

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

Palmgroup Holdings Sdn Bhd
Client company Address: 25.1-25.2, Level 25, Wisma Sanyan No. 1, Jalan Sanyan 96000 Sibul, Sarawak
Certification Unit: Palmraya Pelita Sikat Plantation Sdn Bhd Location of Certification Unit: Sg Sikat NCR Oil Palm Plantation Selangau Sibu and Mukah Division Sarawak

Report prepared by:
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Report Number: 9673969

Assessment Conducted by:
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Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	541373002000		
Company Name	Palmraya Pelita Sikat Plantation Sdn. Bhd.		
Address	Sg. Sikat NCR Oil Palm Plantation Selangau, Sibü & Mukah Division, Sarawak		
Group name if applicable:	Palmgroup Holdings Sdn Bhd		
Subsidiary of (if applicable)	N/A		
Contact Person Name	John Pang Ing Hui (Operation General Manager)		
Website	N/A	E-mail	johnpang@mafrica.com.my
Telephone	019-8748150	Facsimile	N/A

1.2 Certification Information			
Certificate Number	Plantations: MSPO 681081		
Issue Date	02/11/2018	Expiry date	01/11/2023
Scope of Certification	Production of Sustainable Oil Palm Fruits		
Stage 1 Date	15/11/2017		
Stage 2 / Initial Assessment Visit Date (IAV)	21/03/2018		
Continuous Assessment Visit Date (CAV) 1	27/08/2019		
Continuous Assessment Visit Date (CAV) 2	NA		
Continuous Assessment Visit Date (CAV) 3	NA		
Continuous Assessment Visit Date (CAV) 4	NA		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
NA			

1.3 Location of Certification Unit			
Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Longitude	Latitude
Palmraya Pelita Sikat Plantation Sdn Bhd	Sg. Sikat NCR Oil Palm Plantation Selangau, Sibü & Mukah Division, Sarawak	112° 16' 50.45" E	2° 39' 54.65" N

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1.4 Plantings & Cycle					
Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Palmraya Pelita Sikat Plantation Sdn Bhd	2.16	10.00	1940.80	0.00	0.00

1.5 FFB Production (Actual) and Projected (tonnage)			
Producer Group	Projected from last audit (Jan – Dec' 2018)	Actual production (Oct 2018 – July 2019)	Projected production for next 12 months (Oct 2019 – Sep 2020)
Palmraya Pelita Sikat Plantation Sdn Bhd	42,198.61	26,709.70	49,889.02

1.6 Certified CPO / PK Tonnage			
Mill	Estimated (Previous Year)	Actual (This Year)	Forecast (Next Year)
NA	CPO (OER: %)	CPO (OER: %)	CPO (OER: %)
	NA	NA	NA
	PK (KER: %)	PK (KER: %)	PK (KER: %)
	NA	NA	NA

1.7 Certified Area					
Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Palmraya Pelita Sikat Plantation Sdn Bhd	1,952.96	17.7	165.37	2,136.03	91.43%
TOTAL	1,952.96	17.7	165.37	2,136.03	91.43%

1.8 Details of Certification Assessment Scope and Certification Recommendation:

BSI Services Malaysia Sdn Bhd has conducted the Annual Surveillance Certification Assessment 1 of Palmraya Pelita Sikat Plantation Estate, located in Sg Sikat NCR Oil Palm Plantation Selangau, Sibuh and Mukah Divisions, Sarawak comprising 1 estate and infrastructure

The assessment was conducted onsite to assess the compliance of the certification unit against the MS 2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholder and MSPO Guidance - Part 2_EDITED VERSION (100114).

The onsite assessment was conducted on 27/8/2019.

Based on the assessment result, Palmraya Pelita Sikat Plantation Estate complies with the MS 2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholder and MSPO Guidance - Part 2_EDITED VERSION (100114) and recommended for certification.

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
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The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur
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BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems.

Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted from 27/8/2019. The audit programme is included as Appendix A. The approach to the audit was to treat the Palmraya Pelita Sikat Plantation Estate as a MSPO Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, declared conservation areas and local communities.

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 Part 3: General principles for oil palm plantations and organized smallholder were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The estates or smallholders sample were determined based on formula $S = r\sqrt{n}$ where n is the number of estates while when applicable, the smallholders sample were determined following the MSPO Certification Requirement.

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

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

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

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

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

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

1. Assessment Program					
Name (Mill / Plantation / Group smallholders)	Year 1 (Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 3)	Year 5 (ASA 4)
Palmraya Pelita Sikat Plantation Estate	X	X	X	X	X

Tentative Date of Next Visit: August 27, 2020

Total No. of Mandays: 2 mandays

BSI Assessment Team:

Muhammad Fadzli Masran – Lead Assessor

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

Mohd Hidhir Zainal Abidin – Team Member

He holds Bachelor Degree in Chemical Engineering, graduated from National University of Malaysia on 2006. He has 7 years working experience in palm oil industry specifically on palm oil milling for 5 years. He also has the experiences as auditor for several standards including ISO 9001, ISO 14001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2012, Endorsed RSPO P&C Lead Auditor Course in 2013, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2015. He had been involved in RSPO auditing since May 2012 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices, safety and health, environmental and workers & stakeholders consultation.

Accompanying Persons: NA

Section 3: Assessment Findings

3.1 Details of audit results

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

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

3.2 Details of Nonconformities and Opportunity for improvement

The nonconformity is listed below.

During the Certification Assessment there were two (2) Minor nonconformities raised. The Palmraya Pelita Sikat Plantation Estate 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.

Minor Nonconformities:		
Ref	Area/Process	Clause
1817553-201903-N1	Plantations	4.4.4.2
Requirements:	The occupational safety and health plan shall cover the following: b) The risks of all operations shall be assessed and documented.	
Statement of Nonconformity:	The HIRARC is not reviewed accordingly when an accident occurs.	
Objective Evidence:	Noted during document review, the HIRARC was not reviewed for two accident cases for harvesting operations for accidents that occurred on 4/3/2019 and 28/3/2019.	
Corrections:	To review HIRARC for accidents that occurred for harvesting operations on 4/3/2019 and 28/3/2019.	
Root cause analysis:	The information on HIRARC reviewing procedure was not communicated regularly to the safety committee as there might be some changes in management staff working at the estate.	
Corrective Actions:	Review the HIRARC procedure and carry out briefing/ training to the safety committee to update their information and knowledge on HIRARC requirements.	
Assessment Conclusion:	Evidence submitted: i. HIRARC review on the harvesting operation dated 25/10/2019 and addition to HIRARC register for Motorcycle usage dated 28/10/2019 ii. Workplace inspection records dated 8 - 9/10/2019, 15 - 16/10/2019 and 21 - 22/10/2019.	

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	<p>iii. Safety and Health Committee meeting and HIRARC review training dated 23/9/2019.</p> <p>The effectiveness of the implementation will be verified during next assessment</p>
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Minor Nonconformities:		
Ref	Area/Process	Clause
1817553-201903-N2	Plantations	4.4.5.4
Requirements:	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	
Statement of Nonconformity:	Employment contract for employees of contractors was not made available.	
Objective Evidence:	No employment contract between contractor Hong Sing Teck and workers sampled as per below: i)AU200426 ii)A1903034 iii)AT235425	
Corrections:	Contractor issued employment contract to their workers as per audit findings.	
Root cause analysis:	There is no responsible person appointed to monitor the contractor workers are provided with employment contract.	
Corrective Actions:	Admin Officer is appointed with responsibility to monitor and to ensure that the contractor workers are provided with employment contract.	
Assessment Conclusion:	<p>Evidence submitted:</p> <p>i. Appointment letter for Person Responsible for Monitoring Employment Contract for Contractor Workers dated 30/9/2019 signed by the Estate Manager.</p> <p>ii. Employment contract between the said workers and Contractors dated 9/8/2019</p> <p>The effectiveness of the implementation will be verified during next assessment</p>	

Noteworthy Positive Comments	
1.	Good cooperation and commitment from the management and staff
2.	Management, staff and workers were able to demonstrate good understanding on sustainability
3.	Good housekeeping of documentation

3.3 Status of Nonconformities Previously Identified and OFI

Major Nonconformities:		
Ref	Area/Process	Clause
1608456-201802-M1	Plantations	4.5.3.3
Requirements:	The management shall establish Standard Operating Prodecudure 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.	
Statement of Nonconformity:	The documentations of movement and disposal of scheduled wastes were not adequate.	
Objective Evidence:	The estate has disposed its scheduled wastes such as spent lubricants (SW305), contaminated filters (SW410) and used batteries (SW102) to a facility (Kien San Metal SdnBhd) and transported by Jun Enterprise. However, the recordings of inventory in accordance to the Fifth Schedule and the utilization of consignment note in accordance to the Sixth Schedule of the EQ (SW) Reg. 2005 were not done. The vehicles used to transport the scheduled wastes were also found to be not in the registered list of the DOE's website.	
Corrections:	To updated the inventory records in accordance to 5th schedule and to completely fill-in the 6th schedule as per requirements.	
Root cause analysis:	No responsible person assigned to monitor the process at respective units/ departments.	
Corrective Actions:	1. To assign responsible person with appointment letter at every respective section to ensure the documentation process is completed. 2. Provide training to the responsible person.	
Assessment Conclusion:	Evidence submitted: - Completed 5th and 6th schedule of the EQ (SW) Reg. 2005 - Appointment letters dated 24/5/2018 & 1/4/2018 to Ma Chiew Chuang, Paula anak Jika & Flora anak Sambang as persons responsible in handling SW. Job description was also attached with the letter - Training records of SW handling and storage guidance dated 1/4/2018 for the appointed persons The evidence of the correction and corrective action were adequate to close the NCR. Effectiveness of the implementation shall be verified in the next assessment.	
ASA 1 Status:	Sighted the inventory in E-SWISS for the month of March to July 2019 and sampled disposal records as follows: a. 18/2/2019, SW 305, CN. No. 2019021811N0SV3 b. 18/2/2019, SW 410, CN. No. 201902182ATPCGX	

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	<p>c. 18/2/2019, SW 102, CN. No. 201902182MA4Y9H</p> <p>Sighted the training records for Scheduled Waste Handling as follows:</p> <p>i. SW handling and storage guidance training dated 2/7/2019</p> <p>The implementation of the corrective action plan was effectively implemented. Thus, the NC remain closed.</p>
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Major Nonconformities:		
Ref	Area/Process	Clause
1608456-201802-M2	Plantations	4.5.5.1
Requirements:	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: (e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.	
Statement of Nonconformity:	The restoration of riparian buffer zone was not evident.	
Objective Evidence:	Sungai Likau is crossing Phase II Block 2 of Palmraya Estate. However, the restoration of buffer zone in accordance to the established procedure was not evident.	
Corrections:	<ul style="list-style-type: none"> - Reserve and marking the identified area to restore the buffer zone back to its function. - Set up signboards such as 'buffer zone', 'no hunting/fishing', etc. - Provide training to the workers not to spray or weeding at the reserved area. - Carry out quarterly inspection to monitor the buffer zone and to ensure there is no encroachment at the area. 	
Root cause analysis:	Unclear about status of the Sungai Likau need to be reserved as riparian buffer zone.	
Corrective Actions:	<ul style="list-style-type: none"> - Carry out training to brief the guideline on riparian protection to the responsible persons. - To discuss the riparian protection status on action taken and progress with the committee during Environment and BMP Committees Meeting. 	
Assessment Conclusion:	<p>Evidence submitted:</p> <p>Minutes of meeting which recorded the discussion about riparian protection status on action taken and progress. Attached to the minutes were</p> <ul style="list-style-type: none"> - pictures of appropriate signage such as "buffer zone" & hunting restriction and marking peg that painted with red & white to indicate the boundary of the riparian zone - copy of training record on "Protection of Buffer Zone" dated 12/4/2018. The training was attended by field staff and workers 	

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	<p>- Environmental Aspect Assessment form which is to record the buffer zone inspection and monitoring result</p> <p>The evidence of the correction and corrective action were adequate to close the NCR. Effectiveness of the implementation shall be verified in the next assessment.</p>
ASA 1 Status:	<p>Noted during site visit, the estate has established and clearly demarcated the riparian buffer zone. Sighted during site visit at block 30B at the riparian buffer zone for Sg. Sikat, signboard on prohibition of chemical application activities, illegal hunting and fishing at the buffer zone area. Sighted no evidence of chemical application along the buffer zone.</p> <p>The implementation of the corrective action plan was effectively implemented. Thus, the NC remain closed.</p>

Major Nonconformities:		
Ref	Area/Process	Clause
1608456-201802-M3	Plantations	4.4.5.11
Requirements:	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.	
Statement of Nonconformity:	Requirements 6. (1) (a) was found not fully complied for housing in Palmraya Pelita Sikat Estate as per Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) Clause 6: Supply of water and electricity and maintenance of houses: 6. (1) Where workers and their dependents are provided with housing at their place of employment it shall be the duty of the employer of such place of employment - (a) to provide free and adequate piped water drawn from a public main, or where the Director General so permits in writing , to provide free and adequate supply of potable piped water drawn from any other source which shall be filtered and treated in a manner approved by the Director General ;	
Objective Evidence:	Sampled labour lines Phase 2 Manchester & Juventus.	
Corrections:	To get proper consent and approval in writings from respective authorities such as Jabatan Tenaga Kerja Sarawak.	
Root cause analysis:	No verification and approval made on the standard requirement applicable to Sarawak.	
Corrective Actions:	<ul style="list-style-type: none"> - To check and to consult from time to time in the future with relevant authorities for additional measures. - To ensure that the existing measures such as analysis on water drinking is continuously monitor. 	
Assessment Conclusion:	<p>Evidence submitted:</p> <ul style="list-style-type: none"> - E1 Consent Letter From JTK Sarawak - E2 Water Supply Plan_ PPS E2 Water Supply Plan_ PPS 	

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	The evidence of the correction and corrective action were adequate to close the NCR. Effectiveness of the implementation shall be verified in the next assessment.
Stage II Status:	<p>Progressively old wooden house will be replaced with concrete house as part of continual improvement plan.</p> <p>Line site inspection has been conducted by site safety officer in 3 monthly basis. Inspection has yet to be conducted as the annual inspection plan. As for Sarawak, Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) is not applicable. Refer to letter from Labour Department, ref. no.: JTKSWK/DA/(S)18 JLD 3 (27) dated 15/5/18.</p> <p>The implementation of the corrective action plan was effectively implemented. Thus, the NC remain closed.</p>

MinorNonconformities:		
Ref	Area/Process	Clause
1608456-201802-N1	Plantations	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 wastes were not disposed as such to minimize the risk of contamination of the environment and watercourses.	
Objective Evidence:	The rubbish pit at Phase II of Palmraya is just located behind the workers housing and it was observed that chemical containers were dispose inside the pit. There is also a drain constructed to channel overflowed water from the rubbish pit to the environment.	
Correction Action Evidence:	<p>Evidence submitted:</p> <ul style="list-style-type: none"> - Minutes of meeting dated 11/4/2018 that recorded the management decision to have landfill in the estate as their method of domestic wastes disposal. The disposal shall be through the municipal council - Internal memo to the estate's housing residents inform about the rubbish collection schedule - Training records on 3R awareness 	
Assessment Conclusion:	<p>Domestic waste was collected and disposed at the Selangau municipal landfill. Sighted the sampled collection and disposal records including weighbridge dated 31/7/2019 (W/B ticket no. 139050), 4/7/2019 (W/B ticket no. 038733) and 1/7/2019 (W/B ticket no. 038708)</p> <p>The implementation of the corrective action plan was effectively implemented. Thus, the NC is closed.</p>	

3.4 Issues Raised by Stakeholders

IS #	Description
1	<p>Issues: <u>Workers' Representatives</u> Overtime and basic salary were on time and paid accordingly. No discrimination occur between locals and foreign worker as well as among male and female.</p> <p>Management Responses: Estate will continue the good practices.</p> <p>Audit Team Findings: No further issue.</p>
2	<p>Issues: <u>Long House Representative</u> Good corporation and assistance given from the estate on any request for help for road repairs etc.</p> <p>Management Responses: Estate will continue to assist</p> <p>Audit Team Findings: No further issue.</p>
3	<p>Issues: <u>Contractors</u> Contractors are having a valid contract with Palmraya Pelita Sikat Estate and payments were made accordingly. Their workers are staying outside the estate since the workers are locals. No other issue raised.</p> <p>Management Responses: Estate will continue the good practices.</p> <p>Audit Team Findings: No further issue.</p>
4	<p>Issues: <u>School representative</u> Continuous support given from estate towards any programme/event organized by school.</p> <p>Management Responses: Estate will continue to assist whenever possible</p> <p>Audit Team Findings: No further issue.</p>

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1608456-201802-M1	Major	21/3/2018	Closed
1608456-201802-M2	Major	21/3/2018	Closed
1608456-201802-M3	Major	21/3/2018	Closed
1608456-201802-N1	Minor	21/3/2018	Closed
1817553-201903-N1	Minor	27/8/2019	Open
1817553-201903-N1	Minor	27/8/2019	Open

3.6 Summary of the findings by Principles and Criteria

MS 2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholder

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 -	Palmraya Pelita Sikat Plantation Sdn. Bhd. has established a policy on sustainable palm oil production documented in MSPO Management Policy and Procedure signed by Managing Director dated 5/5/2017. Refer document no. PGHSB/SOPP/014/2016, ver. 1 dated 20/4/2016.	Complied
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	The established policy has emphasized on the commitment for key legal, social and environmental consideration with the objective of improving the estate operation.	Complied
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	Based on the company's internal audit procedure Clause 7.2.1, internal audit shall be conducted semi-annually. The internal audit was carried by Sustainability team on 24-26/3/19 for Palmraya Pelita Sikat estate by 3 internal auditors. Audit covered both documentation and field operations. Rating was given based on audit finding. Audit report was available with the summary of findings for each respective work units.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
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>Palmraya Pelita Sikat Estate has implemented its Internal Audit Procedure under the MSPO Management Policy and Procedure, PGHSB/SOPP/014/2016, version 1 dated 20/4/16 which was prepared by Assistant Manager OHS and Environment, Mr Raymond Nyian. Internal audit procedure is under Appendix 1 of the procedure.</p> <p>The procedure has incorporated the internal auditor competency requirement. By default, internal audit is planned once a year. Total of 35 NC raised in the latest audit. Refer to corrective action plan dated 30/4/19 was established. Some of the NCs are still in the process of closure and yet to be closed in due time.</p>	Complied
4.1.2.3	<p>Report shall be made available to the management for their review.</p> <p>- Major compliance -</p>	<p>Internal audit report dated 29/05/2019 was made available for management review.</p>	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	<p>The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.</p> <p>- Major compliance -</p>	<p>MSPO Management Review was carried out on 8/5/2019. Minute Meeting of Management Review MSPO was available. All pertinent elements for MSPO implementation has been reviewed and presented to top management.</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance	
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company. - Major compliance -	Action plan for continual improvement was established based on EIA conducted entitled "The Proposed Sg Sikat NCR Oil Palm Plantation Development Project Near Selangau, Sibul and Mukah Divisions", covering 10,200 Ha by Ecosol Consultancy Sdn Bhd, report dated October 2005 and approved by NREB on 26/6/2006. – undertaking agreement has been signed on 22/8/2006 [EIA report approval ref. no. (13)NREB/6-1/2D/40].	Complied
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 -	This is obtained through participation on various trainings or seminars such as ISP, Sarawak Oil Palm Plantation Owners Association (SOPPOA) and training by suppliers (agrochemicals, tools, and machinery).	Complied
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 -	If there is any new techniques or new industry standard or technology suitable to be implemented by the company, action plan is normally incorporated in the company's training plan where type of training is identified, date of training, identified participants and training provider.	Complied
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			

Criterion / Indicator		Assessment Findings	Compliance
4.2.1.1	<p>The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>Information requested by relevant stakeholders was communicated in appropriate languages and forms as per sighted Procedure of Application for Company's Information & Application for Company Information Flow Chart that requires stakeholder need to fill in Information Request Form. The procedure was established by Agronomy & Sustainability Department – Mafrica Group.</p> <p>Palmgroup Holdings for Sustainability Team. The Procedure of Application for Company's Information & Application for Company Information Flow Chart requires stakeholder/requester to fill in Information Request Form. The "Records Book of Stakeholders or Interested Party Who Has Viewed/Obtained Documents" has been spelt out in the procedure/flow chart. The traceability or control of "Application for Company Information Flow Chart" form (which might include running number doc. & form ref. # & date in case of any revision/changes) was made available</p>	Complied
4.2.1.2	<p>Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>Records of request for information maintained under file Action Request. Most of the requests are internal i.e. housing repair request by the workers raised during JCC Meeting.</p> <p>In general all the documents are available upon request.</p>	Complied
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p>Procedures established for the whole operating units under Palmgroup Holdings Sdn. Bhd. verified as following:</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		i) Communication and Consultation Procedures; Ref. no. PGHSB/SOPP/001/2015 (2019-02) Ver. 2; Date issued: 15/4/19; ii) Complaint and Grievance Procedures; Ref. no PGHSB;SOPP/002/2015; Ver. 1; Date issued: 21/12/2015 iii) Task: TQM Management Plan on Grievance and Complaint Procedure-C6.3 iv) Flowchart of Complaint in Palmraya Pelita Sikat Plantation Sdn Bhd Complaint and Grievance Policy; Signed by Managing Director; Date: 5/5/2017	
4.2.2.2	A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit. - Minor compliance -	A management official was nominated as per Appointment for Social & Legal Coordinator Letter; Ref. # PRPSPSB/S&L/17-001; Date: 1/7/2017; Simeon Mujah (Sr. Asst. Manager)	Complied
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 -	The lists and records were properly maintained in file Title: Registers of Stakeholders; Ref. # ST 02; dated 5/10/18. - List of Contractors - List of Suppliers - List of Government Bodies - List of Community Groups & NGOs - List of Local Community	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p>- List Internal Stakeholders – Store, mess, workshop, security house, estate genset room</p> <p>Latest stakeholder meeting was carried out on 10/10/18 with NCR land owners via ADC "Area Development Committee" meeting.</p> <p>Internal stakeholder meeting was last carried out on 9/5/2019. Issues related to employment relation, working arrangement, training and development, EHS and welfare were discussed.</p>	
Criterion 4.2.3 – Traceability			
4.2.3.1	<p>The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).</p> <p>- Major compliance -</p>	<p>SOP on the traceability of the FFB has been established under Guidelines on Traceability Procedures, PGHSB/SOPP/001/2017, rev:01 dated November 2016.</p>	Complied
4.2.3.2	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>- Major compliance -</p>	<p>Regular inspections were checked through daily in-field harvesting standard and FFB quality form inspection. Refer to report dated 21/8/19 at phase 01A block A5, A7, A9, A14 and A26.</p> <p>Rating given for 4 criteria mainly on field condition, safe handling, quality harvesting and production recording. 0 – not comply, 1 – more improvement, 2 – satisfactory, 3 – perfect. Overall satisfactory rating given by the inspector.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system. - Minor compliance -	The assistant managers were appointed as the person in-charge in ensuring the implementation of the traceability system [ref.: Clause 4.2 of the MSPO procedure].	Complied
4.2.3.4	Records of sales, delivery or transportation of FFB shall be maintained. - Major compliance -	Based in verification of FFB delivery documents such as FFB dispatch chit, mill weighbridge ticket, FFB daily records book and monthly summary of FFB dispatch, the traceability was found to be in order. The information about date of delivery, origin field of FFB, weight and number of bunches was well recorded.	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. - Major compliance -	The estate continued to comply with the legal requirements as per indicator. Compliance to each applicable law and regulation is monitored by the operating units and sustainability team. Mill had obtained and renewed license and permits as required by the law. Sample of licenses or permit viewed were: i. MPOB License no. 54137300200. Validity from 1/8/2019 till 30/7/2020 ii. Diesel Storage Permit no.LBI300LSP2019000010. Validity from 9/1/2019 till 31/12/2019	Complied

Criterion / Indicator		Assessment Findings	Compliance
		iii. Air Compressor Pernit no. PMT-SW/19 32931. Validity from 25/3/2019 till 24/3/2020.	
4.3.1.2	The management shall list all laws applicable to their operations in a legal requirements register. - Major compliance -	The estate has identified all applicable laws and other requirements and documented in Legal Register. Refer doc. no. OT05. The list was updated if there any updated to the Legal Register. Latest updated was done in August 2019 with addition on Noise Regulations 2019 and Employee Circular no 3 2018 on SOCSO Act 1969.	Complied
4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. - Major compliance -	The Sustainability Unit (in HQ) is responsible to update the legal requirements register. The most common method used were obtaining information from websites of government agencies and news. The Legal Register was updated if there any updated version or new applicable law or other requirements. Latest updated was done in August 2019 with addition on Noise Regulations 2019 and Employee Circular no 3 2018 on SOCSO Act 1969.	Complied
4.3.1.4	The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements. - Minor compliance -	The Sustainability Unit (in HQ) is responsible to update the legal requirements register and will communicated to all operating units through email and internal memo. The most common method used were obtaining information from websites of government agencies and news.	Complied
Criterion 4.3.2 – Lands use rights			
4.3.2.1	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users. - Major compliance -	The management ensured their oil palm cultivation do not diminish the land use rights based on verification as following: A1 map Land Survey	Complied

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Criterion / Indicator		Assessment Findings	Compliance						
		by Juru Survei Konsult; Sample boundary peg # Station 532; Coordinate: 112° 13.84' E; 2° 44.05' N							
4.3.2.2	<p>The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.</p> <p>- Major compliance -</p>	<p>Documents showing legal ownership or lease, history of land tenure and the actual use of the land was verified as per the following:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Land title/agreement</th> <th style="width: 33%;">Legal ownership/lease</th> <th style="width: 33%;">Land use type</th> </tr> </thead> <tbody> <tr> <td>Memorandum of consent (MOC), KKT/NCR/97 and JVC agreement dated 24th October 2005</td> <td>JVC agreement between with the lease period for 60 years until 23th October 2065</td> <td>Oil palm plantation</td> </tr> </tbody> </table>	Land title/agreement	Legal ownership/lease	Land use type	Memorandum of consent (MOC), KKT/NCR/97 and JVC agreement dated 24 th October 2005	JVC agreement between with the lease period for 60 years until 23 th October 2065	Oil palm plantation	Complied
Land title/agreement	Legal ownership/lease	Land use type							
Memorandum of consent (MOC), KKT/NCR/97 and JVC agreement dated 24 th October 2005	JVC agreement between with the lease period for 60 years until 23 th October 2065	Oil palm plantation							
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>	The legal perimeter boundary markers were clearly demarcated and visibly maintained on the ground as per sample sighted in the field block boundary to stakeholder area visited.	Complied						
4.3.2.4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall	No any disputes on land ownership where in case of any, the process will be conducted based on Flow Chart 1: FPIC Process Guide – Title:	Complied						

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Criterion / Indicator		Assessment Findings	Compliance
	be made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	Identification of Customary Land Rights and Compensation Procedure; Ver. # 1; Ref. # PGHSB/SOPP/005/2015; Date: 21/12/2015	
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 -	The company demonstrated that the customary rights are understood and not being threatened or reduced based on the As per Identification of Customary Land Rights and Compensation Procedures; Classification of Document; PGHSB/SOPP/005/2015; Ver. 01; Date issued: 21/12/2015; <i>Buku Panduan Konsep Pembangunan Tanah Hak Adat Bumiputera (HAB), Kementerian Kemajuan Tanah Sarawak.</i>	Complied
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available. - Minor compliance -	Maps of appropriate scale showing extent of recognized customary rights land as per survey map were verified available	Complied
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance -	Negotiation and FPIC were recorded and copies of negotiated agreements were made available as per verified Agreement on Payment of Advance-based on the spirit of collaboration under a Memorandum of Consent and a Principal Deed executed through Joint Venture Company, Palmraya Pelita Sikat Plantation Sdn Bhd (JV Agreement between Pelita Holdings Sdn Bhd and Palmraya Plantation Sdn Bhd; Project: Proposed Development of NCR Oil Palm Plantation at Sg. Sikat, Ulu Mukah, Mukah Divisions, Sarawak; dated	Complied

Criterion / Indicator		Assessment Findings	Compliance
		24/10/2005). Total of 340 NCR land owners participate in the FPIC process.	
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 impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.</p> <p>- Minor compliance -</p>	<p>Plans and impact assessments relating to environmental and social impacts based on records of following: Internal: Social Impact Assessment (SIA) Mitigation Plan; Version: 1 (OCT2016)/SU; Dated: 10/10/2016; By: Raymond Nyian;</p> <p>SR0: Social Management System – Stakeholder Register - Template ST02 Register of Stakeholder; Communication and consultation mechanisms and social risk identified as per below:</p> <ul style="list-style-type: none"> - SR0: Social Management system - SR1: Local community; - SR2: Traceability & fair trade - SR3: OSH - SR4: Work Conditions - SR5: Living conditions (Poor risk rating given by Wild Asia) - SR6: Women & Children <p>Mitigation plan: housing inventory, complaint & grievance record, emergency response plan fire evacuation, water shortage, facility inspection record</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<p>External: Wild Asia (Malaysia); Project Ref.: P438 Palmgroup; Final Report Social Impact Assessment; Palmgroup Holdings Sdn. Bhd. 21 June 2019. Summary of Findings:</p> <ul style="list-style-type: none"> - Hiring of workers in relation to legal and national legislation compliance - Work conditions covering human rights issues and national legislation compliance - Housing or workers in relation to legal and national legislation compliance - Health and safety with regards to workers and women groups - Workforce suppliers in relation to legal and national legislation compliance - External stakeholder engagement - Social Continual Improvement Plan 2019 dated 10/1/2019 included parameter to monitor for impacts identified such as facility, complaint & grievance, communication & consultation, sexual harassment, customary land rights & compensation procedure, child labour 	
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>A system for dealing with complaints and grievances established as Complaint and Grievance Procedures; Ref. # PGHSB/SOPP/002/2015; Ver. 1; Date issued: 21/12/2015</p>	Complied
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>Based on sampled "Borang Aduan" and above procedure, the system able to resolve disputes in an effective, timely and appropriate manner</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	that is accepted by all parties.	
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint. - Minor compliance -	Any complaints will reported through official complaint form (formal/informal/sensitive) and will be discussed during meeting. Latest meeting dated 26/6/19, has discussed the issue related to house repair and squatters issues. Status of complaints are closed and resolution of the issues will be informed officially through letter to the said complainants.	Complied
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time. - Minor compliance -	During the site visit, it was confirmed that employees and surrounding communities are aware on the complaints and suggestion can be made anytime to the management. Most of the complaint raised through verbal and recorded in the complaint form.	Complied
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. - Major compliance -	The complaint records are available and recorded since 2016.	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	Growers should contribute to local development in consultation with the local communities.	The management has allocated some fund for local contribution and donation. Besides, the estate also made contribution to longhouse for	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	festival celebration and school teacher's day celebration etc. For example request from PIBG SK Lubok Bemban dated 1/2/19	
Criterion 4.4.4: Employees safety and health			
4.4.4.1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented. - Major compliance -	<p>Palmraya Pelita Sikat Plantation Sdn. Bhd. estate has established Safety and Health Policy signed by the Managing Director dated 1/1/2019. In the policy stated the commitment of the company to ensure the estate area is safe and healthy to all its workers and to everyone who is involve in its estate activities. The policy was available in Bahasa Malaysia and English.</p> <p>The policy was communicated to all the employee through briefing, training and displayed on signboard at designated place at the estate.</p> <p>The estate has established OSH Plan FY 2019-2020. Sighted the implementation of the management plan as follows:</p> <p>i. Workplace Inspection was conducted on quarterly basis. Sighted the inspection records dated 8/7/2019, 27/5/2019 and 14/3/2019.</p> <p>ii. Fire extinguisher recertification was conducted on annually basis. Sighted the Estate Internal Memo dated 1/3/2019 from the S&H Coordinator to the Assistants Manager request for the Fire extinguisher recertification.</p>	Complied
4.4.4.2	The occupational safety and health plan shall cover the following: a) A safety and health policy, which is communicated and implemented. b) The risks of all operations shall be assessed and documented.	Palmraya Pelita Sikat Plantation Sdn. Bhd. estate has established Safety and Health Policy signed by the Managing Director dated 1/1/2019. The policy was communicated to all the employee through	Minor NC

Criterion / Indicator	Assessment Findings	Compliance
<p>c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:</p> <ul style="list-style-type: none"> i. all employees involved shall be adequately trained on safe working practices ii. all precautions attached to products shall be properly observed and applied <p>d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded.</p>	<p>briefing, training and displayed on signboard at designated place at the estate.</p> <p>The estate has conducted risk assessment on all main and support operations in the estate and documented in the HIRARC register. The HIRARC was review during accident occur.</p> <p>Noted during document review, the HIRARC was not reviewed for two accident cases for harvesting operation for accident occur on 4/3/2019 and 28/3/2019</p> <p>The management has established Safety Operation procedure for chemical handling – Chemical and Fertilizer store, Chemical mixing and Chemical spraying. Noted during site visit, the chemical was stored in the designated store under lock and key. The balance chemical from the premixing of chemicals was stored back in the chemical store.</p> <p>Palmraya Pelita Sikat Plantation Sdn. Bhd.. has appointed the Estate Manager as Safety and Health committee Chairman as per appointment letter signed by the Operational General Manager dated 5/1/2019. The estate management has appointed the safety and health committee consist of secretary, management representative and employee representative. The committee conducted meeting on quarterly basis to discuss on safety and health issue such as workplace inspection reports, training reports, accidents and etc.</p> <p>The estate has established accident and emergency procedures and documented in Plantation Fire Preparedness Plan and Responds Plan.</p> <p>The mandore for each working group has been appointed as first aider. Latest First aid Box training was conducted on 14/2/2019.</p>	

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Criterion / Indicator	Assessment Findings	Compliance	
<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>Accident records were maintain and updated by the Safety and Health Coordinator and reported to the HQ on monthly basis. The accident records was discuss during safety and health committee meeting conducted on quarterly basis.</p>		
<p>Criterion 4.4.5: Employment conditions</p>			
<p>4.4.5.1</p>	<p>The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.</p> <p>- Major compliance -</p>	<p>The policies on good social practices regarding human rights in respect of industrial harmony for Palmgroup Holdings Sdn Bhd were established as as following:</p> <ul style="list-style-type: none"> - Employment Policy; Ref. # PGHSB/SOPP/011/2016; Ver. 01; Date issued: 22/2/2016 - Child Labour Policy; Ref. # PGHSB/SOPP/005/2016; Ver. 02; Date issued: 5/5/2017 - Equal Opportunity Policy; Ref. # PGHSB/SOPP/007/2016; Ver.02; Date issued: 5/5/2017 - Special Labour and Forced Labour Policy; Ref. # PGHSB/SOPP/008/2017; Ver. 02; Date issued: 5/5/2017 	<p>Complied</p>

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Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> - Freedom of Association & Collective Bargaining Policy; Ref. # PGHSB/SOPP/009/2017; Ver. 02; Date issued: 5/5/2017 - Human Rights Policy; Ref. # PGHSB/SOPP/010/2017; Rev. 02 Date issued: 5/5/2017 - Sexual Harassment Policy; Ref. # PGHSB/SOPP/012/2017; Rev. 02; Date issued: 5/5/2017 - Women Rights Policy; Ref. # PGHSB/SOPP/013/2017; Rev. 02; Date issued: 5/5/2017 - Zero Burning Policy; Ref. # PGHSB/SOPP/014/2015; Rev. 01; Date issued: 21/7/2015 - Complaints and Grievance Procedures; SOPP/002 - Communication and Consultation Procedures; SOPP/00 	
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>There are no discriminatory practices in Palmraya Pelita Sikat Plantation Estate. The workers were equally treated for male and female and locals and foreign workers. All workers receive free accommodation, electricity, medical and insurance.</p>	Complied
4.4.5.3	<p>Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p>	<p>All the employees received the salary in accordance with minimum wage order 2016 and 2018 for salary in October 2018 (peak) and June 2019 (low). Sampled below workers:</p> <p>i)Local</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance
<p>- Major compliance -</p>	<p>- 631114-13-5781, date join 1/12/2008 - 750810-13-5197, date join 15/1/2018 ii)Foreign workers - B3109416, date join 20/5/16 - C2175191, date join 1/4/19 - AU056528, date join 29/1/18 All the workers sampled meeting the minimum wages order for 2016 and 2018.</p>	
<p>4.4.5.4 Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee. - Minor compliance -</p>	<p>Sighted the sampled pay slip and employment contract of contractor worker for Hong Sing Teck available and comply with the minimum wages standard as per below:</p> <ol style="list-style-type: none"> 1. AU200426 (Pay slip for June 2019: RM1,676.22) 2. A1903034 (Pay slip for June 2019: RM2,405.73) <p>No employment contract between contractor Hong Sing Teck and workers;</p> <p>i)AU200426 ii)A1903034 iii)AT235425</p> <p>Thus, a minor NC was issued.</p>	<p>Minor NC</p>

Criterion / Indicator	Assessment Findings	Compliance
<p>4.4.5.5 The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>The master list of workers are available containing the worker’s name, D.O.B, age, gender, job description, etc.</p> <p>Workers Master list as at August is referred to. Total of 73 workers were employed. Out of 73 workers, 23 TKI were employed by the company.</p> <p>Refer Permit to employ non-resident workers, ref. no. JTK-MG-MKH-01261-53(A) dated 19/7/19. Application for additional quota of 3 workers and valid until 22/7/21.</p>	<p>Complied</p>
<p>4.4.5.6 All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>All employees were provided with fair contracts that have been signed by both employee and employer. Copy of contract available ass per sample employment contract file and pay slips verified as per sampled employment contract file:</p> <p>i)Local</p> <ul style="list-style-type: none"> - 631114-13-5781, date join 1/12/2008 - 750810-13-5197, date join 15/1/2018 <p>ii)Foreign workers</p> <ul style="list-style-type: none"> - AU056528, date join 29/1/18 - B3109416, date join 20/5/16 	<p>Complied</p>

Criterion / Indicator	Assessment Findings	Compliance
	- C2175291, date join 1/4/19	
<p>4.4.5.7 The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.</p> <p>- Major compliance -</p>	<p>Based on the sampled pay slips of workers as above, there is no trace of breach of payment as stipulated in their contract. Interview with workers shows no issue on wages received. During site visit, interview with both local and foreign workers revealed no discrimination on overtime hours as well on wages received for overtime work done. This was also cross checked in their respective pay slips against punch card monthly/daily and daily payroll records sample for October 2018 (peak crop) and June 2019 (low cropping month) and no discrepancies found.</p>	Complied
<p>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.</p> <p>- Major compliance -</p>	<p>Based on the agreement, Working hours is 8 hours. From Monday to Saturday. Total monthly working hours is 208 hours. The overtime maximum is 104 hours according to the Sarawak Labour Ordinance.</p> <p>The overtime rate after 8 hours daily rated is: (general workers/upkeep/maintenance)</p> <ul style="list-style-type: none"> - Mon - Sat – daily rated / 8 hours x 1.5 - Sunday - daily rated / 8 hours x 2.0 - Public holiday – daily rated / 8 hours x 3.0 <p>The overtime rate after 8 hours piece rated is: (harvesters)</p> <ul style="list-style-type: none"> - Mon - Sat – flat rate - Sunday – flat rate x 2.0 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		- Public holiday – flat rate x 3.0	
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>Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made. Deductions were based on following permits:</p> <p><i>Permit potongan daripada gaji pekerja di bawah seksyen 114 ordinan buruh (Sarawak bab 76) no. siri: JTKSWK/PG/025/18/(MUKAH); dated 22/3/2018 for:</i></p> <ul style="list-style-type: none"> i) Sundry shop deduction ii) Store deduction 	Complied
4.4.5.10	<p>Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.</p> <p>- Minor compliance -</p>	<p>The social benefits for:</p> <p>Local - incentives for good work performance by giving hampers for general workers during annual dinner and for staff is based on KPI eligible for incentive, bonus payment, professional development for only executive and above, medical care and health provisions are for entire work force including periodical medical surveillance for sprayers.</p> <p>Foreigner – new employees arriving from overseas are given the basic necessities and food and a return air tickets each for a contracted period.</p>	Complied

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<p>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.</p> <p>- Major compliance -</p>	<p>Workers were provided with housing in clean and conducive condition. Progressively old wooden house will be replaced with concrete house as part of continual improvement plan. As minimum, line site inspection has been conducted by site safety officer in 3 monthly basis. Inspection has yet to be conducted as the annual inspection plan. As for Sarawak, Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) is not applicable. Refer to letter from Labour Department, ref. no.: JTKSWK/DA/(S)18 JLD 3 (27) dated 15/5/18.</p>	<p>Complied</p>
<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 management established the Sexual Harassment Policy – 012/2016 to prevent all forms of sexual harassment and violence at workplace.</p>	<p>Complied</p>
<p>4.4.5.13 The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p>- Major compliance -</p>	<p>The management established the Freedom of Association & Collective Bargaining Policy - 009 to facilitate the collective bargaining in accordance with applicable laws and regulations.</p> <p>Sighted the latest JCC meeting for Worker-Management Committee Organization Chart 2019. No changes on committee members the appointment as to date. Latest JCC meeting dated 28/6/19 was made available for review.</p>	<p>Complied</p>
<p>4.4.5.14 Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national</p>	<p>In-line with the established Child Labour Policy – 005/2016; it was</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance	
<p>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>verified during site visit to field and line site, there was no evidence of workers below 18 years old been employed. Workers were also aware of the minimum age policy is being strictly enforced by the management at which the age limit is above 18 years old..</p>		
<p>Criterion 4.4.6: Training and competency</p>			
<p>4.4.6.1</p>	<p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p> <p>- Major compliance -</p>	<p>The estate has established training program base on training need analysis conducted and documented in SSOP, Emergency Response, and Safety & Health Awareness Training Schedule FY 2019. Sighted the sampled training records follows:</p> <ul style="list-style-type: none"> i. Oil palm harvesting policy and BMP training dated 23/7/2019 ii. SSOP Chemical and Spray (Herbicide and P&D) training dated 14/1/2019 iii. SSOP for Chemical Sprayer(P&D) training dated 12/7/2019 iv. SSOP for water treatment plan training dated 21/8/2019 v. Fire drill and Fire Extinguisher usage training dated 16/1/2019 vi. SW handling and storage guidance training dated 2/7/2019 	<p>Complied</p>
<p>4.4.6.2</p>	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p>	<p>The estate has conducted Training need analysis to identified the training required for the employee. The analysis was conducted base on job designation and type of training required.</p>	<p>Complied</p>

Criterion / Indicator		Assessment Findings	Compliance
	- Major 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>The estate continuously provided the training to the workers as per plan. The training plan was reviewed on annually basis base on the training need analysis conducted.</p>	Complied
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	<p>An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>Palmraya Pelita Sikat Plantation Sdn. Bhd. has established Environmental Policy signed by the Managing Director dated on 21/11/2016. In the policy stated the company commitment to conduct all operation and activities in an environmentally responsible manner and to continually improve environmental performance within plantation.</p> <p>The policy was communicated to all the employee through briefing, training and displayed on signboard at designated place at the estate.</p>	Complied
4.5.1.2	<p>The environmental management plan shall cover the following:</p> <ul style="list-style-type: none"> a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. <p>- Major compliance -</p>	<p>The estate has conducted the environmental aspects and impacts analysis of all main and support operations and documented in Register of Environmental Aspects and Impacts Significance Identification. Base on the significant impacts identified in the register, the estate has established Environmental Continual Improvement Plan. Sighted the implementation of the management plan as follows:</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>i. Environmental monitoring was conducted on quarterly basis. Sighted the Environmental Monitoring Reports submitted to NREB for the first and second quarter. Refer report no. NREB/6-1/2D/43.</p> <p>ii. Peat subsidence monitoring was conducted on quarterly basis. Sighted the monitoring records for FY 2018, First and second quarter of 2019.</p>	
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>Base on the significant impacts identified in the register, the estate has established Environmental Continual Improvement Plan. The plan was monitored on monthly basis and documented in Environmental Policy and Management Checklist Plan.</p>	Complied
4.5.1.4	<p>A programme to promote the positive impacts should be included in the continual improvement plan.</p> <p>- Minor compliance -</p>	<p>Program to promote positive impacts was documented in the environmental continual improvement plan such as:</p> <ul style="list-style-type: none"> i. No domestic waste burning ii. 'Gotong-Royong' at linesite iii. Prohibition of illegal hunting iv. 3R Management 	Complied
4.5.1.5	<p>An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.</p> <p>- Major compliance -</p>	<p>The estate has established training program for all the employee and documented in annual training program. The training plan , Policies, Environmental Aspects and Impacts, Environmental control procedure and etc.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance																								
4.5.1.6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed. - Major compliance -	The estate has established the Environmental and BMP Committee. The committee held meeting on quarterly basis. Sighted the minutes meeting conducted on 23/5/2019 and 17/1/2019.	Complied																								
Criterion 4.5.2: Efficiency of energy use and use of renewable energy																											
4.5.2.1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period. - Major compliance -	<p>The estate monitored the consumption of diesel usage on monthly basis. Sighted the diesel consumption records FY 2019 as follows:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Diesel Consumption</th> <th>Baseline</th> </tr> </thead> <tbody> <tr> <td>Jan 19</td> <td>5.63</td> <td>11.33</td> </tr> <tr> <td>Feb 19</td> <td>4.96</td> <td>12.16</td> </tr> <tr> <td>Mar 19</td> <td>7.13</td> <td>10.18</td> </tr> <tr> <td>Apr 19</td> <td>7.23</td> <td>9.05</td> </tr> <tr> <td>May 19</td> <td>6.13</td> <td>7.99</td> </tr> <tr> <td>Jun 19</td> <td>9.35</td> <td>7.55</td> </tr> <tr> <td>Jul 19</td> <td>3.97</td> <td>6.95</td> </tr> </tbody> </table>	Month	Diesel Consumption	Baseline	Jan 19	5.63	11.33	Feb 19	4.96	12.16	Mar 19	7.13	10.18	Apr 19	7.23	9.05	May 19	6.13	7.99	Jun 19	9.35	7.55	Jul 19	3.97	6.95	Complied
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Jul 19	3.97	6.95																									

Criterion / Indicator		Assessment Findings	Compliance
		The estate has established management plan to optimize the usage of diesel and documented in GH Monitoring Plan to Reduce GHG Emission.	
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 -	The estimate of diesel usage was documented in the annual budget. The estimated usage was used as baseline to monitor the usage of diesel in the estate operation per MT FFB production.	Complied
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	No renewable energy used in the estate	Complied
Criterion 4.5.3: Waste management and disposal			
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	The estate has identified the waste products and its source and documented in the Environmental Continual Improvements Plan. Waste identified as follows: i. Domestic Waste ii. Scheduled Waste – SW 102, Sw 305, SW 306, SW 307, Empty pesticide container.	Complied
4.5.3.2	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:	Waste management plan has been established base on waste identified and documented in Environmental Continual Improvements	

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Criterion / Indicator	Assessment Findings	Compliance
<p>a) Identifying and monitoring sources of waste and pollution 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>Plan under section Domestic Waste Management and Schedule Waste Management.</p> <p>Sighted the implementation of the management plan as follows:</p> <p>i. Scheduled waste was stored at designated storage area and disposed by licensed contractors. Sighted the inventory in E-SWISS for the month of March to July 2019 and sampled disposal records as follows:</p> <p>a. 18/2/2019, SW 305, CN. No. 2019021811N0SV3 b. 18/2/2019, SW 410, CN. No. 201902182ATPCGX c. 18/2/2019, SW 102, CN. No. 201902182MA4Y9H</p> <p>ii. Domestic waste was collected and disposed at the Selangau municipal landfill. Sighted the sampled collection and disposal records including weighbridge dated 31/7/2019 (W/B ticket no. 139050), 4/7/2019 (W/B ticket no. 038733) and 1/7/2019 (W/B ticket no. 038708)</p> <p>iii. The estate maintain the monitoring records for recycle waste generated. Sighted the records as from January to July 2019.</p>	
<p>4.5.3.3 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>Palmraya Pelita Sikat Plantation Sdn. Bhd. has established SOP for handling Scheduled Waste and documented in Scheduled Wastes Handling and Storage Guidance. Refer doc. no. PGHSB/SOPPP/014/2016, ver 1, dated 21/11/2016.</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance
<p>4.5.3.4 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>Empty pesticide containers was punctured and disposed through licensed contractors as stated in Scheduled Wastes Handling and Storage Guidance, PGHSB/SOPP/014/2016, ver 1, dated 21/11/2016.</p> <p>At the point of visit, the empty chemical containers triple rinsed, punctured and stored in designated storage area under locked and key.</p>	<p>Complied</p>
<p>4.5.3.5 Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p> <p>- Minor compliance -</p>	<p>Domestic waste was collected and disposed at the Selangau municipal landfill. Sighted the sampled collection and disposal records including weighbridge dated 31/7/2019 (W/B ticket no. 139050), 4/7/2019 (W/B ticket no. 038733) and 1/7/2019 (W/B ticket no. 038708)</p>	<p>Complied</p>
<p>Criterion 4.5.4: Reduction of pollution and emission</p>		
<p>4.5.4.1 An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.</p> <p>- Major compliance -</p>	<p>The estate has conducted assessment to identify all polluting activities and documented in the GHG Monitoring Plan to Reduce GHG Emission. Source of activities contribute to GHG emission identified as follows:</p> <ul style="list-style-type: none"> i. Machinery/Vehicle ii. Generators iii. Fertilizers iiil. Chemicals 	<p>Complied</p>

Criterion / Indicator		Assessment Findings	Compliance
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>The estate has established GHG Monitoring Plan to Reduce GHG Emission based on the assessment conducted. Sighted the implementation of the management plan as follows:</p> <ul style="list-style-type: none"> i. Change the usage of fertilizer from UREA (46%) to SOA (21%). ii. Monthly diesel consumption for each generators and vehicles were available for review. 	Complied
Criterion 4.5.5: Natural water resources			
4.5.5.1	<p>The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <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. 	<p>Palmraya Pelita Sikat Plantation Sdn. Bhd. has established guidelines on Water Use Monitoring. Refer doc. no. PGHSB/SOPP/004/2015, dated 21/12/2015. The guidelines established to monitor water use in a plantation in order to ensure water availability for communities.</p> <p>Environmental monitoring was conducted on quarterly basis. Sighted the Environmental Monitoring Reports submitted to NREB for the first and second quarter available for review.</p> <p>The estate has established water management plan FY 2019. The management plan focusing on maintain the water level at the peat area. Sighted the implementation of the management plan as follows:</p> <ul style="list-style-type: none"> i. The estate has established and clearly demarcated the riparian buffer zone. Sighted during site visit at block 30B at the riparian buffer zone for Sg. Sikat, signboard on prohibition of chemical application activities, illegal hunting and fishing at the buffer zone area. Sighted no evidence of chemical application along the buffer zone. 	Complied

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Criterion / Indicator	Assessment Findings	Compliance
<p>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p>- Major compliance -</p>		
<p>4.5.5.2 No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p>- Minor compliance -</p>	No construction of bunds, weirs and dams across Sg. Sikat.	Complied
<p>4.5.5.3 Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).</p> <p>- Minor compliance -</p>	<p>The practice water harvesting of water from road-side drains being directed and stored in conservation road side pits was observed in both estates.</p> <p>Estates visited also provided houses, stores and workshop with water container for rain harvesting. The water were for activity such as chemical mixing, washing vehicle and washing clothes.</p>	Complied
<p>Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value</p>		
<p>4.5.6.1 Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p> <p>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p>	The Palmraya Pelita Sikat Plantation Sdn. Bhd. has conducted High Conservation Value Assessment by Wild Asia as per final reports 21/12/2018. In the reports, HCV 1, HCV 3 and HCV 4 was identified in the estate.	Complied

Criterion / Indicator	Assessment Findings	Compliance
<p>b) Conservation status (<i>e.g.</i> The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.</p> <p>- Major compliance -</p>	<p>HCV 1 RTE Species identified and IUCN, RTE and Cites 9 status was listed in table 67: Palmraya Pelita Sikat Plantation Sdn. Bhd. HCV 1 Species.</p>	
<p>4.5.6.2 If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <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>HCV 1 RTE Species identified and IUCN, RTE and Cites 9 status was listed in table 67: Palmraya Pelita Sikat Plantation Sdn. Bhd. Square HCV 1 Species.</p> <p>The estate has established management plan for RTE species and documented in Environmental Management Plan under Flora and Fauna or RTE section and HCV Management Plan. Sighted the implementation of the management plan as follows:</p> <p>i. Prohibition on illegal hunting: the estate has erected signboard on prohibition of illegal hunting the estate entrance, HCV area and linesite.</p>	<p>Complied</p>
<p>4.5.6.3 A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p>- Major compliance -</p>	<p>The estate has established management plan to comply with Indicator 1 as stated in indicator 4.5.6.3.</p>	<p>Complied</p>
<p>Criterion 4.5.7: Zero burning practices</p>		

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Criterion / Indicator		Assessment Findings	Compliance
4.5.7.1	Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice. - Major compliance -	The Palmraya Pelita Sikat Plantation Sdn. Bhd.has established Zero Burning Policy signed by the Managing Director dated 21/7/2015. The policy was communicated to all the employee through training, briefing and signage at several notice board in the estate.	Complied
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 controlled burning application is allowed as per Zero Burning Policy	Complied
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 application is allowed as per Zero Burning Policy	Complied
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. - Minor compliance -	No controlled burning application is allowed as per Zero Burning Policy. All felled palm will be shredded or chip and piled between planting rows.	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			

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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>Addressed in "Policy and BMP". Established based on operation such as:</p> <ul style="list-style-type: none"> i. Oil Palm Harvesting [001, 27/7/13] ii. Oil Palm Frond Pruning [001, 20/9/13] iii. Control of Tirathaba Bunch Moth [PGHSB/BMPP/002/2014, 2/5/14] iv. Water Management in Peat Soil [PGHSB/BMPP/004/2014, 1/7/14] v. Weeding [PGHSB/BMPP/005/2014, 1/7/14] vi. Termite Management in Peat Soil [PGHSB/BMPP/001/2014, 1/7/14] vii. IPM in Oil Palm Agro-ecological System [PGHSB/BMPP/007/2014, 14/7/14] viii. Fertilizer Management [PGHSB/BMPP/006/2014, 14/7/14] ix. Oil Palm Nursery Management [PGHSB/BMPP/003/2014, 1/7/14] x. Rat Management in Oil Palm Plantation [PGHSB/BMPP/08/2015, 11/8/2015] <p>To check on the consistent implementation of the SOP, internal agronomy team will visit estate minimum twice per year to monitor the P&D programme and overall field condition.</p>	Complied
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</p>	<p>There is no slope area at the estate.</p>	Complied

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	either soil, nutrients or chemicals. - Major compliance -		
4.6.1.3	A visual identification or reference system shall be established for each field. - Major compliance -	Identification of field reference was mainly made of plastic plat with white font on black background. The plat has the information about Block number, road number, year planted, SPH, Ha and planting material.	Complied
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	Business plan was demonstrated through availability of annual budget with 2 years projection. Among the main items included in the annual budget were harvesting and evacuation, field upkeep and employees welfare.	Complied
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 -	No replanting activity is planned within 5 years since this estate has planting the oil palm in year 2007 first planting.	Complied
4.6.2.3	The business or management plan may contain: a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production : cost per tonne of FFB	The annual budget of the estate contains the information about crop projection, production cost and estimation of material price. The managers will have regular meeting with the top management to discuss about their estate’s performance and expenses in order to ensure efficiency of cash flow.	Complied

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	d) Price forecast e) e) Financial indicators : cost benefit, discounted cash flow, return on investment - Major compliance -		
4.6.2.4	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented. - Major compliance -	Management has the working sheet for all the field operation for realization. Sampled the sanitation schedule for 2019 in monthly basis by manager for implementation of profit and loss monitoring.	Complied
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 -	Pricing mechanisms for the products and other services were effectively documented and implemented as per following example: i) Contract work agreement for harvesting, ref. no.: PSSB/NC19010021 between Palmraya Pelita Sikat Plantation Estate and contractor, Hong Sing Teck ii) Contract work agreement for harvesting, ref. no.: PSSB/NC19010034 between Palmraya Pelita Sikat Plantation Estate and contractor, Munai AK Sagam Pricing mechanism is based on rate per RM/ton at specific work target/field.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
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>Refer to harvesting contract for 2 contractors;</p> <p>i) Contract work agreement for harvesting, ref. no.: PSSB/NC19010021 between Palmraya Pelita Sikat Plantation Estate and contractor, Hong Sing Teck</p> <p>ii) Contract work agreement for harvesting, ref. no.: PSSB/NC19010034 between Palmraya Pelita Sikat Plantation Estate and contractor, Munai AK Sagam</p> <p>The above contract is valid for 1 (one) year until 31/12/19.</p> <p>Payment for the above contractors were sampled:</p> <p>i) Hong Sing Teck, June 2019 payment (PSSB/PE19060034/36) dated 30/6/19.</p> <p>ii) Munai AK Sagam, June 2019 payment (PSSB/PE19060051/37/40) dated 30/6/19. Actual payment received on 11/7/19. Refer to payment ref. no. CMS 19192000162</p>	Complied
Criterion 4.6.4: Contractor			
4.6.4.1	<p>Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.</p> <p>- Major compliance -</p>	<p>MSPO training for contractor/stakeholder has been conducted on 10/5/19 which attended by Hong Sing Teck and Munai AK Sagam.</p> <p>During the stakeholder meeting also, verified that contractors were aware on MSPO requirement.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.6.4.2	<p>The management shall provide evidence of agreed contracts with the contractor.</p> <p>- Major compliance -</p>	<p>Refer to harvesting contract for 2 contractors;</p> <p>i) Contract work agreement for harvesting, ref. no.: PSSB/NC19010021 between Palmraya Pelita Sikat Plantation Estate and contractor, Hong Sing Teck</p> <p>ii) Contract work agreement for harvesting, ref. no.: PSSB/NC19010034 between Palmraya Pelita Sikat Plantation Estate and contractor, Munai AK Sagam</p> <p>The above contract is valid for 1 (one) year until 31/12/19.</p> <p>Signature of the manager for estate and contractor evident in the agreement in January 2019.</p>	Complied
4.6.4.3	<p>The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.</p> <p>- Minor compliance -</p>	<p>The company has no objection to allow BSI auditors to verify the assessment through physical inspection if required.</p>	Complied
4.6.4.4	<p>The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted.</p> <p>- Major compliance -</p>	<p>The contractor works has been recorded and approved in work verification @ certificate for payment before payment made by HQ in Sibuh.</p>	Complied
4.7 Principle 7: Development of new planting			

Criterion / Indicator	Assessment Findings	Compliance
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 -	No development of new planting in the estate. NA
4.7.1.2	No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required. - Major compliance -	No development of new planting in the estate. NA
Criterion 4.7.2: Peat Land		
4.7.2.1	New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice. - Major compliance -	No development of new planting in the estate. NA
Criterion 4.7.3: Social and Environmental Impact Assessment (SEIA)		

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Criterion / Indicator		Assessment Findings	Compliance
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 -	No development of new planting in the estate.	NA
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 -	No development of new planting in the estate.	NA
4.7.3.3	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed. - Major compliance -	No development of new planting in the estate.	NA
4.7.3.4	Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed. - Minor compliance -	No development of new planting in the estate.	
Criterion 4.7.4: Soil and topographic information			
4.7.4.1	Information on soil types shall be adequate to establish	No development of new planting in the estate.	NA

Criterion / Indicator		Assessment Findings	Compliance
	the long-term suitability of the land for oil palm cultivation. - Major compliance -		
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 -	No development of new planting in the estate.	NA
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 -	No development of new planting in the estate.	NA
4.7.5.2	Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. - Major compliance -	No development of new planting in the estate.	NA
4.7.5.3	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. - Major compliance -	No development of new planting in the estate.	NA
Criterion 4.7.6: Customary land			

Criterion / Indicator		Assessment Findings	Compliance
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 -	No development of new planting in the estate.	NA
4.7.6.2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. - Minor compliance -	No development of new planting in the estate.	NA
4.7.6.3	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available. - Major compliance -	No development of new planting in the estate.	NA
4.7.6.4	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement. - Major compliance -	No development of new planting in the estate.	NA
4.7.6.5	Identification and assessment of legal and recognised	No development of new planting in the estate.	NA

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

Section 4: Assessment Conclusion and Recommendation

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment Palmraya Pelita Sikat Plantation Estate Certification Unit complies with the MS 2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholder. It is recommended that the certification of Palmraya Pelita Sikat Plantation Estate Certification Unit is approved and/or continued.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: Raymond Nyian	Name: Muhammad Fadzli Masran
Company name: Palmgroup Holdings Sdn. Bhd.	Company name: BSI Services Malaysia Sdn. Bhd.
Title: Manager, Sustainability	Title: Client Manager
Signature: 	Signature: 
Date: 24/12/2019	Date: 17/12/2019

Appendix A: Assessment Plan

Date	Time	Subjects	MFM	MH
Sunday 25/08/2019	PM	Audit Team Travelling	√	√
Tuesday 27/08/2019	08.30 – 09.00	Opening Meeting: <ul style="list-style-type: none"> Opening Presentation by Audit team leader. Confirmation of assessment scope and finalize Audit plan 	√	√
Palmraya Pelita Sikat 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.	√	√
	09.30 – 12.00	Stakeholder interviews (combined mill and estate's Stakeholders)	√	-
	12.30 – 13.30	Lunch	√	√
	13.30 – 16.30	Continue with document review Document review P1 – P6 (MSPO part 3), P1: Management commitment and responsibility P2: Transparency P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting (if any)	√	√
	16.30 – 17.00	Preparation of audit report	√	√
	17.00 – 17.30	Closing Meeting	√	√

Appendix B: List of Stakeholders Contacted

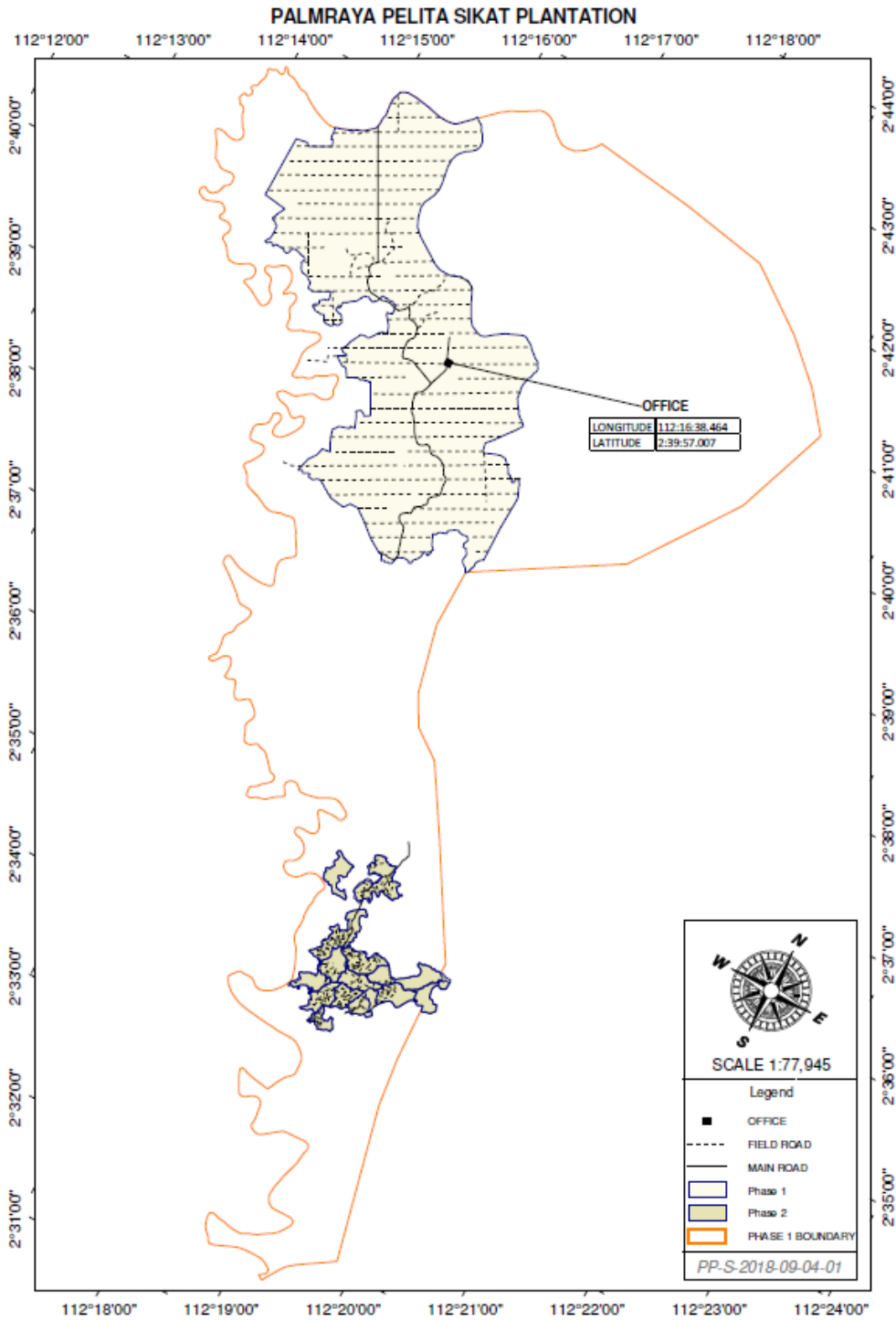
List of Stakeholders Contacted	
<p>Internal Stakeholders</p> <p>Estate managers Mill engineer Supervisors, Staff & Clerks Mill local & foreign workers (process, workshop, etc.) Estate local & foreign workers (harvesters, sprayers, etc.) Local workers representatives Foreign workers representatives Gender committee representative Estate Hospital Assistant</p>	<p>Union/Contractors/Local Communities</p> <p>TR Layang KKS Mukah Sg. Keladan Tatau Vendors & contractors</p>
<p>Government Departments</p> <p>S.K Lubok Bemban</p>	<p>NGO</p> <p>Nil</p>

Appendix C: Smallholder Member Details

No	Name of smallholder	Year Planted	Land Area (ha)	Forecast FFB (Mt/ha/year)
1	NA			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
TOTAL				

Appendix F: Location and Field Map





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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