perimeter boundaries were visibly maintained and clearly demarcated at all estates visited. The management demarcated the boundary with security trenches and electric fencing that were constructed along the boundary.</p> <p><u>Tigowis Estate</u> Sighted during site visit at P94G adjacent with swamp area, the boundary stone (466/897) was visibly maintained. The legal boundary are clearly demarcated with security trenches (adjacent to Smallholder - Sungai Harvest) and electric fencing (adjacent to FELCRA).</p> <p><u>Segaliud Estate</u> Sighted during site visit at field 2016B between Andamy estate (smallholder), the legal boundary stone (141/926) was clear and visibly maintained. The legal boundary are clearly demarcated with security trenches.</p>				Yes																				

Criterion / Indicator		Assessment Findings	Compliance
		<u>Tun Tan Siew Sin Estate</u> Sighted during site visit at P15D adjacent with sister estate (Sentosa), the boundary were clearly demarcated with red and white colour GI pipe.	
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 -	No land dispute.	Yes
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 -	There is no customary land or negotiated agreements at all the visited estates.	Yes
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 customary land or negotiated agreements at all the visited estates.	Yes
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance -	There is no customary land or negotiated agreements at all the visited estates.	Yes
4.4 Principle 4: Social responsibility, health, safety and employment condition			

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	<p>Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.</p> <p>- Minor compliance -</p>	<p>The Social Impact Assessment for SOU26 Sandakan Bay for all operating units (Segaliud, Tigowis, Tun Tan, Sentosa and Tunku) was conducted internally by the Plantation Sustainable and Quality Management (PSQM) Team. The last SIA was conducted in July 2013. The impacts reported in category i.e. working condition, housing condition/living improvement, transportation and gender committee for internal stakeholders. For external stakeholders, the impacts mainly were obtained from interview inputs.</p> <p>The recommendation from the SIA report was transferred to action plan. The latest Action Plan Social Management Plan FY 2018/2019 dated 06 September 2018 (Tigowis Estate), 05.07.2018 (Segaliud Estate). Action plan identified the issues & strategies, action plan, responsible person and time frame. Action plan from the regular stakeholder consultation was also available.</p>	Yes
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>System for dealing with complaints and grievances has been established and documented through:</p> <ul style="list-style-type: none"> • Under the Sustainable Plantation Management System Appendix 5, procedure on handling social issue (version 1; year 2008). • Under Group policies and authority's GPA No 85, Whistleblowing provide an internal mechanism for reporting, investigating and remedying any wrongdoing. 	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.4.2.2	<p>The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.</p> <p>- Major compliance -</p>	<p>The complaint and grievances is open to effected parties including internal and external stakeholders. The time to process the complaints or grievances is 2 weeks.</p> <p>Complaints about house maintenance are recorded in a log book which keeps the information about date, complainant, details of complain and status. Other written complains will be kept in a file. Nonetheless, there has been no complain received so far.</p>	Yes
4.4.2.3	<p>A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.</p> <p>- Minor compliance -</p>	<p>The complaint form is made available in the estate. In case the complainant would want to make an anonymity complaint it can be made through electronic Complaint form or email to Senior Director or Whistleblowing committee or toll free number or fax or by mail.</p> <p>During the linesite visit, it was observed that the contact person for emergency was displayed.</p>	Yes
4.4.2.4	<p>Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.</p> <p>- Minor compliance -</p>	<p>Interview conducted with workers to confirm their understanding of the complaint and grievance process.</p> <p>There is no grievance recorded for the pass one year. Only request for maintenance housing are made by workers at all the visited estates. Other than that, the request and feedbacks recorded in the grievance file.</p>	Yes
4.4.2.5	<p>Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.</p> <p>- Major compliance -</p>	<p>The complaint record for request for maintenance are available and kept for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents.</p>	Yes

Criterion / Indicator	Assessment Findings	Compliance
Criterion 4.4.3: Commitment to contribute to local sustainable development		
4.4.3.1 Growers should contribute to local development in consultation with the local communities. - Minor compliance -	The estate management has made contributions to the internal and external stakeholders. For example: <ol style="list-style-type: none"> 1. Request for taking stone from Tigowis Estate’s Quarry for main road on 25.01.2018. 2. Request to borrow table and chair from Tigowis Estate for Akikah on 16/2/2018. 3. Request for electricity and water supply for wedding ceremony 13.04.2018 in Tigowis Estate 4. Donation for Lombok and Palu (RM1,800) in October 2018 at Segaliud Estate. 5. Provide the place for ‘Green Earth’ activity for Humana School at Segaliud Estate. 6. Transportation for Humana School co-curriculum (RM 200) in December 2018. 7. Hari Sukan Pekerja 2018 on 06.05.2018 at Tun Tan Estate. 8. Labour Day on 01.05.2018 at Tun Tan Estate. 	Yes
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.	Sime Darby has established the Group Policy on Health and Safety signed by the Managing Director on Jan 2015. The policy has been communicated to the workers through induction training for new	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	workers, morning briefing and displayed at various notice board within the mill. The PSQM team is also committed in establishing various working standards through procedures or pictorial method to improve safe working condition.	
4.4.4.2	<p>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 	<p>Safety and Health Policy has been established and communicated to the workers through induction training for new workers, morning briefing, iCARE Safety and Health Townhall 6.0 meeting, and displayed at various notice board within all the estate.</p> <p><u>Tigowis Estate</u> Latest iCARE Safety and Health Town Hall 6.0 (Sabah Region) was conducted on 11/05/2018. Interview with the harvesters shows the understanding of OSH practices in the estate.</p> <p><u>Segaliud Estate</u> Latest iCARE Safety and Health Townhall 6.0 (Sabah Region) was conducted on 15/05/2018. Interview with the workshop staff shows the understanding of OSH practices in the estate.</p> <p><u>Tun Tan Siew Sin Estate</u> Latest Town Hall (Sabah North Zone – Sabah region) was conducted on 05/08/2018. Interview with the workshop foremen shows the understanding of OSH practices in the estate.</p> <p>All the estate visited has conducted risk assessment for all the operations and documented in Hazard Identification, Risk Assessment, and Risk Control (HIRARC). The assessment cover all main operations</p>	Yes

Criterion / Indicator	Assessment Findings	Compliance
<p>1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>and support operations. The assessment also covers working type, job step, hazard, effect, existing control, type, probability, etc.</p> <p><u>Tigowis Estate</u> Latest review was conducted on 07/09/2018 with review for harvesting operation due to incident cases for cutting stack by sharp object (parang) and struck by the pole/thorn prick/slip/trip or fall.</p> <p>HIRARC for replanting was available and approved on 04/06/2018.</p> <p><u>Segaliud Estate</u> Latest review was conducted on 01/06/2018 with review for harvesting operation for cutter and carrier section. Job steps reviewed were for cutting ripe FFB (thorn prick), collect and loading of FFB/loose fruits into wheel barrow (animal/insect attacks) and cutting & stacking fronds (foreign body – debris/dust, entering to eyes).</p> <p><u>Tun Tan Siew Sin Estate</u> Latest review was conducted on 10/10/2018 with review for harvesting operation. Job steps reviewed were for cutting FFB and fronds (thorn prick on foot).</p> <p>All the estates visited has established training program for employees exposed to chemicals to ensure the continuous awareness to the employee. The training was conducted by the Manager, Asst. Manager and representative from the chemical suppliers to the supervisors and operators. Sighted the training records as follows:</p> <p><u>Tigowis Estate</u></p>	

Criterion / Indicator	Assessment Findings	Compliance
	<p>i. Circle Sprayer Training dated 05/01/2019</p> <p>ii. SOP Training for Sprayers dated 20/12/2018</p> <p>iii. Chemical Handling Training dated 20/12/2018</p> <p>iv. Harvesting Training dated 20/09/2018</p> <p>v. Manuring Training dated 01/10/2018</p> <p><u>Segaliud Estate</u></p> <p>i. SOP & PPE Briefing for Harvester dated 10/10/2018</p> <p>ii. FFB Driver and Loader Training dated 15/10/2018</p> <p>iii. Barn Owl Training dated 16/10/2018</p> <p>iv. Safety Briefing Workshop dated 29/06/2018</p> <p>v. Spraying Training dated 07/06/2018</p> <p>Tun Tan Siew Sin Estate</p> <p>i. Fire Drill Training dated 01/11/2018</p> <p>ii. Fertilizer Training dated 03/10/2018</p> <p>iii. Spraying Training dated 10/07/2018</p> <p>iv. Harvester Training dated 05/09/2018</p> <p>v. Chemical/Mixing/Handling Training dated 13/06/2018</p> <p>The estate provided the appropriate PPE to the workers as per HIRARC.</p> <p><u>Tigowis Estate</u></p>	

Criterion / Indicator	Assessment Findings	Compliance
	<p>Sighted during interview with harvester shows the understanding of wearing proper PPE. The operators was provided with safety helmet, safety vest and safety boot. Sighted the sampled PPE issuance records at Tigowis Estate.</p> <p>1. Store Issue Note Document No: 4900315780 dated 08/01/2019. PPE issued were rubber glove, helmet harness and helmet belt.</p> <p>2. Store Issue Note Document No: 4926781341 dated 31/12/2018. PPE issued were rubber boot, vest, helmet, respirator 3M 8210, rubber glove and helmet.</p> <p><u>Segaliud Estate</u></p> <p>Noted during interview with the workshop foremen show the knowledge on importance to use PPE during working. The P&D Sprayers were provided with apron, rubber glove, 3M mask, google, safety boots, safety helmet, helmet harness, and safety vest. PPE issue was recorded based on PPE type. Sighted the PPE issuance records for replacement of apron, rubber glove, google, safety boots and safety vest for employee #123767 dated 11/12/2018.</p> <p><u>Tun Tan Siew Sin Estate</u></p> <p>Noted during interview with the workshop foreman show the knowledge on importance to use PPE during working. The foreman were provided with safety helmet, safety boot, googles and safety vest. PPE issue was recorded base on PPE type. Sighted the PPE issuance records for hand glove and respirator 2M for the following employees #81267, #32149, #107238, #135479 and #107238.</p> <p>Procedures of chemical handling is presented in several documents, such Document No. SD/SDP/SQM(ESH)/001-1 Sime Darby Plantation</p>	

Criterion / Indicator	Assessment Findings	Compliance
	<p>Environment, Safety, and Health Management System (ESHMS) Manual dated July 1st, 2012.</p> <p>The Estate Managers was appointed by the Sime Darby management to be the Chairman of OSH Committee at the mill as per letter signed by the Regional General Manager/CEO for Southern Region. Mill management has appointed Safety Committee Member consist of OSH Coordinator, Secretary, employer representatives and employee representative's appointment letter by the Mill Manager. The OHS Chairman and Secretary are in coordination with PSQM Head Quarter Officer for any update national regulations and collective agreements.</p> <p><u>Tigowis Estate</u></p> <p>Sighted the appointment letter for OSH committee as per letter dated 18/09/2018 signed by the Acting Estate Manager.</p> <p><u>Segaliud Estate</u></p> <p>Sighted the appointment letter for OSH committee as per letter dated 03/07/2017 signed by the Senior Manager.</p> <p><u>Tun Tan Siew Sin Estate</u></p> <p>Sighted the appointment letter for OSH committee as per letter dated 10/11/2017 signed by the Estate Manager.</p> <p>The management conducted OSH committee meeting on quarterly basis. In the meeting discussed issue on employees' safety, health and welfare such as mill safety and health achievement report, mill security, safety compliance by contractors, workplace audit report, legal compliance, safety and health training and etc.</p>	

Criterion / Indicator	Assessment Findings	Compliance
	<p><u>Tigowis Estate</u> Sighted the minutes meeting for OSH committee dated 07/12/2018, 18/09/2018, 05/06/2018 and 05/03/2018.</p> <p><u>Segaliud Estate</u> Sighted the minutes meeting of OSH committee dated 09/11/2018, 19/09/2018, 27/06/2018 and 23/03/2018.</p> <p><u>Tun Tan Siew Sin Estate</u> Sighted the minutes meeting of OSH committee dated 26/10/2018, 27/07/2018, 25/04/2018 and 24/01/2018.</p> <p>Accident of emergency procedure is presented in Quality Management System Standard Operation manual (MQMS SOM) dated November 1st, 2008. Flowchart of emergency handling presented in Appendix 5.5.3.3.</p> <p>Noted during interview at all the estates visited with the pre-mix handler and store keeper regarding the emergency for chemical spillage shows the understanding of the instructions of the emergency procedures.</p> <p>First aider were present at the field operations. Mandore for each gang were trained and appointed as the first aider and bring the first aid kit daily to the field.</p> <p><u>Tigowis Estate</u> Noted during interview with the harvester gang mandore shows the knowledge of first aid kit. Sighted the first aid training dated 04/01/2019.</p>	

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Criterion / Indicator	Assessment Findings	Compliance
	<p><u>Segaliud Estate</u> Interview with the workshop foreman shows the understanding on how to use the first aid kit. Sighted the first aid training dated 12/09/2018.</p> <p><u>Tun Tan Siew Sin Estate</u> Noted during interview with the workshop foreman shows the knowledge of first aid kit. Sighted the first aid training dated 14/12/2018.</p> <p>All the estates visited recorded all accidents reports and reported to HQ using the PSQM-ESH Monthly update form. The accident occurred was reviewed on quarterly basis during OSH committee meeting. Several issues being discussed and evaluated are man-hours work, work place inspection, accident report, firefighting and drill evacuation, training and other issues related to OSH.</p> <p><u>Tigowis Estate</u> Accident reports was reviewed quarterly during OSH Committee Meeting. The latest meeting was conducted on 07/12/2018.</p> <p><u>Segaliud Estate</u> Accident reports was reviewed quarterly during OSH Committee Meeting. The latest meeting was conducted on 09/11/2018.</p> <p><u>Tun Tan Siew Sin Estate</u> Accident reports was reviewed quarterly during OSH Committee Meeting. The latest meeting was conducted on 26/10/2018.</p>	

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.4.5: Employment conditions			
4.4.5.1	The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees. - Major compliance -	The "Social Policy" showcases the company's commitment to providing a workplace that is free from sexual harassment and all other forms of violence against women, workers, and community. The policy also commits to providing sufficient training and development for employees to increase their awareness and enhance their skills in line with this policy.	Yes
4.4.5.2	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics. - Major compliance -	The Social Policy dated January 2015 enforce the management's direction that all employees should be treated fairly in terms of recruitment, progression, terms and conditions of works and representation regardless of race, caste, nationality, gender, physique, sexual orientation, union membership, political view, religion and age. Interview with the foreign and local workers, reveals there is no discriminatory issues as the management treat them well.	Yes
4.4.5.3	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage. - Major compliance -	Collective agreement between Sime Darby Plantation (Sabah) Sdn Bhd and SPIEU was available. Latest agreement was for the duration of 1/12017 to 31/12/2019 and signed by the related representatives (i.e. Head, Plantation Upstream, Malaysia, Head of HR, Head of HR Upstream, Head of Industrial Relations, General Secretary of SPIEU, President of SPIEU, The living wage in the CA was found to be sufficient to meet basic needs for the employees.	Yes
4.4.5.4	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the	There is no contractor's worker used in Tigowis Estate. The management obtains the payslip from the contractors and check the pay against the minimum standard. Payslips from Generasi	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>Beringin Sdn Bhd (Replanting Contractor at Segaliud Estate) workers name Denga bin Sado (Passport no: AU117296) and Japar bin Lamida (Passport no: AU092844) and Ooi Trading Sdn Bhd (FFB Contractor at Tun Tan Estate) name Sumardi bin Arifuddin (Passport: AT697835), Sukri bin Hassan (Passport no: AU 125610) and Sahalim bin Dohan (Passport B7318510) were available for verification. All the pay were found to be meeting the minimum standard requirements.</p>	
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>There is a list of employees consist of employee number, name, check roll type, joining date and status in the SAP system – Sime Estate Mill Upstream Application (SEMUA) System Employee Master Listing.</p>	Yes
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>Employees have been provided with employment contract which were made reference to the collective agreement between employer and employees. The collective agreement for estates were available for verification.</p> <p>Sampled contract agreement and payslips on December, October and August 2018 as below:</p> <ol style="list-style-type: none"> 1. Worker id: 101552 (Tigowis Estate) 2. Worker id: 123414 (Tigowis Estate) 3. Worker id: 138824 (Tigowis Estate) 4. Worker id: 31941 (Tigowis Estate) 	Yes

Criterion / Indicator		Assessment Findings	Compliance
		5. Worker id: 86289 (Tigowis Estate) 6. Worker id: 97625 (Segaliud Estate) 7. Worker id: 31282 (Segaliud Estate) 8. Worker id: 31302 (Segaliud Estate) 9. Worker id: 74337 (Segaliud Estate) 10. Worker id: 145865 (Segaliud Estate) 11. Worker id: 126106 (Tun Tan Estate) 12. Worker id: 60079 (Tun Tan Estate) 13. Worker id: 58373 (Tun Tan Estate)	
4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer. - Major compliance -	Time recording at the estates was implemented through recording of check-roll book. The records were updated on daily basis and attendance of workers was monitored regularly through field supervision from morning muster until the working time is over.	Yes
4.4.5.8	The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement. - Major compliance -	Working time found to be in accordance with legal requirement: Working hours i.e.: Daily rated workers (1 shift): Working hours = 0530 to 1330 Break time = 1000 to 1130 (flexible) Auxiliary police (3 shifts): Shift 1 working hours = 0700 to 1500 Break time = 1200 to 1230	Yes

Criterion / Indicator		Assessment Findings	Compliance
		Shift 2 working hours = 1500 to 2300 Break time = 1800 to 1830 Shift 3 working hours = 2300 to 0700 Break time = 0400 to 0430	
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 -	Hours of overtime were recorded in the payslip of December, October and August 2018 and rate was paid according to the regulatory requirements and collective agreements. Sampled taken as below: <ol style="list-style-type: none"> 1. Worker id: 101552 (Tigowis Estate) 2. Worker id: 123414 (Tigowis Estate) 3. Worker id: 138824 (Tigowis Estate) 4. Worker id: 31941 (Tigowis Estate) 5. Worker id: 86289 (Tigowis Estate) 6. Worker id: 97625 (Segaliud Estate) 7. Worker id: 31282 (Segaliud Estate) 8. Worker id: 31302 (Segaliud Estate) 9. Worker id: 74337 (Segaliud Estate) 10. Worker id: 145865 (Segaliud Estate) 11. Worker id: 126106 (Tun Tan Estate) 12. Worker id: 60079 (Tun Tan Estate) 	Yes

Criterion / Indicator		Assessment Findings	Compliance
		13. Worker id: 58373 (Tun Tan Estate)	
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 -	Among the benefits offered by the company: <ul style="list-style-type: none"> • Productivity incentive • turn-out incentive • transport allowance • telephone allowance 	Yes
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 -	The estate workers are provided with free housing facilities which includes water and electricity supply. Based on the visit to the labour quarters, it was noted that the housing condition was accordance to the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446). Each house has a living room, 3 bedrooms, 1 bathroom, 1 toilet and a kitchen. The visits by Visiting Medical Office (VMO) to the housing were also well organised by the management, where records of visits were maintained for reference. Linesite inspection has been conducted in weekly basis and recorded by Medical Assistant in the Line site inspection book. During the line site visit, it was observed that the housing compound were found to be well-maintained and neat. No drainage blockage and grasses were cut. Domestic water has been treated and sample sent to Lab Services Laboratories on monthly basis. So far the result showed no detection of e-coli and total coliform.	Yes

Criterion / Indicator	Assessment Findings	Compliance
<p>4.4.5.12 The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.</p> <p>- Major compliance -</p>	<p>The "Social Policy" seen consist of information on non-discrimination and equal opportunities. Seen the policy displayed in the estate's office and regularly communicated to all levels of the workforce through training programs. Interviewed with workers during site visits, resulted with no form discrimination based on race, caste, national origin, religion, disability, gender, etc. The interviewed workers are aware on the term of discrimination and how they to respond if such incidents happen to them.</p> <p>As per Gender Committee Handbook, First Edition in 2008 committee has been formed as a medium for women activities and issues and need to be conducted once every 3 months (quarterly). Sighted the minutes of meeting on 11.05.2018, 14.03.2018, 21.02.2018, 14.02.2018 (SOU Level) in Tigowis Estate.</p> <p>In Segaliud Estate, the meeting has been conducted on 19.12.2018, 19.09.2018, 08.06.2018 and 23.03.2018.</p> <p>In Tun Tan Estate, the meeting has been conducted on 19.01.2018, 20.04.2018, 20.07.2018 and 19.10.2018.</p>	<p>Yes</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</p>	<p>Stated in Sime Darby Responsible Agriculture Charter, Clause 2.2 (iii) which reads "Respecting the rights of employees to form and join unions, and the right to collective bargaining." Interview with the employees showed that there is no restriction for them to join any trade union.</p> <p>Union representative at Tigowis Estate is Junainah Binti Danggu (Chief Clerk) appointed on 01.01.2019, Petrus Sulaiman (Field Supervisor) appointed on 01.01.2018 at Segaliud Estate and Puan Salwati Sulaiman (Chief Clerk) on 01.01.2018.</p>	<p>Yes</p>

Criterion / Indicator		Assessment Findings	Compliance
	<p>repercussions.</p> <p>- Major compliance -</p>	<p>- to collect issues raised by workers and forward them to the employers – will then report the President of SPIEU (Bacho Hata)</p> <p>- to organise meeting with members</p> <p>Seen the Minutes of Meeting “Satubay” (Jawatankuasa SPIEU Cawangan Sandakan Bersama Majikan) dated 11.08.2018 involving all unit in SOU 26.</p>	
4.4.5.14	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education programmes. Children shall not exposed to hazardous working conditions.</p> <p>- Major compliance -</p>	<p>Stated in Sime Darby Responsible Agriculture Charter, Clause 2.2 (ii) which reads “We will not employ anyone under the age of 18, unless in vocational and/or formal and structured apprenticeship, educational and training programmes.” Based on verification of the SEMUA database, which has the information about date of birth and date joined, all the workers were over 18 years of age at the point of recruitment.</p>	Yes
Criterion 4.4.6: Training and competency			
4.4.6.1	<p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p> <p>- Major compliance -</p>	<p>All the estates visited has established training program for the employee and contractors base on the training need analysis.</p> <p>Tigowis Estate</p> <p>The estate has established training program based on training need analysis conducted and documented in the OSH Yearly Plan for FY 2018/2019. 36 training program were identified during the training need analysis and has been programmed throughout the year.</p> <p><u>Segaliud Estate</u></p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>The estate has established training program based on training need analysis conducted. 33 training program were identified during the training need analysis FY18/19 and has been programmed throughout the year.</p> <p><u>Tun Tan Siew Sin Estate</u></p> <p>The estate has established training program based on training need analysis conducted and documented in OSH Plan for 2018/2019. 29 training program were identified during the training need analysis and has been programmed throughout the year.</p>	
4.4.6.2	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p>- Major compliance -</p>	<p><u>Tigowis Estate</u></p> <p>Training need analysis was conducted and documented in Training Need Requirement for Operating Units – Ladang Tigowis FY 2018/19. The analysis was conducted base on the job category and type of training required.</p> <p><u>Segaliud Estate</u></p> <p>Training need analysis was conducted and documented in Training Need Requirement for Operating Units – Segaliud Estate FY 18/19. The analysis was conducted base on the job category and type of training required.</p> <p><u>Tun Tan Siew Sin Estate</u></p> <p>The estate has conducted the training need analysis was conducted and documented in Training Need Requirement for Operating Units – OSH Plan for 2018/2019. The analysis was conducted base on the job category and type of training required.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.4.6.3	<p>A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.</p> <p>- Minor compliance -</p>	<p>All the estates visited has established training program based on training need analysis. The program was reviewed annually. The annual internal audit by PSQM and management review does review the effectiveness of the training plan and its execution.</p>	Yes
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	<p>An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>Sime Darby has established Environmental Policy signed by the Managing Director on January 2015. The environmental management plan has been established to monitor the identified significant activities that give impacts on environment. A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented.</p>	Yes
4.5.1.2	<p>The environmental management plan shall cover the following:</p> <ul style="list-style-type: none"> a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. <p>- Major compliance -</p>	<p><u>Tigowis Estate</u></p> <p>The estate has established the environmental management plan based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The management plan was established for the activity which give significant impact for the environment. The EAI and EIE were reviewed annually basis by the EAI/EIE review team. Latest Review was conducted on 31/12/2018.</p> <p>The management plan stated the objectives of the environmental issue, mitigating measures, person responsible and monitoring period. The progress of the plan was monitored on monthly basis. The plan</p>	Yes

Criterion / Indicator	Assessment Findings	Compliance
	<p>was reviewed on annually basis. Latest reviewed was conducted on 31/12/2018.</p> <p><u>Segaliud Estate</u></p> <p>The estate has established the environmental management plan (Pelan Pencegahan Pencemaran Ladang Segaliud FY18/19) based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The management plan was established for the activity which give significant impact for the environment. The EAI and EIE were reviewed annually basis by the EAI/EIE review team. Latest Review was conducted on 05/06/2018.</p> <p>The management plan stated the objectives of the environmental issue, mitigating measures, person responsible and monitoring period. The progress of the plan was monitored on monthly basis. The plan was reviewed on annually basis. Latest reviewed was conducted on 05/04/2018.</p> <p><u>Tun Tan Siew Sin Estate</u></p> <p>The estate has established the environmental management plan based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The management plan was established for the activity which give significant impact for the environment. The EAI and EIE were reviewed annually basis by the EAI/EIE review team. Latest Review was conducted on 25/03/2018.</p> <p>The management plan stated the objectives of the environmental issue, mitigating measures, person responsible and monitoring period. The progress of the plan was monitored on monthly basis. The plan</p>	

Criterion / Indicator		Assessment Findings	Compliance
		was reviewed on annually basis. Latest reviewed was conducted on 30/06/2018.	
4.5.1.3	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.</p> <p>- Major compliance -</p>	<p>All the estate has established the environmental plan based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The plan was reviewed on annually basis.</p> <p>Sighted the implementation of the management plan as follows:</p> <p><u>Tigowis Estate</u></p> <p>i. Chemical container to be put in designated tray – chemical spillage might cause water pollution and land contamination when discharge to land or water body. Sighted that the chemical container was punctured and the tray will catch chemical from leak out to the floor.</p> <p>ii. To design spillage trap tray for work which related to oil or lubricant – prevent spillage (oil and lubricant). Sighted metal/iron tray used during engine oil changing and filling diesel.</p> <p><u>Segaliud Estate</u></p> <p>i. to appoint environment consultant to conduct the Proposal for Mitigation Measure (PMM) and submit the report to the Dept of Environment for the replanting program.</p> <p><u>Tun Tan Siew Sin Estate</u></p> <p>i. to reduce massive land contamination at landfill area.</p>	Yes
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan.	All the estates visited has established the environmental management plan based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	<p>All the estates continue to promote activity that gives positive impact to the environment by continuously provided awareness to the employee. The promotion was communicated through training, briefing and signage.</p> <p><u>Tigowis Estate</u></p> <p>The environmental management/improvement plan also promote the positive impacts. Sighted the implementation of the plan as follows:</p> <ul style="list-style-type: none"> i. chemical container to be put in designated tray – chemical spillage might cause water pollution and land contamination when discharge to land or water body. Sighted that the chemical container was punctured and the tray will catch chemical from leak out to the floor. ii. to design spillage trap tray for work which related to oil or lubricant – prevent spillage (oil and lubricant). Sighted metal/iron tray used during engine oil changing and filling diesel. <p><u>Segaliud Estate</u></p> <ul style="list-style-type: none"> i. to appoint environment consultant to conduct the Proposal for Mitigation Measure (PMM) and submit the report to the Dept of Environment for the replanting program. <p><u>Tun Tan Siew Sin Estate</u></p> <ul style="list-style-type: none"> i. To reduce massive land contamination at landfill area. 	
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	All the estates management has established annual training program which covers the environmental awareness and compliance related trainings to the executives, staffs and workers.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	objectives. - Major compliance -	<p><u>Tigowis Estate</u> Sighted the training record for MSPO training dated 24/11/2018 and COBC & Polices briefing dated 08/12/2018.</p> <p><u>Segaliud Estate</u> Sighted the training record for MSPO refresher training dated 24/11/2018, COBC (New Worker) briefing dated 19/05/2018 and Policies briefing dated 25/06/2018.</p> <p><u>Tun Tan Siew Sin Estate</u> Sighted the training record for Briefing Whistleblower & MSPO for Contractor dated 13/06/2018 and COBC training dated 23/11/2018.</p>	
4.5.1.6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed. - Major compliance -	<p>All the estates visited continuously provided training and briefing to enhance the environmental awareness among the employee. Environmental related matters were discussed during muster briefing.</p> <p>Noted during interview with employee shows the understanding on the importance of environmental quality. The employee are also encouraged to discuss environmental issues with the management.</p>	Yes
Criterion 4.5.2: Efficiency of energy use and use of renewable energy			

Criterion / Indicator	Assessment Findings	Compliance																					
<p>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.</p> <p>- Major compliance -</p>	<p>All the estates visited has established baseline for non-renewable energy base on average of last 5 years usage/FFB produce. The monitoring of non-renewable energy usage was conducted on annually basis.</p> <p>Sighted the sampled monitoring records for diesel and electricity usage for FY 2018 as follows:</p> <p><u>Tigowis Estate</u></p> <p>Baseline:</p> <p>Diesel – 13.100 L/ton FFB</p> <p>Electricity – 0.295 kWh/ton FFB</p> <table border="1" data-bbox="1088 884 1906 1342"> <thead> <tr> <th>Month</th> <th>Diesel usage</th> <th>Electricity</th> </tr> </thead> <tbody> <tr> <td>July 2018</td> <td>13.891</td> <td>0.151</td> </tr> <tr> <td>Aug 2018</td> <td>12.475</td> <td>0.298</td> </tr> <tr> <td>Sept 2018</td> <td>10.900</td> <td>0.110</td> </tr> <tr> <td>Oct 2018</td> <td>8.799</td> <td>0.129</td> </tr> <tr> <td>Nov 2018</td> <td>13.861</td> <td>0.123</td> </tr> <tr> <td>Dec 2018</td> <td>10.815</td> <td>0.128</td> </tr> </tbody> </table>	Month	Diesel usage	Electricity	July 2018	13.891	0.151	Aug 2018	12.475	0.298	Sept 2018	10.900	0.110	Oct 2018	8.799	0.129	Nov 2018	13.861	0.123	Dec 2018	10.815	0.128	<p>Yes</p>
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Criterion / Indicator		Assessment Findings	Compliance																											
		<p><u>Segaliud Estate</u></p> <p>Baseline: Diesel – 15.48 L/ton FFB Electricity – 0.55 kWh/ton FFB</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Diesel usage</th> <th>Electricity</th> </tr> </thead> <tbody> <tr> <td>July 2018</td> <td>8.61</td> <td>0.24</td> </tr> <tr> <td>Aug 2018</td> <td>13.83</td> <td>0.20</td> </tr> <tr> <td>Sept 2018</td> <td>8.78</td> <td>0.14</td> </tr> <tr> <td>Oct 2018</td> <td>10.69</td> <td>0.15</td> </tr> <tr> <td>Nov 2018</td> <td>7.70</td> <td>0.06</td> </tr> <tr> <td>Dec 2018</td> <td>9.77</td> <td>0.14</td> </tr> </tbody> </table> <p><u>Tun Tan Siew Sin Estate</u></p> <table border="1"> <thead> <tr> <th>Month</th> <th>Diesel usage</th> <th>Electricity</th> </tr> </thead> <tbody> <tr> <td>July 2018</td> <td>6.02</td> <td>23362.00 kW</td> </tr> </tbody> </table>	Month	Diesel usage	Electricity	July 2018	8.61	0.24	Aug 2018	13.83	0.20	Sept 2018	8.78	0.14	Oct 2018	10.69	0.15	Nov 2018	7.70	0.06	Dec 2018	9.77	0.14	Month	Diesel usage	Electricity	July 2018	6.02	23362.00 kW	
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Criterion / Indicator		Assessment Findings			Compliance
		Aug 2018	6.28	27081.61 kW	
		Sept 2018	4.78	28123.20 kW	
		Oct 2018	4.75	27706.40 kW	
		Nov 2018	10.96	29040.00 kW	
		Dec 2018	2.91	30518.40 kW	
4.5.2.2	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations. - Major compliance -	Both estates visited have estimation on total energy required. This estimation was compared to the actual usage by monthly and reported to the head office for monitoring.			Yes
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	No renewable energy used in the estates visited.			Yes
Criterion 4.5.3: Waste management and disposal					
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	All the estates visited has identified the waste products and source pollution and documented in the Waste Management Plan FY 2018/2019. The type of wastes been identified are Scheduled waste (SW306, SW305, SW102, SW410, SW409, SW404, Scrap Iron), Domestic waste			Yes

Criterion / Indicator		Assessment Findings	Compliance
		(rubbish, garden waste and sewage), Recycle waste (tyres), Clinical waste (syringe) and Industrial waste (scrap iron).	
4.5.3.2	<p>A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <p>a) Identifying and monitoring sources of waste and pollution</p> <p>b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products</p> <p>- Major compliance -</p>	<p>All the estates has established the waste management plan and the plan was reviewed on annually basis.</p> <p>All the estates visited has identified all waste products and source of pollution and documented in the Waste Management Plan. The waste identified has been categorized as follows:</p> <p>i. Schedule Waste: SW306, SW305, SW102, SW410, SW404 and SW 409.</p> <p>ii. Domestic waste: Rubbish, Garden Waste and Sewage</p> <p>iii. Recycle waste: Tyres</p> <p>iv. Clinical waste: Syringe</p> <p>v. Industrial waste: Scrap iron</p> <p>In the management plan stated the type of waste, source of waste, mitigation plan and person responsible.</p>	Yes
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>Procedure for Scheduled Waste Management was established (SD/SDP/PSQM (ESH)/203-EN1 dated 26/2/2016. Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers.</p> <p>All the estates visited also 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 inspected at All</p>	Yes

Criterion / Indicator	Assessment Findings	Compliance
	<p>the estates visited and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>Observed during workers interview with storekeeper shows the understanding the proper disposal for waste as all used lubricant and contaminated spill kit will be collected as Scheduled Waste and stored in designated storage area.</p> <p>All the records were found adequate as per required by EQ (Scheduled Waste) Regulations 2005.</p> <p>Sighted the sampled scheduled waste disposal records for all the estates visited:</p> <p><u>Tigowis Estate</u></p> <ul style="list-style-type: none"> i. 19/11/2018 for SW102; C/N no: B002876 by Legenda Bumimas Sdn Bhd. ii. 19/11/2018 for SW305; C/N no: B002877 by Legenda Bumimas Sdn Bhd. iii. 19/11/2018 for SW409; C/N no: B002878 by Legenda Bumimas Sdn Bhd. iv. 19/11/2018 for SW410; C/N no: B002881 by Legenda Bumimas Sdn Bhd. <p><u>Segaliud Estate</u></p> <ul style="list-style-type: none"> i. 19/11/2018 for SW102; C/N no: B002850 by Legenda Bumimas Sdn Bhd. 	

Criterion / Indicator		Assessment Findings	Compliance
		ii. 19/11/2018 for SW305; C/N no: B002849 by Legenda Bumimas Sdn Bhd. iii. 19/11/2018 for SW409; C/N no: B002851 by Legenda Bumimas Sdn Bhd. iv. 19/11/2018 for SW410; C/N no: B002852 by Legenda Bumimas Sdn Bhd. <u>Tun Tan Siew Sin Estate</u> i. 16/11/2018 for SW102; C/N no: B002848 by Legenda Bumimas Sdn Bhd. ii. 16/11/2018 for SW305; C/N no: B002846 by Legenda Bumimas Sdn Bhd. iii. 16/11/2018 for SW409; C/N no: B002845 by Legenda Bumimas Sdn Bhd. iv. 16/11/2018 for SW410; C/N no: B002847 by Legenda Bumimas Sdn Bhd.	
4.5.3.4	<p>Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.</p> <p>- Major compliance -</p>	<p>Chemical containers has been triple rinse and puncture was categorized under scheduled waste and disposed through scheduled waste contractor Legenda Bumimas Sdn Bhd (003441; expiry date 30/04/2019).</p> <p>Sighted the empty container disposal records at the estates visited as follows:</p> <p><u>Tigowis Estate</u></p> <p>Consignment note date 19/11/2018 for SW409; C/N no: B002878.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p><u>Segaliud Estate</u> Consignment note date 19/11/2018 for SW409; C/N no: B002851.</p> <p><u>Tun Tan Siew Sin Estate</u> Consignment note date 16/11/2018 for SW409; C/N no: B002845.</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>Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers.</p> <p>Domestic waste was disposed at designated landfill.</p> <p><u>Tigowis Estate</u> Site visit to landfill at P10B opened on 07/01/2019 was available for all domestic waste which is collected three times a week by the estate management.</p> <p><u>Segaliud Estate</u> Site visit to landfill at 2015A opened on 08/01/2019 was available for all domestic waste which is collected two times a week by the estate management.</p> <p><u>Tun Tan Siew Sin Estate</u> Site visit to landfill at P92D3 opened on 09/11/2018 and closed on 08/01/2019 was available for all domestic waste which is collected three times a week by the estate management.</p> <p>Workers interview reveal that they are aware of the zero burning policy including domestic waste are not allowed to be burned.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		All the estates visited continue to promote the 3R (reuse, reduce, recycle) program. The promotion was communicated through training, briefing and signage.	
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	All the estates visited has established Environmental Management Plan/ Pollution Prevention Plan based on the Environmental Aspect Impact Identification and Environmental Impact Evaluation. The plan was reviewed on annually basis. Latest reviewed was conducted on 31/12/2018 for Tigowis Estate, 05/06/2018 for Segaliud Estate and 30/6/2018 for Tun Tan Siew Sin Estate. In the plan stated the objectives on the environmental issue, mitigating measures and person responsible. The plan was monitored on monthly basis.	Yes
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	Sighted the implementation of Pollution Prevention Plan at all the estates visited as follows: i. chemical container to be put in designated tray – chemical spillage might cause water pollution and land contamination when discharge to land or water body. Sighted that the chemical container was punctured and the tray will catch chemical from leak out to the floor. ii. to design spillage trap tray for work which related to oil or lubricant – prevent spillage (oil and lubricant). Sighted metal/iron tray used during engine oil changing and filling diesel.	Yes

Criterion / Indicator	Assessment Findings	Compliance														
Criterion 4.5.5: Natural water resources																
<p>4.5.5.1 The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> a. Assessment of water usage and sources of supply. b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate’s current activities. c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). 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. e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented. f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually. <p>- Major compliance -</p>	<p>Documented in Sime Darby Slope and River Protection Policy dated 15/1/2015 signed by the Managing Director stated that buffer zone shall be maintained on both side of the river banks.</p> <table border="1" data-bbox="1088 644 1780 1107"> <thead> <tr> <th>River width</th> <th>Buffer zone</th> </tr> </thead> <tbody> <tr> <td>> 40 meters</td> <td>50 meters</td> </tr> <tr> <td>20 to 40 meters</td> <td>40 meters</td> </tr> <tr> <td>10 to 20 meters</td> <td>20 meters</td> </tr> <tr> <td>5 to 10 meters</td> <td>10 meters</td> </tr> <tr> <td>< 5 meters</td> <td>5 meters</td> </tr> <tr> <td>*> 3 meters</td> <td>20 meters</td> </tr> </tbody> </table> <p>* For Sabah Plantations only</p> <p>Monitoring based on Sustainable Plantation Management System Appendix 7 Standard Operation Procedure (SOP) for taking water samples from streams/rivers, version 1, year 2008, issue no. 1, dated 01/11/2008.</p> <p><u>Tigowis Estate</u></p>	River width	Buffer zone	> 40 meters	50 meters	20 to 40 meters	40 meters	10 to 20 meters	20 meters	5 to 10 meters	10 meters	< 5 meters	5 meters	*> 3 meters	20 meters	<p>Yes</p>
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Criterion / Indicator	Assessment Findings	Compliance
	<p>The estate has established water management plan. In the plan stated the water source, monitoring plan, contingency plan, person responsible and time frame.</p> <p>Sighted during site visit at buffer zone area at water catchment area at field P94G4, the buffer zone was demarcated and fenced. There are no spraying activity along the water catchment buffer zone and the vegetation along are well preserved. The estate has placed signage of prohibition to conduct activity at buffer zone area.</p> <p>Sighted the water analysis report as follows:</p> <ul style="list-style-type: none"> i. Pesticides in water analysis was conducted every month. Refer report no. PL847/2018 dated 01/11/2018, result – Non Detected for Upstream, Midstream and Downstream at fields 1994D, 2010B and 2010A. ii. Industrial Effluent in water analysis was conducted every 3 months month. Refer report no. IE691/2018 dated 06/06/2018, result – Non Detected for Upstream, Midstream and Downstream at fields 1994D, 2010B and 2010A. <p><u>Segaliud Estate</u></p> <p>The estate has established water management plan: contingency plan during water shortage. In the plan stated the water shortage incident, contingency plan, person responsible and time frame.</p> <p>Sighted during site visit at buffer zone area at water catchment area, the buffer zone was demarcated with blue color paint on the tree and fenced. There are no spraying activity along the buffer zone and the</p>	

Criterion / Indicator	Assessment Findings	Compliance
	<p>vegetation along are well preserved. The estate has placed signage of prohibition to conduct activity at buffer zone area.</p> <p>Sighted the water analysis report as follows:</p> <ul style="list-style-type: none"> i. Pesticides in water analysis was conducted every month. Refer report no. PL893/2018 dated 14/11/2018, result – Non Detected for Segaliud estate and Mengaris estate. ii. Industrial Effluent in water analysis was conducted every 3 months month. Refer report no. IE1326/2018 dated 16/11/2018, result – off spec DO parameter (4.15-4.33) for Upstream, Midstream and Downstream at Segaliud estate and Mengaris estate. Sighted that the corrective action has been raised. <p><u>Tun Tan Siew Sin Estate</u></p> <p>The estate has established water management plan: contingency plan during water shortage. In the plan stated the water shortage incident, contingency plan, person responsible and time frame.</p> <p>Sighted during site visit at buffer zone area at water reservoir area for nursery, the buffer zone was demarcated with red color stick and fenced. There are no spraying activity along the buffer zone and the vegetation along are well preserved. The estate has placed signage of prohibition to conduct activity at buffer zone area.</p> <p>Sighted the water analysis report as follows:</p> <ul style="list-style-type: none"> i. Pesticides in water analysis was conducted every month. Refer report no. PL881/2018 dated 12/11/2018, result – Non Detected for Sg Korek and Sg Marapulut. 	

Criterion / Indicator		Assessment Findings	Compliance
		ii. Industrial Effluent in water analysis was conducted every 3 months month. Refer report no. IE1254/2018 dated 07/11/2018, result – off spec DO parameter (3.84) for Upstream, Midstream and Downstream at Sg Korek and Sg Marapulut. Sighted that the corrective action has been raised.	
4.5.5.2	No construction of bunds, weirs and dams across main rivers or waterways passing through an estate. - Minor compliance -	There is no construction of bunds, weirs and dams across main rivers or waterways passing through any of the estates visited.	Yes
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). - Minor compliance -	Sighted during site visit the rain water harvesting practices was implemented in all estates visited. The estates constructed collection sump to divert and collect the water into the field.	Yes
Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value			
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: 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),	Biodiversity Assessment & HCV Identification for Strategic Operating Unit (SOU) 26 has been conducted on May 2013 by Plantation Sustainability Quality Management (PSQM) Department, Sime Darby Plantation Sdn. Bhd. Total HCV area identified for SOU 26 falls under river buffer zone, water catchment area, swamps and >25 degree slopes were HCV category 4 of 147.26 Ha distributed among Tun Tan Siew Sin estate, Tunku estate, Tigowis estate, Sentosa estate and Segaliud estate.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>that could be significantly affected by the grower(s) activities.</p> <p>- Major compliance -</p>		
4.5.6.2	<p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>a) Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</p> <p>- Major compliance -</p>	<p>In SOU26, identified HCV 4 - river buffer zone, water catchment area, swamps and >25 degree slopes (all estates) and HCV 6 – cementry (Segaliud estate).</p> <p>Their biodiversity conservation action plan includes:</p> <ul style="list-style-type: none"> • Signage showing this area is value for conservation to be placed at the strategic point of the area. • Briefing and training to the estate workers/stakeholders is being carried out from time to time on the awareness of high conservation value area in the estate. • Educating and raising awareness • Communicating with staff, workers, stakeholders and neighbors regarding objective of conservation area. • To protect the water bodies which is source of drinking water for domestic use of estates community • To protect animals that is in the wet habitats, no hunting, poaching or fishing allowed at the pond. • No spraying and chemical activities allowed at the areas. • Additional signboard “Di Larang Menebang Pokok Bakau and Kwasan Pemuliharaan hutan Bakau” to be placed at strategic points adjacent to mangrove forest. 	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> To add more mark for buffer zone area. Similar HCV management plan observed at Segaliud estate and Tun Tan Siew Sin estate. The management plan reviewed on 12/7/2018.	
4.5.6.3	A management plan to comply with Indicator 1 shall be established and effectively implemented, if required. - Major compliance -	The monitoring of the action plan was conducted on a monthly basis. The monitoring was conducted for Encroachment/trespassing, wildlife issues/conflicts/sightings and pollutions. <u>Tigowis Estate</u> The latest inspection at HCV Bukit Dato' was conducted on 15/11/2018@3pm. <u>Segaliud Estate</u> The latest inspection at HCV Segaliud division was conducted on 05/01/2019 at water catchment area 91E/112 & 91F/55, buffer zone area >25 degree and forest reserve area 2014F & 2011A. <u>Tun Tan Siew Sin Estate</u> The latest inspection at HCV TTSSE was conducted on 11/08/2018@ 7.30am where fencing collapsed by elephant went out 6.00pm from estate to Melangking.	Yes
Criterion 4.5.7: Zero burning practices			
4.5.7.1	Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.	Zero open burning policy as per SOP Section B2 - Felling/Land Clearing & Land Preparation dated November 2008. Management complying with the Malaysian environmental law –EQA and Regulations 1974.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	No open burning noted based on the records on the land clearing and felling for the replanting at visited estates. Method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	
4.5.7.2	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop. - Major compliance -	No open burning noted based on the records on the land clearing and felling for the replanting at visited estates. Method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	Yes
4.5.7.3	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws. - Major compliance -	No controlled burning noted based on the records on the land clearing and felling for the replanting at visited estates. Method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	Yes
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. - Minor compliance -	Noted based on the records on the land clearing and felling for the replanting at visited estates, method of land clearing and preparation was used such as felling & chipping, cambering/land forming and path construction.	Yes
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			

Criterion / Indicator		Assessment Findings	Compliance
4.6.1.1	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<p>SOP was established for the Estates. & Agricultural Manual, Sustainability Plantation Management System and EQMS (Estate Quality Management System) were distributed to all operating units under SOU26 as a guidance document to conduct estate operation. The SOP covers land preparation, planting material, upkeep, harvesting, FFB transportation and etc.</p> <p>Sime Darby has established mechanism to monitor the implementation of their procedure by Plantation Advisor Visit, Performance Monitoring Visit and Agronomist Visit. The visit focusing on Yield Improvement, Crop Recovery, Replanting and Immature Palms Maintenance and Mature Upkeep.</p>	Yes
4.6.1.2	<p>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.</p> <p>- Major compliance -</p>	<p>Sime Darby has established policy on slope protection and documented in Slope and River Protection Policy signed by the Managing Director in Jan 2015.</p> <p>The policy stated for slope more than 25 degree must be exclude from any new plantation development and replanting program. All the existing crop and vegetation shall be maintain accordingly.</p>	Yes
4.6.1.3	<p>A visual identification or reference system shall be established for each field.</p> <p>- Major compliance -</p>	<p>Landscapes of all the estates visited are mostly flat and undulating. Sime Darby has established policy on slope protection and documented in Slope and River Protection Policy signed by the Managing Director in Jan 2015. The policy stated for slope more than 25 degree must be exclude from any new plantation development and replanting program. All the existing crop and vegetation shall be maintain accordingly.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		The policy was communicated to the employee during master briefing, Safety and Health Town Hall 6.0 training and displayed in several notice board in the estates.	
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	SOU26 has continued its commitment to long term sustainability and improvements through a capital expenditure program. The management has forecasted 5 years business plan from FY 2018 – 2023.	Yes
4.6.2.2	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years. - Major compliance -	SOU26 estates have long range replanting program from FY 10/11 – FY 21/22. Replanting is planned for low yield field area, tall palm and older than 25 years old. <u>Tigowis Estate</u> Replanting program was planned from FY 10/11 – FY 21/22. Program for the next 5 financial year as follow: FY 17/18: 148.15 ha FY 18/19: 162.30 ha FY 19/20: 148.07 ha FY 20/21: 144.99 ha FY 21/22: 99.12 ha <u>Segaliud Estate</u>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>Replanting program was planned from FY 13/14 – FY 19/20. Program for the next 5 financial year as follow:</p> <p>FY 17/18: 276.95 ha FY 18/19: 447.70 ha FY 19/20: 366.01 ha</p> <p><u>Tun Tan Siew Sin Estate</u></p> <p>Replanting program was planned from FY 2018 – FY 2022. Program for the next 5 financial year as follow:</p> <p>FY 18/19: 40.78 ha FY 2nd half 2019: 66.51 ha FY 20/21: 93.33 ha FY 22/23: 265.61 ha</p>	
4.6.2.3	<p>The business or management plan may contain:</p> <p>a) Attention to quality of planting materials and FFB</p> <p>b) Crop projection: site yield potential, age profile, FFB yield trends</p> <p>c) Cost of production : cost per tonne of FFB</p> <p>d) Price forecast</p> <p>e) e) Financial indicators : cost benefit, discounted cash flow, return on investment</p>	<p>SOU 26 has documented annual business plan in the form of annual budget and the projection for 5 years prepared as guidance for future planning.</p> <p><u>Tigowis Estate</u></p> <p>Sighted the projection of 5 years business plan from 2018 - 2023. The plan contains the provision for FFB production and expenditure for Mature upkeep, Manuring, harvesting and collection, General Expense and etc.</p> <p><u>Segaliud Estate</u></p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>Sighted the projection of 5 years business plan from 2019 - 2023. The plan contains the provision for FFB production and expenditure for Mature upkeep, Manuring, harvesting and collection, General Expense and etc.</p> <p><u>Tun Tan Siew Sin Estate</u></p> <p>Sighted the projection of 5 years business plan from 2019 - 2023. The plan contains the provision for FFB production and expenditure for Mature upkeep, Manuring, harvesting and collection, General Expense and etc.</p>	
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>Sime Darby has established a system to monitor the mill and estate operation. The Structured Crop Recovery Assessment (SCRA) (for estates) and Planning and Monitoring Unit visited the operating units quarterly. Their reports covers on all aspect of operation.</p>	Yes
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>The pricing method for FFB transporter has been clearly stated in the Letter of Offer (LOA) and contract agreement (scheduled of transportation rates/rates).</p> <p>Seen agreed rate for Kian Da Enterprise Sdn Bhd Doc No: 4300438391 dated 01.11.2018, Generasi Beringin Sdn Bhd dated 23.05.2018 and Ooi Trading Sdn Bhd dated 05.09.2018.</p>	Yes
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>All contracts were awarded through tendering system at Zone Level. Approved contractors will be give the LOA. Payments were all made in timely manner and no complaint from the contractor so far.</p>	Yes

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Criterion / Indicator		Assessment Findings	Compliance
		Verified LOA Ref: SOU 26/T/17/18/01 dated 07 March 2018 for Kian Da Enterprise Sdn Bhd and Contract form, Doc no: 4300439824, doc date: 30.09.2018 and amounted RM 25,606.00 as well as for Ooi Trading Sdn Bhd, Doc no: 4300447909 dated 03.01.2019 amounted RM 19,893.30.	
Criterion 4.6.4: Contractor			
4.6.4.1	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	This requirement has been specified in a letter dated 21.11.2018 for Kian Da (Nursery Contractor at Tigowis Estate). The MSPO briefing has been conducted on 27.11.2018 for Generasi Beringin Sdn Bhd (Replanting Contractor at Segaliud Estate) RSPO/ISCC/MSPO awareness on to all the contractors, vendors of the estates. This letter was sighted and has stated that all Contractors need to follow RSPO/ISCC/MSPO guideline in accordance with the Sime Darby Plantation of Estate Quality Management System.	Yes
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Awarded contractors are provided with Letter of Offer (LOA) (contract agreement) which spelt out the conditions such as commencement, service contract, bank guarantee, insurance policies, failure to provide service, responsibility and indemnity, termination, governing laws, transportation rate and rate adjustment mechanism. At Tigowis Estate, LOA awarded by Sime Darby Plantation (Sabah) Sdn Bhd to Kian Da Enterprise (Nursery Contractor), Generasi Beringin Sdn Bhd (Replanting Contractor at Segaliud Estate) and Ooi Trading Sdn Bhd (FFB Contractor).	Yes
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.	This is specified in the letter dated 01/7/2017 as shown in item 4.6.4.1 above. The requirement of accepting MSPO accredited auditors to audit against the contractors was communicated through the session	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	between contractors. This was verified through slide presentation material.	
4.6.4.4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted. - Major compliance -	All works performed at the estates are checked and verified by the estates personnel. Projects where tenders are issued by HQ are checked by representative from HOTEK (Head of Tender Engineering Committee).	Yes
4.7 Principle 7: Development of new planting			
Criterion 4.7.1: High biodiversity value			
4.7.1.1	Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A
4.7.1.2	No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia’s National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.7.2: Peat Land			
4.7.2.1	New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A
Criterion 4.7.3: Social and Environmental Impact Assessment (SEIA)			
4.7.3.1	A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A
4.7.3.2	SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A
4.7.3.3	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A

Criterion / Indicator		Assessment Findings	Compliance
4.7.3.4	Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed. - Minor compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A
Criterion 4.7.4: Soil and topographic information			
4.7.4.1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A
4.7.4.2	Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A
Criterion 4.7.5: Planting on steep terrain, marginal and fragile soils			
4.7.5.1	Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A

Criterion / Indicator		Assessment Findings	Compliance
4.7.5.2	Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A
4.7.5.3	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A
Criterion 4.7.6: Customary land			
4.7.6.1	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A
4.7.6.2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. - Minor compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A

Criterion / Indicator		Assessment Findings	Compliance
4.7.6.3	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A
4.7.6.4	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A
4.7.6.5	Identification and assessment of legal and recognised customary rights shall be documented. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A
4.7.6.6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A
4.7.6.7	The process and outcome of any compensation claims shall be documented and made publicly available. - Major compliance -	There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.	N/A

Criterion / Indicator	Assessment Findings	Compliance
<p>4.7.6.8 Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.</p> <p>- Minor compliance -</p>	<p>There is no new planting at Sandakan Bay POM and its supply bases therefore, this requirement is not applicable.</p>	<p>N/A</p>

Section 4: Assessment Conclusion and Recommendation

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment Sandakan Bay Palm Oil Mill (SOU 26) Certification Unit complies with the MS 2530-3:2013 and MS 2530-4:2013 . It is recommended that the certification of Sandakan Bay Palm Oil Mill (SOU 26) Certification Unit is approved and/or continued.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: MOHD SYAFRIE BIN ASIS	Name: Elzy Ovktafia Chairul
Company name: SIME DARBY PLANTATION (S) SDN. BHD	Company name: BSI Services Malaysia Sdn. Bhd.
Title: MANAGER	Title: Client Manager
Signature:  SIME DARBY PLANTATION (SABAH) SDN. BHD. (COMPANY NO. 20159-V) TUN TAN SIEW SIN ESTATE	Signature: 
Date:	Date: 09/03/2019

MOHD SYAFRIE BIN ASIS
 MANAGER

Appendix A: Assessment Plan

Date	Time	Subjects	(EO)	(DF)
Monday 07/01/2019	PM	Travel to Sandakan	√	√
Tuesday 08/01/2019 Sandakan Bay POM	08:30-09:00	Opening Meeting at Sandakan Bay POM <ul style="list-style-type: none"> • Opening Presentation by Audit team leader. • Confirmation of assessment scope and finalize • Audit plan (including stakeholder’s consultation). • Verification on previous audit findings 	√	√
	09:00-12:30	Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection, clinic, meeting stakeholders etc.	√	√
	12:30-13:30	LUNCH	√	√
	13:30-15:30	Visit to laboratory, weighbridge and palm product storage area. Document Review P1 – P7: SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, legal permits, mill inspection and internal monitoring records, CIP & implementation etc. Verify previous nonconformities.	√	√
	16:30-17:00	Interim Closing Briefing	√	√
Wednesday 09/01/2019 Tigowis Estate	09:00-12:30	Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc.	√	√
	10:00-12:30	Meeting with internal and external stakeholders (Government, village representative, smallholders, Union Leader, contractor etc.)	√	-
	12:30-13:30	LUNCH	√	√
	13:30-16:30	Document review P1 – P7: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay Documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√
	16:30-17:00	Interim Closing Briefing	√	√
Thursday 10/01/2019 Segaliud Estate	09:00-12:30	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.	√	√
	12:30-13:30	LUNCH	√	√
	13:30-15:30	Document review P1 – P7: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay Documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√
	16:30-17:00	Interim Closing Briefing	√	√

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Date	Time	Subjects	(EO)	(DF)
Friday 11/01/2019 Tun Tan Estate	09:00-12:30	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.	√	√
	12:30-13:30	LUNCH	√	√
	13:30-15:30	Document review P1 – P7: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay Documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√
	15:30-17:00	Preparation of closing meeting & closing meeting.	√	√

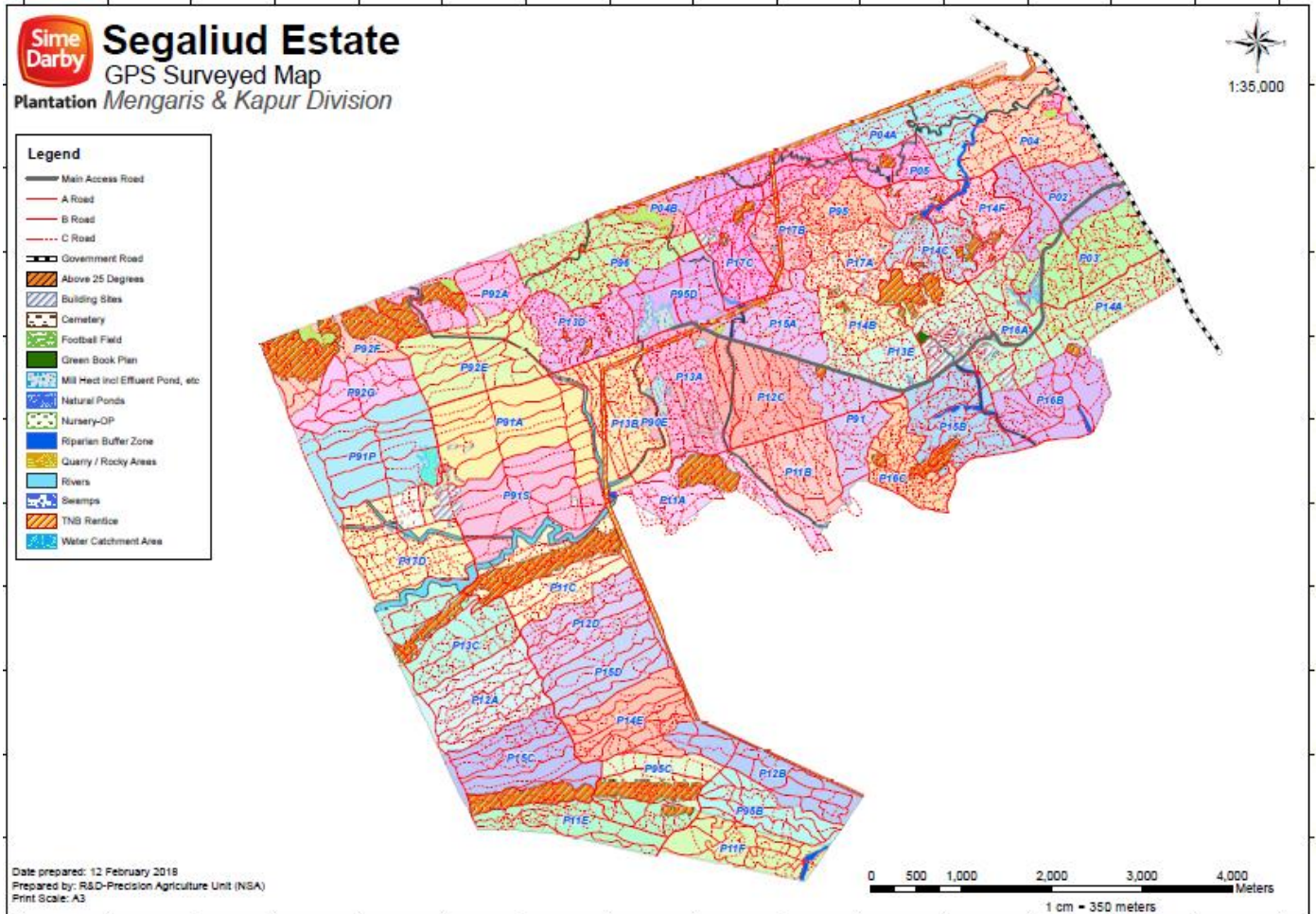
Appendix B: List of Stakeholders Contacted

<p>Government Bodies: Suruhanjaya Tenaga Sandakan Jabatan Tenaga Kerja Kinabatangan</p>	<p>Internal Stakeholders: Workers Representatives (Foreign Worker) Gender Committee Representative Creche Babysitter</p>
<p>Communities: Neighbouring Smallholders (Bumi Hijau) Humana Teachers</p>	<p>Contractors/Vendors/Suppliers: LKC Transport Ooi Trading Wawasan Generasi Beringin Sdn Bhd</p>

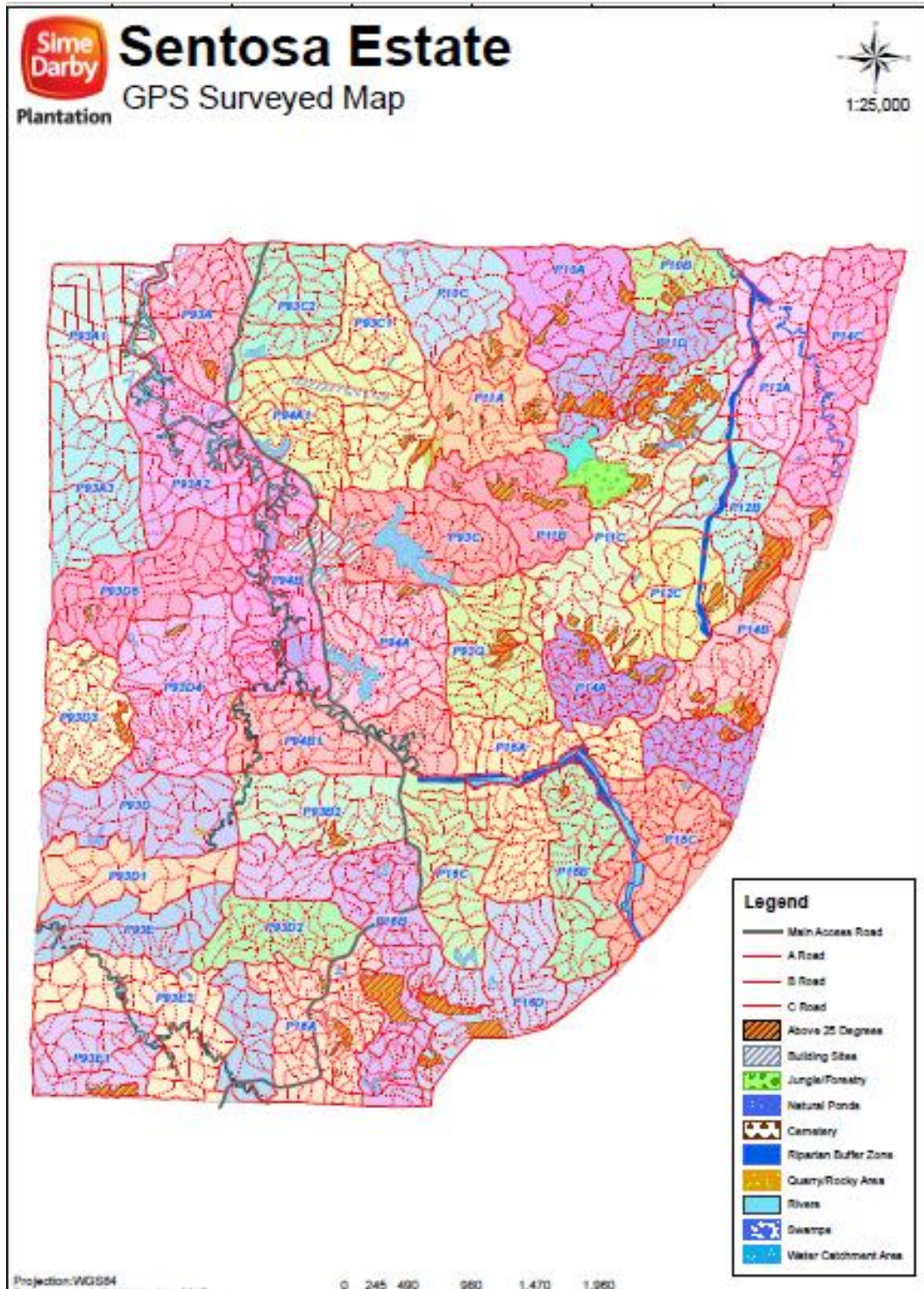
Appendix C: Smallholder Member Details (Not applicable)

No	Name of smallholder	Year Planted	Land Area (ha)	Forecast FFB (Mt/ha/year)
1	NA. No smallholders in the scope of certification.	-	-	-
2				
3				
4				
5				
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16				
17				
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21				
22				
23				
TOTAL				

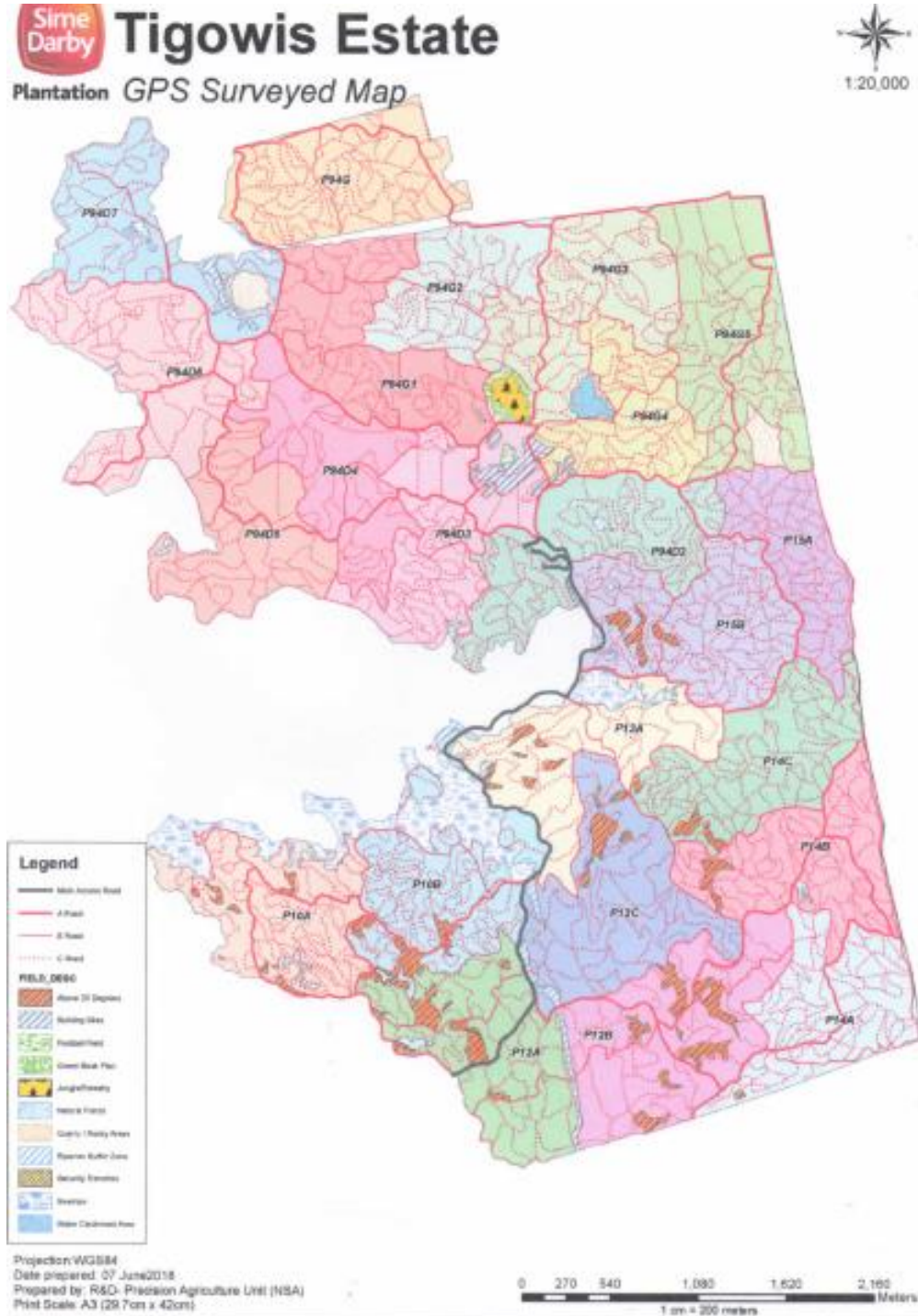
Appendix F: Location and Field Map



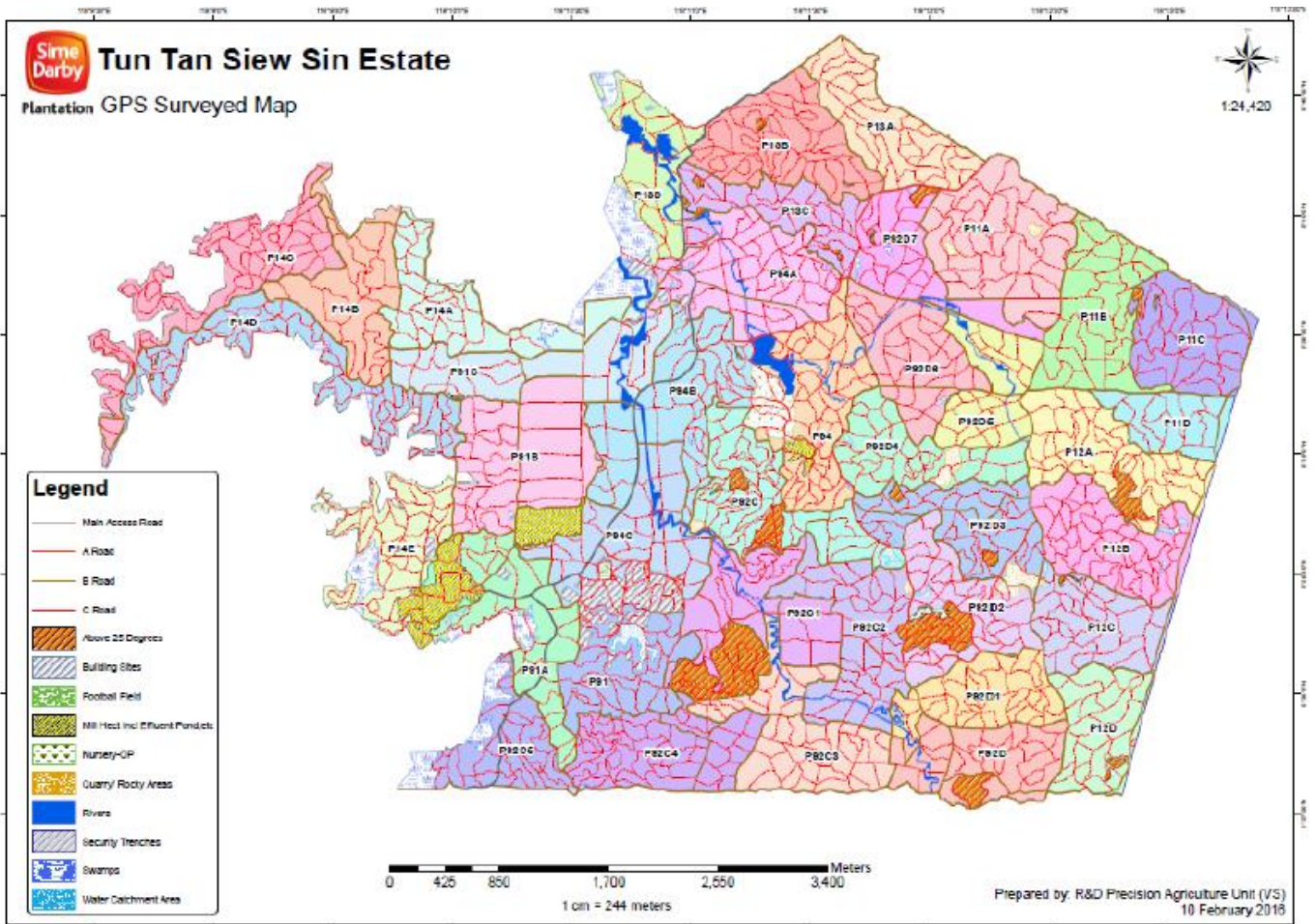
Segaliud Estate



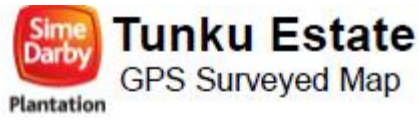
Sentosa Estate



Tigowis Estate



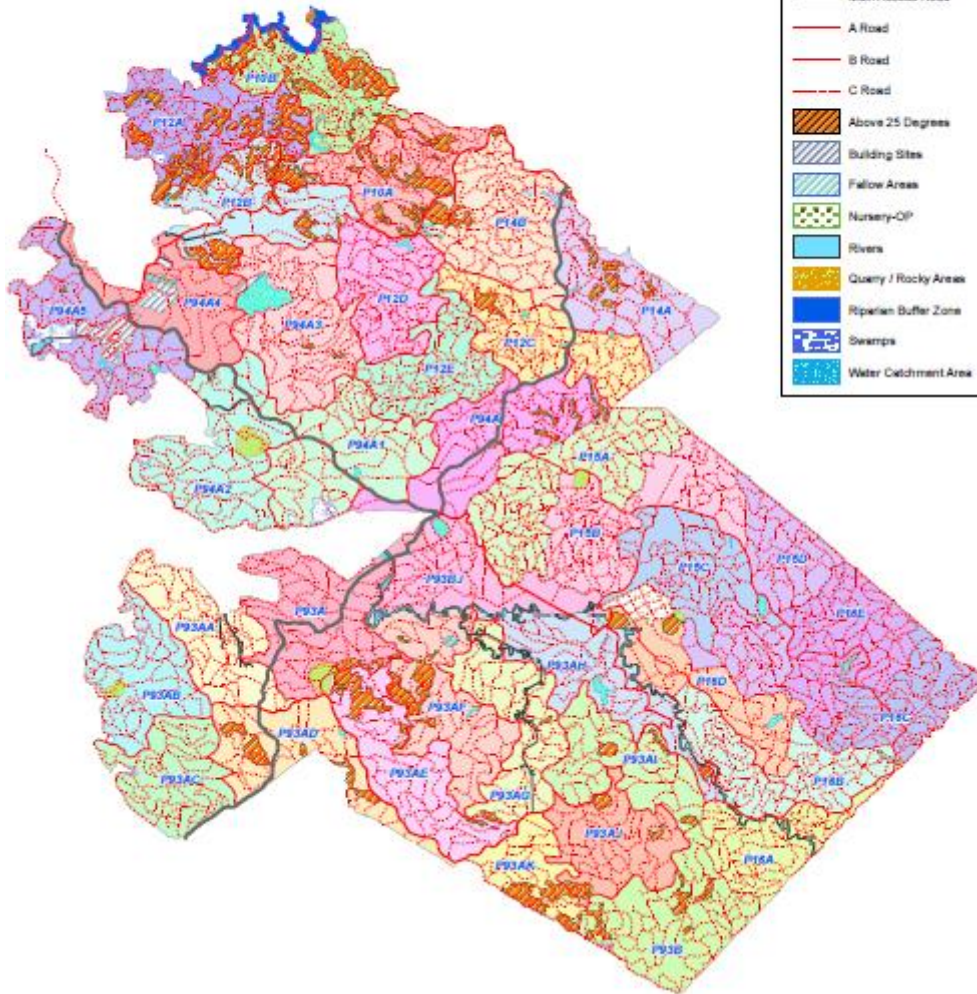
Tun Tan Siew Sin Estate



1:28,500

Legend

- Main Access Road
- A Road
- B Road
- C Road
- Above 25 Degrees
- Building Sites
- Fallow Areas
- Nursery-OP
- Rivers
- Quarry / Rocky Areas
- Riparian Buffer Zone
- Swamps
- Water Catchment Area



Tunku Estate

Appendix G: List of Abbreviations

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