

**MALAYSIAN SUSTAINABLE PALM OIL
4th ANNUAL SURVEILLANCE ASSESSMENT (ASA4)
Public Summary Report**

PALMGROUP HOLDINGS SDN BHD (795938-M)
Client Company Address: Level 25, Wisma Sanyan No. 1, Jalan Sanyan 96000 Sibu, Sarawak, Malaysia
Certification Unit: Palmgroup Palm Oil Mill Sdn. Bhd.
Date Final Report: 12/01/2022

Report prepared by:**Muhamad Naquiddin Mazeli** (Lead Auditor)**Report Number: 3293263****Assessment Conducted by:**

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TABLE of CONTENTS	Page No
Section 1: Executive Summary	3
1.1 Organizational Information and Contact Person	3
1.2 Certification Information	3
1.3 Location of Certification Unit	3
1.4 Certified Area	4
1.5 Plantings & Cycle	4
1.6 Certified Tonnage of FFB	4
1.7 Uncertified Tonnage of FFB.....	5
1.8 Certified Tonnage	5
1.9 Actual Sold Volume (CPO).....	5
1.10 Actual Sold Volume (PK).....	5
Section 2: Assessment Process	6
2.1 BSI Assessment Team.....	7
2.2 Accompanying Persons.....	8
2.3 Assessment Plan	8
Section 3: Assessment Findings	10
3.1 Details of audit results	10
3.2 Details of Nonconformities and Opportunity for improvement.....	10
3.3 Status of Nonconformities Previously Identified and OFI	12
3.4 Summary of the Nonconformities and Status.....	18
3.5 Issues Raised by Stakeholders	18
Section 4: Assessment Conclusion and Recommendation	19
Appendix A: Summary of the findings by Principles and Criteria.....	20
Appendix B: List of Stakeholders Contacted	53
Appendix C: Smallholder Member Details.....	54
Appendix D: Location and Field Map	55
Appendix E: List of Abbreviations.....	56

Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
Company Name	Palmgroup Palm Oil Mill Sdn. Bhd. (795938-M)		
Mill/Estate	MPOB License No.	Expiry Date	
	Palmgroup POM	541881004000	31/8/2022
Address	HQ: Level 25, Wisma Sanyan, No. 1, Jalan Sanyan, 96000 Sibu, Sarawak, Malaysia		
Certification Unit	Palmgroup Palm Oil Mill		
Contact Person Name	Wong Sie Chel		
Website	https://www.mafrika.com.my	E-mail	raymondny@mafrika.com.my
Telephone	019-8874155	Facsimile	019-8874155

1.2 Certification Information			
Certificate Number	MSPO 656803		
Issue Date	20/10/2017	Expiry date	19/10/2022
Scope of Certification	Production of Sustainable Palm Oil and Palm Oil Products		
Standard	MS 2530-4:2013 General Principles for Palm Oil Mills		
Stage 1 Date	03/08/2016		
Stage 2 / Initial Assessment Visit Date (IAV)	16 - 19/01/2017		
Continuous Assessment Visit Date (CAV) 1	31/07/2018		
Continuous Assessment Visit Date (CAV) 2	31/07/2019 - 01/08/2019		
Continuous Assessment Visit Date (CAV) 3	Remote Audit: 10/08/2020 and Onsite Audit: 28-29/09/2020		
Continuous Assessment Visit Date (CAV) 4	Remote Audit: 06/08/2021		

Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
SGS-MSPO-SCCS-my20/1811030258	MSPO Supply Chain Certification Standard (MSPO SCCS) 1/10/2018	SGS (Malaysia) Sdn. Bhd.	29/12/2024

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	
		Latitude	Longitude
Palmgroup POM	Lot 2, Block 1, Arip Land District, 96000 Sibu, Sarawak, Malaysia	2° 49' 25.36" N	112° 38' 5.36" E

MSP0 Public Summary Report
Revision 1 (Feb 2020)

1.4 Certified Area					
Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
N/A					
TOTAL	N/A	N/A	N/A	N/A	

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

1.6 Certified Tonnage of FFB			
Estate	Tonnage / year		
	Estimated (Sept 20 - Aug 21)	Actual (Sep 20 - Jul 21)	Forecast (Oct 21 - Sep 22)
Jobenar Raya Tatau	47970.00	40221.58	39500.00
Jobenar Raya Balingian	60982.00	52736.19	52500.00
Palmcol 1	96976.00	87431.24	89500.00
Palmcol 2	32960.00	25903.53	25500.00
Rosebay 2	51992.00	44048.25	43500.00
Palmraya Pelita Meruan	41960.00	35362.70	34500.00
Palmraya Pelita Sikat	30980.00	24214.55	23500.00
Palmraya Pelita Spapa Oya	16478.00	4686.41	7200.00
Saradu Plantation	59986.00	54542.05	54500.00
Victoria Square Development S/B	13450.00	5719.79	2500.00
Worldsign Harvest	66986.00	60265.45	60500.00
Setuan Plantation	26982.00	15780.83	14500.00
Abang Benjamin	16990.00	4605.81	7500.00
Palmlyn Sdn. Bhd.	19476.00	11216.36	9500.00
Total	584,168.00	466,734.70	464,700.00

MSPO Public Summary Report
Revision 1 (Feb 2020)

1.7 Uncertified Tonnage of FFB			
Estate	Tonnage / year		
	Estimated (Sept 20 - Aug 21)	Actual (Sep 20 - Jul 21)	Forecast (Oct 21 - Sep 22)
Anggut ak Nasat	0	55.41	60.00
James Bedindang ak Janang	0	21.69	25.00
Empene ak Empera	0	18.94	20.00
Jaluwing Usat	0	18.30	20.00
Total	0	114.34	125.00

1.8 Certified Tonnage			
Mill Capacity: 90 MT/hr SCC Model: MB	Estimated (Sept 20 - Aug 21)	Actual (Sep 20 - Jul 21)	Forecast (Oct 21 - Sep 22)
	FFB	FFB	FFB
	584,168.00	466,734.70	464,700.00
	CPO (OER: 19.03%)	CPO (OER: 19.3%)	CPO (OER: 20.56%)
	111,173.00	90,122.58	95,587.00
	PK (KER: 3.7%)	PK (KER: 4.18%)	PK (KER: 4.53%)
	21,623.00	19,509.24	21,078.00

1.9 Actual Sold Volume (CPO)					
CPO (MT)	MSPO Certified	Other Schemes Certified		Conventional	Total
		ISCC	RSPO		
90,122.58	-	-	-	81,321.00	81,321.00

1.10 Actual Sold Volume (PK)					
PK (MT)	MSPO Certified	Other Schemes Certified		Conventional	Total
		ISCC	RSPO		
19,509.24	-	-	-	10,181.00	10,181.00

Section 2: Assessment Process

BSI is a leading global provider of management systems assessment and certification, with more than 80,000 certified locations and clients in over 190 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 remote assessment was conducted from 06/08/2021 due to the Movement Control Order (MCO) imposed by the Malaysian Government. Among the ICT plan used were MS Teams, WhatsApp, Share-drive and email. The audit programme is included as Section 2.3. The approach to the audit was to treat the Palmgroup POM as a MSPO Certification Unit. The remote audit has been conducted using information and communication technologies including Microsoft Teams and WhatsApp. The planned audit objectives have been achieved. There were no connectivity issues which adversely effected the audit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, declared conservation areas and local communities.

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

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

Meetings by phone call 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. No site verification during this assessment because of fully remote audit due to COVID-19 issue and to comply with Movement Control Order. A list of Stakeholders contacted is included as Appendix B.

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

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

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

MSPO Public Summary Report
Revision 1 (Feb 2020)

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

Assessment Program					
Name (Mill / Plantation / Group smallholders)	Year 1 (Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 3)	Year 5 (ASA 4)
Palmgroup POM	√	√	√	√	√

Tentative Date of Next Visit: August 1, 2022 - August 2, 2022

Total No. of Mandays: 3

2.1 BSI Assessment Team

Team Member Name	Role <i>(Team Leader or Team member)</i>	Qualifications <i>(Short description of the team members)</i>
Muhamad Naquiddin Mazeli (MNM)	Team Leader	He hold Bachelor of Science Horticulture, graduated from University Putra Malaysia. He has 11 years working experience in oil palm plantation industry as sustainability team. Joining the sustainability team, he managed, implement and monitors the RSPO, ISCC, MSPO and ISO9001 and ISO 18001 certification requirements for the estates, mills, refineries and Smallholder scheme. He also support in providing training related to RSPO, MSPO and other certifications where applicable to the operations during previous company. He is a trained as Safety and Health Officer, Food Safety System (FSSC and ISO 22000) for Mill and refineries, ISO 9001, ISO 45001 and already attend HCV training with Proforest. During this audit, he cover social aspect and stakeholder consultation. Able to speak and understand Bahasa Malaysia and English.
Mohamad Fitri Mustafa (MFM)	Team Member	Graduate in degree of agribusiness with more than 8 years working experience in various plantation companies and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM). Involved in ISCC and MSPO auditing since September 2017. Qualified as Lead Auditor/Auditor for MSPO, RSPO and ISO 9001. Completed and certified MSPO Auditor course in 2018 held by SGS (M) Sdn Bhd. Member of BSI MSPO audit team. During this audit, he cover safety and health also environment aspect. Able to speak and understand Bahasa Malaysia and English.
Mohd Syafiq Zawawi (MSZ)	Team Member	Holds Diploma in Mechanical Engineering from UiTM, Diploma in Palm Oil Milling Management form IMPAC and currently undergraduate studies in bachelor's degree Of Mechanical Engineering at UTM. Has successfully attended courses of Lead Auditor In IMS, MSPO, MSPO SCCS, RSPO P&C and RSPO SCC. Has 12 years working experience in the palm oil industry including assisting managing the palm oil mill, managing palm oil bulking supply chain and sustainability audit since

MSPO Public Summary Report
Revision 1 (Feb 2020)

		2018. He is a competent person for Steam Engineer Grade II (DOSH), registered Authorised Gas Tester for Confine Space (AGT) and also Certified Environmental Professional in Schedule Waste Management (CePSWAM). During this audit, he covered in the management commitment area, legal and environmental part. Able to speak and understand Bahasa Malaysia and English.
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2.2 Accompanying Persons

No.	Name	Role
	N/A	

2.3 Assessment Plan

The assessment plan was sent to the client prior to the assessment (attached assessment plan).

Date	Time	Subjects	MNM	MFM	MSZ
Wednesday, 28/07/2021	10.00 - 10.30 am	Trial Meeting for communication test. Communication on document preparation - Audit plan - Any additional Information			Teleconference, Microsoft Team Meeting, Email
Wednesday, 04/08/2021	09.00 - 09.30	Opening Meeting: • Opening Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan			Teleconference, Microsoft Team Meeting, Email
Thursday, 06/08/2021 Palmgroup Palm Oil Mill	09.00 - 12.30	Document audit: P1: Management commitment and responsibility P2: Transparency P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition P5: Environment, natural resources, biodiversity and ecosystem services P6: Best practices			Teleconference, Microsoft Team Meeting, Email
	12.30 - 13.30	Lunch	√		
	13.30 - 16.30	Continue with document review (MSPO part 4) P1: Management commitment and responsibility P2: Transparency P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition P5: Environment, natural resources, biodiversity and ecosystem services P6 : Best practices			Teleconference, Microsoft Team Meeting, Email
	16.30 - 17.00	Preparation of audit report/ Closing meeting			Teleconference, Microsoft Team Meeting, Email

MSPO Public Summary Report
Revision 1 (Feb 2020)

Date	Time	Subjects	MNM	MFM	MSZ
	17.00 - 17.30	Closing Meeting	Teleconference, Microsoft Team Meeting, Email		

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

The implementation of the Corrective Actions for the Major Non-conformity(ies) has been verified for its effectiveness and closed accordingly.

Major Nonconformities:		
Ref: 2090212-202108-M1	Area/Process: Palmgroup POM	Clause: MSPO 2530 Part 4-4.3.1.1
	Issue Date: 6/8/2021	Closed Date: 30/10/2021
Requirements:	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.	
Statement of Nonconformity:	The mill insufficient in compliance to the legal regulations.	
Objective Evidence:	<p>MPOB License for no. 541881004000 valid from 01/09/2021 to 31/08/2022 for processing capacity 450,000mt per year. However, last year of 2020 processing capacity at 451,631.83 MT was exceed the allowable processing capacity of 450,000 MT as stated in the MPOB License.</p> <p>It was noted the mill are equipped with the 1-unit 640kW and 2 unit 1000kW Diesel Generator. However, there is no competent person in charge for these internal combustion engines with a 2nd Grade Internal Combustion Engine Driver which not in line with the Factories and Machineries (Person In Charge) Amendment 2014, Subsection (2) Amendment Regulations 6.</p> <p>There are no environmental competent person for the Scheduled Waste and the Palm Oil Mill Effluent which are not in line with the Environmental Quality (amendment) Act 2012 Section 49A of Competent Person.</p> <p>There is no valid authorised gas tester for confined space although responsible person of confined Space has attended the Course of Authorised Gas Tester and Entry Supervisor for Confined space on 18/09/2019 – 20/09/2020, where which required to pass the examination and registered with DOSH upon completion in the Industrial Code Of Practice For Safe Working In Confined Space 2010 under Part 12.3.2</p>	

MSPO Public Summary Report
Revision 1 (Feb 2020)

Corrections:	To re-apply MPOB License regarding upgrade FFB process permit with capacity 500,000mt /year. To send staff immediately to attending the competency training once the travelling restriction is lifted by government and company: i) 2 nd Grade Internal Combustion Engine Driver ii) Schedules Waste (CEPSWAM) iii) POME (CEPPOME) iv) Authorized Gas Tester for Confine Space (AGT)
Root cause analysis:	Management had no monitoring on the FFB received from suppliers, caused of exceeding the allowable mill capacity productions. However the application was already in progress to upgrading mill MPOB Licence to process FFB capacity 500,000mt/year. Mill have plan to send staff attending/renew their the competency training but was postponed due to the pandemic outbreak and travelling movement restrictions from year 2020-2021: i) 2 nd Grade Internal Combustion Engine Driver ii) Schedules Waste (CEPSWAM) iii) POME (CEPPOME) iv) Authorized Gas Tester for Confine Space (AGT)
Corrective Actions:	I. Traceability Officer to provide Summary Record for monitoring FFB received from suppliers and compare FFB Processed using Daily Production Report with the approved processing capacity II. To liaise with HRD (HQ) to make arrangement to send staff attending the competency training as per requirements through Monitoring Checklist of Competent Person Certificate and to ensure all are valid from time to time.
Assessment Conclusion:	As per document evidence received as per below;- Monitoring checklist dated 29/10/2021 on competent person programme DOE license AS(SWK)(B): 31/152/000/057 Jld.7(04A) amendment from 90mt/h into 150mt/h. CePSWaM/2113033 validity from 16/3/2021 until 16/3/2022 Thus, Major NC closed on 30/10/2021 and Continuous implementation will be further verified in the next audit.

Opportunity For Improvement

Ref: N/A	Area/Process: N/A	Clause: N/A
Objective Evidence:	N/A	

Noteworthy Positive Comments

1.	Good cooperation and hospitality given by the HQ and site team.
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3.3 Status of Nonconformities Previously Identified and OFI

Major Nonconformities:																													
Ref: 1964342-202009-M1	Area/Process: Palmgroup POM		Clause: MSPO 2530 Part 4-4.3.1.1																										
	Issue Date: 29/9/2020		Closed Date: 28/12/2020																										
Requirements:	i) All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations ii) Factory Machinery Act 1967, section 19 (2): Certificate of fitness iii) Jadual Pematuhan Lesen Perlanggaran, license no. 003402, ref: JPLP(UB)2019/003402																												
Statement of Nonconformity:	Compliance with FMA 1967 and EQA 1974 were not effectively demonstrated.																												
Objective Evidence:	Based on written instruction by DOSH officer dated 15/9/20, certificate of fitness (CF) for all 13 Unfired Pressure Vessel and Steam Boiler are temporary suspended. Machine can't be operated until the calibration report accepted and approved. Based on compliance schedule stipulated under JPLP(UB)2019/003402; i) The frequency of monitoring is every 3 month or via i-remote - Only 6 monthly stack monitoring carried out on 6/8/19 (boiler no.1) and 17/4/19 (incinerator 1,2,3 & 4). For 2020, boiler stack monitoring was carried out in July 2020 and for incinerator 1,2,3 & 4 on 17/6/20. ii) Emission limit for boiler stack no. 383 mg/m ³ , INC 1: 387 mg/m ³ , INC 2: 388 mg/m ³ , INC: 384 mg/m ³ and 395 mg/m ³ . Based on stack emission report for 2019 and 2020, INC 2 and 4 exceed the emission limit [2019: INC 2 - 389 vs 388 mg/m ³ (limit), INC 4: 397 vs 395 mg/m ³ (limit), 2020: INC 4 - 391 vs 384 mg/m ³ (limit)]																												
Corrections:	Planned action to remove nonconformity, with deadline:- i) Conduct calibration for Safety Valve & Pressure Gauge calibration by DOSH certified/ licensed party. ii) Submit all evidence of compliance to JKKP Bintulu to close out the issue and to get their approval. iii) Request quotation from ESI Sampling to do assessment for Stack Emission Boiler & Incinerator for the period Oct 2020-Dec 2020 Planned verification of effectiveness of this action, with deadline:- <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>#</th> <th>Action Taken</th> <th>Responsible Person</th> <th>Completion Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Calibration certificate for Safety Valve & Pressure gauge</td> <td>Mr. Wong</td> <td>20/11/2020</td> <td>In progress</td> </tr> <tr> <td>2</td> <td>Reply letter to JKKP Bintulu and corrective action approval notice by JKKP Bintulu</td> <td>Mr. Wong & Tahir</td> <td>20/11/2020</td> <td>In progress</td> </tr> <tr> <td>3</td> <td>Quotation Stack Emission Boiler & Incinerator Oct20-Dec 20 (Signed)</td> <td>Yii Ann Na</td> <td>20/11/2020</td> <td>In progress</td> </tr> <tr> <td>4</td> <td>Conformation of Job Order from Assessor for the Quotation Stack Emission Boiler & Incinerator Oct20-Dec 20</td> <td>Yii Ann Na</td> <td>KIV</td> <td>KIV</td> </tr> </tbody> </table>				#	Action Taken	Responsible Person	Completion Date	Status	1	Calibration certificate for Safety Valve & Pressure gauge	Mr. Wong	20/11/2020	In progress	2	Reply letter to JKKP Bintulu and corrective action approval notice by JKKP Bintulu	Mr. Wong & Tahir	20/11/2020	In progress	3	Quotation Stack Emission Boiler & Incinerator Oct20-Dec 20 (Signed)	Yii Ann Na	20/11/2020	In progress	4	Conformation of Job Order from Assessor for the Quotation Stack Emission Boiler & Incinerator Oct20-Dec 20	Yii Ann Na	KIV	KIV
#	Action Taken	Responsible Person	Completion Date	Status																									
1	Calibration certificate for Safety Valve & Pressure gauge	Mr. Wong	20/11/2020	In progress																									
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3	Quotation Stack Emission Boiler & Incinerator Oct20-Dec 20 (Signed)	Yii Ann Na	20/11/2020	In progress																									
4	Conformation of Job Order from Assessor for the Quotation Stack Emission Boiler & Incinerator Oct20-Dec 20	Yii Ann Na	KIV	KIV																									

MSPO Public Summary Report
Revision 1 (Feb 2020)

	5	Stack emission report from Assessor	Yii Ann Na	KIV	KIV															
Root cause analysis:	i) The monitoring and maintenance of Safety Valve and Pressure Gauge is only monitored and maintained to meet minimum requirement. ii) Mill Management not aware about the above requirements (DOE Law) regarding quarterly frequency monitoring of stack emission Boiler & Incinerator.																			
Corrective Actions:	i) Continuously monitored and maintained Safety valve and Pressures Gauge for calibration, during annual main overhaul, before Annual DOSH Inspection ii) Create schedule for Quarterly Monitoring Stack Emission Boiler & Incinerator. Planned verification of effectiveness of this action, with deadline:- <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>#</th> <th>Action Taken</th> <th>Responsible Person</th> <th>Completion Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Schedule Annual Maintenance for Calibration Safety Valve & Pressure Gauge</td> <td>Mr. Wong</td> <td>21/11/2020</td> <td>In Progress</td> </tr> <tr> <td>2</td> <td>Schedule Quarterly Monitoring Stack Emission Boiler & Incinerator</td> <td>Johnny</td> <td>20/11/2020</td> <td>In Progress</td> </tr> </tbody> </table>					#	Action Taken	Responsible Person	Completion Date	Status	1	Schedule Annual Maintenance for Calibration Safety Valve & Pressure Gauge	Mr. Wong	21/11/2020	In Progress	2	Schedule Quarterly Monitoring Stack Emission Boiler & Incinerator	Johnny	20/11/2020	In Progress
#	Action Taken	Responsible Person	Completion Date	Status																
1	Schedule Annual Maintenance for Calibration Safety Valve & Pressure Gauge	Mr. Wong	21/11/2020	In Progress																
2	Schedule Quarterly Monitoring Stack Emission Boiler & Incinerator	Johnny	20/11/2020	In Progress																
Assessment Conclusion:	Evidence submitted was reviewed and found to be sufficient to close the NC on 4 th December 2020. Continuous implementation will be further verified in the next audit.																			
Verification Statement	ASA4: Evidence submitted was reviewed and found to be sufficient to close the NC on 4/12/2020. As per verification on this ASA 4 the record was available and the management maintain the scheduled on monitoring accordingly thus Major NC remained closed.																			

Minor Nonconformities:		
Ref: 1964342-202009-N1	Area/Process: Palmgroup POM	Clause: MSPO 2530 Part 4-4.5.3.2
	Issue Date: 29/9/2020	Closed Date: 6/8/2021
Requirements:	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products	
Statement of Nonconformity:	Waste management plan was not effectively implemented.	
Objective Evidence:	Identification and monitoring of sources of waste and pollution for biomass waste/process waste was not included in the Environmental Continual Improvement Plan for 2020. Observed during site visit, leachate from EFF dumping flowing to the nearby drain near to incinerator, new tilting sterilizer and store/workshop area.	
Corrections:	Planned action to remove nonconformity, with deadline:- i) To collect all empty drums to the Schedule Waste Store for properly dispose as schedule waste items.	

MSPO Public Summary Report
Revision 1 (Feb 2020)

	<p>Planned verification of effectiveness of this action, with deadline:-</p> <table border="1"> <thead> <tr> <th>#</th> <th>Action Taken</th> <th>Responsible Person</th> <th>Completion Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Progress Report of Remedial Action (Before and After)</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> <tr> <td>2.</td> <td>Schedule Waste Inventory Report</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> </tbody> </table>	#	Action Taken	Responsible Person	Completion Date	Status	1	Progress Report of Remedial Action (Before and After)	Johnny	21/11/2020	In progress	2.	Schedule Waste Inventory Report	Johnny	21/11/2020	In progress															
#	Action Taken	Responsible Person	Completion Date	Status																											
1	Progress Report of Remedial Action (Before and After)	Johnny	21/11/2020	In progress																											
2.	Schedule Waste Inventory Report	Johnny	21/11/2020	In progress																											
Root cause analysis:	Monitoring activity is not consistently carry out result in lack of awareness on SOP.																														
Corrective Actions:	<p>i) Responsible person (Environment Officer) must ensure the inspection schedule is effectively follow all the times.</p> <p>ii) Conduct regular communication and awareness to employees and contractors regarding SOP Chemical Spillage.</p> <p>Planned verification of effectiveness of this action, with deadline:-</p> <table border="1"> <thead> <tr> <th>#</th> <th>Action Taken</th> <th>Responsible Person</th> <th>Completion Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Inspection Schedule on SOP implementation</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> <tr> <td>2</td> <td>Notice Memo to Enforce Schedule Requirement Waste Compliance and understanding acknowledgement by responsible staff.</td> <td>Johnny/ Manager</td> <td>21/11/2020</td> <td>In progress</td> </tr> <tr> <td>3</td> <td>Training schedule for Schedule Waste Management Awareness</td> <td>Johnny/ Manager</td> <td>21/11/2020</td> <td>In progress</td> </tr> <tr> <td>4</td> <td>Briefing report on SOP Chemical Spillage Awareness to employees and contractors.</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> <tr> <td>5</td> <td>Inspection record drum Oil Storage at workplace.</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> </tbody> </table>	#	Action Taken	Responsible Person	Completion Date	Status	1	Inspection Schedule on SOP implementation	Johnny	21/11/2020	In progress	2	Notice Memo to Enforce Schedule Requirement Waste Compliance and understanding acknowledgement by responsible staff.	Johnny/ Manager	21/11/2020	In progress	3	Training schedule for Schedule Waste Management Awareness	Johnny/ Manager	21/11/2020	In progress	4	Briefing report on SOP Chemical Spillage Awareness to employees and contractors.	Johnny	21/11/2020	In progress	5	Inspection record drum Oil Storage at workplace.	Johnny	21/11/2020	In progress
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Assessment Conclusion:	The corrective action is accepted. Effectiveness of corrective action taken will be further verified in the next assessment.																														
Verification Statement	<p>ASA 4:</p> <p>The environment officer has been assigned by the management to conduct the inspection by scheduled, sighted the appointment letter referred letter Environment and BMP Officer (PPOM/PH/BMP/001) dated 15/1/2021 and as per latest Environment and BMP inspection record dated 10/7/2021 showed that CAP was implemented. No recurrence issue found during this audit thus minor NC was close accordingly.</p>																														

Minor Nonconformities:		
Ref: 1964342-202009-N2	Area/Process: Palmgroup POM	Clause: MSPO 2530 Part 4-4.5.3.3
	Issue Date: 29/9/2020	Close Date: 6/8/2021
Requirements:	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.	
Statement of Nonconformity:	Handling of scheduled waste was not in accordance with the established procedure	

MSPO Public Summary Report
Revision 1 (Feb 2020)

Objective Evidence:	Observed during site visit, empty oil lubricant drums were left at open area near to process area. Sighted trace of oil the nearby drain and soil contamination resulting from improper storage of empty oil lubricant drums.																														
Corrections:	<p>i) To collect all empty drums to the Schedule Waste Store for properly dispose as schedule waste items.</p> <p>Planned verification of effectiveness of this action, with deadline:-</p> <table border="1"> <thead> <tr> <th>#</th> <th>Action Taken</th> <th>Responsible Person</th> <th>Completion Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Progress Report of Remedial Action (Before and After)</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> <tr> <td>2.</td> <td>Schedule Waste Inventory Report</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> </tbody> </table>	#	Action Taken	Responsible Person	Completion Date	Status	1	Progress Report of Remedial Action (Before and After)	Johnny	21/11/2020	In progress	2.	Schedule Waste Inventory Report	Johnny	21/11/2020	In progress															
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Assessment Conclusion:	The corrective action is accepted. Effectiveness of corrective action taken will be further verified in the next assessment.																														
Verification Statement	<p>ASA 4:</p> <p>The responsible person already been given training every year to ensure inspection was effectively followed by appointed person, latest record was on 29/6/2021. As per eSwiss record (31/152/000/057) dated July 2021 showed that the scheduled waste was properly stored and disposed according to Scheduled waste Reg 2005, the consignment note was available dated 24/7/2021 thus minor NC was closed accordingly.</p>																														

Minor Nonconformities:		
Ref: 1964342-202009-N3	Area/Process: Palmgroup POM	Clause: MSPO 2530 Part 4-4.5.4.3
	Issue Date: 29/9/2020	Closed Date: 6/8/2021

MSPO Public Summary Report
Revision 1 (Feb 2020)

Requirements:	POME discharge limits and method was not in accordance with the Mill's Compliance Schedule																									
Statement of Nonconformity:	Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.																									
Objective Evidence:	Final discharge of POME was found exceed the limit of 20 mg/l for the following months; i) April 2020, Ref: ELS/Palmgroup/02/126/20, sample date 21/4/20 - BOD: 26 mg/l ii) August 2020, Ref: ELS/Palmgroup/02/130/20, sample date 1/8/20 - BOD: 23 mg/l																									
Corrections:	<p>i) Monitor doses chemical at Polishing plant and check until result Final Discharge in order (below 20 mg/l)</p> <p>Planned verification of effectiveness of this action, with deadline:-</p> <table border="1"> <thead> <tr> <th>#</th> <th>Action Taken</th> <th>Responsible Person</th> <th>Completion Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Report of Chemical Mixing – Polishing Plant (picture before & after)</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> <tr> <td>2</td> <td>Latest Assessment report for Final discharge of POME after remedial action.</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> </tbody> </table>	#	Action Taken	Responsible Person	Completion Date	Status	1	Report of Chemical Mixing – Polishing Plant (picture before & after)	Johnny	21/11/2020	In progress	2	Latest Assessment report for Final discharge of POME after remedial action.	Johnny	21/11/2020	In progress										
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2	Latest Assessment report for Final discharge of POME after remedial action.	Johnny	21/11/2020	In progress																						
Root cause analysis:	The maintenance activity is not fully monitor before the assessment.																									
Corrective Actions:	<p>i) Provide schedule monitoring chemical consumption and chemical pum.</p> <p>ii) Create Procedure and Process Flow Chart as standard references.</p> <p>Planned verification of effectiveness of this action, with deadline:-</p> <table border="1"> <thead> <tr> <th>#</th> <th>Action Taken</th> <th>Responsible Person</th> <th>Completion Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Schedule Monitoring Chemical Consumption at Polishing Plant</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> <tr> <td>2.</td> <td>Schedule Checking Chemical pump</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> <tr> <td>3.</td> <td>Process Flow Chart procedure for POME discharge activity.</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> <tr> <td>4.</td> <td>Inspection report of Monitoring Activity</td> <td>Johnny</td> <td>21/11/2020</td> <td>In progress</td> </tr> </tbody> </table>	#	Action Taken	Responsible Person	Completion Date	Status	1	Schedule Monitoring Chemical Consumption at Polishing Plant	Johnny	21/11/2020	In progress	2.	Schedule Checking Chemical pump	Johnny	21/11/2020	In progress	3.	Process Flow Chart procedure for POME discharge activity.	Johnny	21/11/2020	In progress	4.	Inspection report of Monitoring Activity	Johnny	21/11/2020	In progress
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Assessment Conclusion:	The corrective action is accepted. Effectiveness of corrective action taken will be further verified in the next assessment.																									
Verification Statement:	<p>ASA 4:</p> <p>From the result of sampling (Lab no: ELS/Palmgroup/02/140/21) dated 9 July 2021, BOD result showed was 12 mg/l and comply with Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulation 1977, thus Minor NC was closed accordingly.</p>																									

Opportunity For Improvement		
Ref: 1964342-202009-I1	Area/Process: Palmgroup POM	Clause: MSPO 2530 Part 4-4.5.1.3

MSPO Public Summary Report
Revision 1 (Feb 2020)

Objective Evidence:	To incorporate waste identification and management plan in one (1) master plan for ease of reference and monitoring.
Verification Statement:	<p>ASA 4:</p> <p>The environmental improvement plan already incorporate in one management plan, and has been implemented as per planned programme as observed in the document Environmental Continual Improvement plan 2021. Sighted the sample of continual improvement plan developed were:</p> <p>Water Quality Management for Effluent pond, outlet drains/ final discharge, riparian buffer zone.</p> <p>Action taken by BOD report by ESI Laboratory on monthly basis. Follow requirements for mill effluent management on quarterly report to OER. Awareness briefing.</p> <p>POME by monitoring of flowmeter and logbook record.</p> <p>Action taken by daily inspection (No leaking or flooding) and daily monitoring of volume (flowmeter)</p> <p>Air quality management by monitoring of smoke release from incinerator and boiler. Action taken by follow the follow the requirements of mill emission.</p>

Opportunity For Improvement		
Ref: 1964342-202009-I2	Area/Process: Palmgroup POM	Clause: MSPO 2530 Part 4-4.4.4.2 (d) (i)
Objective Evidence:	<p>i) To carry out emergency drill as the last list was carried out last year in July 2019.</p> <p>ii) Minimum PPE requirement for be in lined with the recommendation by CHRA assessor.</p>	
Verification Statement:	<p>ASA 4:</p> <p>a. PPE issuance records were made available to the audit team. The estate management also conducted regular inspection to the PPE given to the employees. PPE issuance record and inspection records were made available to the audit team.</p> <p>b. Emergency responses procedure which covers on accident reporting (harmful situation, poisonous, diseases & damages), emergency action plan (chemical pillage & chemical schedule waste) and fire incident responses were developed by the group. The training on chemical handling and emergency drill been conducted on 29/6/2021</p>	

Opportunity For Improvement		
Ref: 1964342-202009-I3	Area/Process: Palmgroup POM	Clause: MSPO 2530 Part 4-4.3.1.3
Objective Evidence:	The new OSHA Noise Exposure Regulation 2019 has yet to be included in the register	
Verification Statement:	<p>ASA 4:</p> <p>In the document of "Legal Register" dated on 26/07/2021, has including the monitoring of the latest or new amendment of revision of Act or Regulations or relevant regulatory section. Latest legal requirement of Akta Pencegahan Dan Pengawasan Penyakit Berjangkit 1988 (Akta 342), "Factories and Machinery Act (Noise Exposure) 2019 & Minimum Wages Order 2020 are included in the Legal Requirement Register.</p>	

3.4 Summary of the Nonconformities and Status



CAR Ref.	CLASS	ISSUED	STATUS
1431235201701-M1	Major	9/1/17	Closed on 17/4/17
1431235201701-M2	Major	9/1/17	Closed on 17/4/17
1431235201701-M3	Major	9/1/17	Closed on 17/4/17
1431235201701-M4	Major	9/1/17	Closed on 17/4/17
1664969-201807-M1	Major	31/7/18	Closed on 18/9/18
1664969-201807-M2	Major	31/7/18	Closed on 18/9/18
1664969-201807-M3	Major	31/7/18	Closed on 18/9/18
1664969-201807-M4	Major	31/7/18	Closed on 18/9/18
1808649-201907-M1	Major	1/8/19	Closed on 29/9/19
1808649-201907-N1	Minor	1/8/19	Closed on 29/9/20
1808649-201907-N2	Minor	1/8/19	Closed on 29/9/20
1964342-202009-M1	Major	29/9/20	Closed on 4/12/20
1964342-202009-N1	Minor	29/9/20	Closed on 6/8/21
1964342-202009-N2	Minor	29/9/20	Closed on 6/8/21
1964342-202009-N3	Minor	29/9/20	Closed on 6/8/21
2090212-202108-M1	Major	6/8/21	Closed on 30/10/21

3.5 Issues Raised by Stakeholders

IS #	Description
1	<p>Feedbacks: Female Workers – They informed that they were treated equally without discrimination of gender. They were briefed on the new mother needs implemented by the company. However, there was no new mothers in all the operating units. They informed that there was no sexual harassment or violence case reported.</p>
	<p>Management Responses: The management will continue to respect the rights of female workers.</p>
	<p>Audit Team Findings: No other issue.</p>
2	<p>Feedbacks: Workers’ Representatives - They informed that they were elected by the workers to be the representatives of workers. Meeting was conducted with the management to discuss if there is any issue with the workers. Actions have been taken by management and kept them informed on the status of issue reported. There was no issue raise by the workers during the time of audit.</p>
	<p>Management Responses: The management will act accordingly if there is any complaint reported.</p>
	<p>Audit Team Findings:</p>

No other issue.

Section 4: Assessment Conclusion and Recommendation

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment Palmgroup POM Certification Unit complies with the MS 2530-4:2013. It is recommended that the certification of Palmgroup POM Certification Unit is approved and continued.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: Raymond Nyian	Name: Muhamad Naquiuddin Mazeli
Company name: Palmgroup Holdings Sdn Bhd	Company name: BSI Services Malaysia Sdn Bhd
Title: Manager, Sustainability	Title: Lead Auditor
Signature: 	Signature: 
Date: 30/12/2021	Date: 26/12/2021

Appendix A: Summary of the findings by Principles and Criteria

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

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	Policy for the implementation of MSPO shall be established. - Major compliance -	The group has established the MSPO Policy for the mill, endorsed by Mr. Tiong Chiong Hee (Managing Director) on 20/4/2016. The policy stated their commitment to implement the best management practice into consideration of environmentally and socially sustainable acceptable manner in order to produce best quality of production. Continual improvement in the management of these key considerations shall be attained through regular training sessions on and consistent monitoring and review of existing procedures. Briefing on the MSPO policy has been done on 10/06/2021, delivered by the mill management to the workforce. The briefing records were made available to the audit team.	Complied
4.1.1.2	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. - Major compliance -	The policy has stated their commitment to conduct continual improvement plan to improve their milling operation. This is explained under indicator 4.1.1.1.	Complied
Criterion 4.1.2 – Internal Audit			

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	Internal audit has been planned and carried out annually. For the year 2021, the internal audit was done remotely by HQ representative. Sighted in "Guidelines on remote audit requirements" dated on the 17/05/2021 has scheduled to be conducted in week four of June 2021 Actual internal audits was conducted on 28-30/7/2021. There was no NCR raised in the internal audit.	Complied
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. - Major compliance -	The management has established maintained the same internal audit procedure PGHB/SOPP/014/2016(2019-05) issued on 25/3/2019. Since its first establishment on 2016, there were four times revision been made in this procedure. In view for this year 2021 the global pandemic COVID-19 restriction for meeting, the audit was done remotely with the "Guidelines on remote audit requirements" developed by company on 17/05/2021. Result on internal audit documented in the "Annual Surveillance Internal Audit Summary Report" with 99% compliance.	Complied
4.1.2.3	Reports shall be made available to the management for their review. - Major compliance -	Internal remote audit report dated 28 to 30/7/2021 was made available for management review.	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. - Major compliance -	Management review was conducted in the "Mill TQM Meeting" dated on 31/7/2021 at the Palmgroup Palm Oil Mill Office. The meeting was attended by 5 member of management representative lead by the Mill Manager. All pertinent elements for MSPO implementation has been reviewed and presented during the meeting. In addition, TQM management	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance												
		meeting was also discussing on the MSPO elements on top of group's performance review on monthly basis.													
Criterion 4.1.4 – Continual Improvement															
4.1.4.1	The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company. - Major compliance -	<p>The mill continual improvements plan is integrated in their environmental and social management plan. Both plans were made available to the audit team and reviewed. Sighted some of the plan as follow:</p> <table border="1"> <thead> <tr> <th>Impact</th> <th>Parameter monitored</th> <th>Positive Action</th> </tr> </thead> <tbody> <tr> <td>Water quality management</td> <td>Water quality parameters: Biochemical oxygen demand Chemical oxygen demand Total suspended solids Ammoniacal nitrogen Anaerobic process</td> <td>To follow requirements for mill effluent management To ensure no rubbish dumping into the drain and waterways. Awareness briefing</td> </tr> <tr> <td>Domestic waste management</td> <td>Waste collection Quantity disposed</td> <td>Regular inspection Awareness briefing</td> </tr> <tr> <td>Labour line management</td> <td>Cleanliness Waste disposal Access to basic amenities</td> <td>Gotong royong Proper septic tanks Regular facilities inspection</td> </tr> </tbody> </table>	Impact	Parameter monitored	Positive Action	Water quality management	Water quality parameters: Biochemical oxygen demand Chemical oxygen demand Total suspended solids Ammoniacal nitrogen Anaerobic process	To follow requirements for mill effluent management To ensure no rubbish dumping into the drain and waterways. Awareness briefing	Domestic waste management	Waste collection Quantity disposed	Regular inspection Awareness briefing	Labour line management	Cleanliness Waste disposal Access to basic amenities	Gotong royong Proper septic tanks Regular facilities inspection	Complied
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MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings			Compliance
		Hydro carbon waste management	Fuel utilization	Proper diesel storage Diesel consumption monitoring	
		Air quality management	Efficient use of machinery Dust problems Incinerator	Regular maintenance to ensure combustion and engine performance are in a good condition. No open burning To follow mill emission SOP	
4.1.4.2	The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce. - Major compliance -	<p>In order to improve practice in line with new information or new technology, the mill management has established an annual training program to ensure the workers are competent for the job assigned to them. There are about 5 type of training or briefing schedule for the year 2021 which are training on BMP & SOP, safety & health, environment, social & legal, and contractor workers & local communities/visitor.</p> <p>Amendment on the annual training program shall be made if there is a training on a new information or new technology to be implemented in the mill compound.</p>			Complied
4.2 Principle 2: Transparency					
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements					
4.2.1.1	The management shall communicate adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.	The mill management maintained the existing "Communication and Consultation Procedure" (version 2) dated 15/4/2019 for their communication with the relevant stakeholder and the "Application			Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>Information Procedure" (version 1) last revision on 05/01/2018 for information request by the staff and worker.</p> <p>In the communication procedure describe on the communication with the internal and external stakeholders. Record for the Application Information such the following:</p> <ul style="list-style-type: none"> a. Information request form b. Record book of stakeholder or interested party who has viewed or obtained documents c. Record of correspondence letter with stakeholder <p>Sighted the latest "Incoming Correspondence Record Year 2021", document sought by Assistant Manager Ladang Sikat on 05/07/2021 for the document of MPOB License of Ladang Sikat</p> <p>Sighted the latest "Outgoing Correspondence Record Year 2021", document sought by Agronomy and Sustainability Department on 02/07/2021 for the document of Schedule Waste Record July 2021</p>	
4.2.1.2	<p>The management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>The mill management had issued a memo on 01/01/2020 those list documents of publicly view which are:-</p> <ul style="list-style-type: none"> 1. Land titles / User right 2. Safety and Health Plan 3. COC (Code of Conduct) 4. Plan and impacts assessments relating to the environment and social impact. 5. Pollution prevention and reduction plan 6. Details of complaints and grievances 7. Negotiation procedure 	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
		8. Continual Improvement Plan While those non-listed document, these document can be sought through the Application Information Procedure system.	
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders. - Major compliance -	Palmgroup POM had continued to implement the Communication and Consultation Procedure (version 2) dated 15/4/2019. The procedure describe on the communication with the internal and external stakeholders.	Complied
4.2.2.2	The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i> . - Minor compliance -	Mdm Pauline Anak Janin has been appointed as Mill Social and Legal Coordinator which will be responsible in implementation and maintain of Company's Social and Legal Management System. The appointment letter PPOM/SL/Int/001 dated 20/6/2019 which issued by Mill Manager in charge was sighted.	Complied
4.2.2.3	A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained. - Major compliance -	List of external stakeholders was available which included stakeholder from nearby village, contractors, FFB suppliers, government bodies, internal stakeholders. The list was last update on 25/7/2021.	Complied
Criterion 4.2.3 – Traceability			
4.2.3.1	The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability. - Major compliance -	Supply Chain Procedures (Mill) Mass Balance, PGHSB/SOPP/001/2017 version 1 dated November 2016 describes the procedure for monitoring and to ensure accuracy of sustainable and non-sustainable receipts, dispatches and stock balance to conform to the requirement of MSPO. The traceability procedure has covered the procedure for external supplier which including the pre and post traceability. All the FFB	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
		<p>suppliers are registered with MPOB with a valid license of selling FFB to the mill. Licenses of the FFB supplier are sighted during the audit. All the licenses are still valid. The weighbridge ticket will be issued during the delivery of FFB from the estate to mill as well as delivery of CPO and PK from mill. Sampling weighbridge ticket as per below: -</p> <ul style="list-style-type: none"> a. Certificate number: Conventional b. Name of certificate owner and estate name: c. Date: 6/8/2021 d. Weighbridge ticket ID: 382108 e. Transporter Name: Hong Chiou Cargo Sdn Bhd f. Source Location; Palmgroup Mill g. FFB Weight and etc: 39150kg h. Traceability identification: BEO/01P2016/0019 	
4.2.3.2	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>- Major compliance -</p>	<p>Daily production report and sales & stock movement (MT) are available for 2021 to date. The mass balance sheet template was used to monitor incoming and outgoing of FFB and palm product (CPO and PK). The balance sheet has segregated the certified and non-certified FFB and palm product (CPO and PK). Stock balance as at 6/8/2020 as follows:</p> <p>CPO: 872.38 mt PK: 331.60 mt</p>	Complied
4.2.3.3	<p>The management shall identified and assign suitable employees to implement and maintain traceability system.</p> <p>- Minor compliance -</p>	<p>Ms. Yii Ann Na has been appointed in charge of traceability. Refer to appointment letter PPOM/TR/001 dated 20/6/2019. No changes from previous year report.</p>	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained. - Major compliance -	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel were maintained at the mill. Example of records evidence are as below: a. Daily production Record dated 6/8/2021 b. Sales and stock movement report dated 6/8/2021	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations. - Major compliance -	The site are able to provide the following license and permits as evidence of legal compliances: MPOB License for no. 541881004000 valid from 01/09/2021 to 31/08/2022 for processing capacity 450,000mt per year. Weighbridge license no: B1537448 validity until 01/02/2022 and weighbridge license no: B1537449 validity until 01/02/2022 DOE License 005542 validity until 30th June 2022, Sighted the DOE Schedule of Compliance for DOE license number 005542 date of 01/07/2021 until 31/06/2022 DOE "Lesen Pelanggaran" for the Clean Air Regulation 2014 license no: 003402 date of license valid until 04/06/2022. License of Diesel Storage "Permit Barang Kawalam Terjadual" for 36,000 litres with validity from 22/09/2020 until 21/09/2021. Fire Certificate of the mill license number JBPM: SK/7/35/2021 validity until 08/02/2022.	Major Non Compliance

MSPO Public Summary Report
Revision 1 (Feb 2020)

	Criterion / Indicator	Assessment Findings	Compliance
		<p>Stack Sampling & monitoring as meet with the Clean Air Regulation 2014 reported for April - June 2021.</p> <p>Several Machinery Certificate of Fitness seen: Water Tube Boiler SW PMD 1036 validity until 14/12/2021 Water Tube Boiler SW PMD 80337 validity until 23/09/2021 Back Pressure Receiver SW PMT 82332 validity until 23/09/2021 Tilting Sterilizer SW PMT 82335 validity until 23/09/2021</p> <p>Competent Person seen: 1. 1st Grade Steam Engineer Cert no.012/2010 (1 person) 2. 1st Grade Engine Driver (Steam JKPP SW/DE04/001) – 1 person 3. 2nd Grade Engine Driver (Steam JKPP SW/19/EIS/02/00197) – 1 person 7. Authorized Gas Testes for Confined Space – 1 person valid until 20/2/2022 8. Authorized Entrant – 2 person still in validity 9. CEPWAM (Schedule Waste) – CEPWAM/017120 11. CEPOME (Palm Oil Mill Effluent) – CEPOME/00084</p> <p>Last year Verification of the Major NCR Ref: 1964342-202009-M1 1. All the suspended CF or Unfired Pressure Vessel and Boiler is lifted as the new CF was issue to mill with validity until 14/12/2021.</p>	

MSPO Public Summary Report
Revision 1 (Feb 2020)

	Criterion / Indicator	Assessment Findings	Compliance
		<p>2. The stack sampling has been carried out every 3 month, sighted the latest report done for the 2nd quarterly (April – June 2021)</p> <p>3. The latest stack sampling monitoring report for Boiler Chimney No.2 for period (April – June 2021) has still shown exceeding value of the Limit Value and Technical Standard of 150mg/m³, as the mill has yet equipped with the Electrostatic Precipitator, seen the evidence of mill Gant chart submission to DOE showing progressive plan by mill for the ESP implementation hence to meet with the regulation limit</p> <p>MPOB License for no. 541881004000 valid from 01/09/2021 to 31/08/2022 for processing capacity 450,000mt per year. However, last year of 2020 processing capacity at 451,631.83 MT was exceed the allowable processing capacity of 450,000 MT as stated in the MPOB License.</p> <p>It was noted the mill are equipped with the 1-unit 640kW and 2 unit 1000kW Diesel Generator. However, there is no competent person in charge for these internal combustion engines with a 2nd Grade Internal Combustion Engine Driver which not in line with the Factories and Machineries (Person In Charge) Amendment 2014, Subsection (2) Amendment Regulations 6.</p> <p>There are no environmental competent person for the Scheduled Waste and the Palm Oil Mill Effluent which are not in line with the Environmental Quality (amendment) Act 2012 Section 49A of Competent Person.</p> <p>There is no valid authorised gas tester for confined space although responsible person of confined Space has attended the Course of</p>	

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
		Authorised Gas Tester and Entry Supervisor for Confined space on 18/09/2019 – 20/09/2020, where which required to pass the examination and registered with DOSH upon completion in the Industrial Code Of Practice For Safe Working In Confined Space 2010 under Part 12.3.2	
4.3.1.2	The management shall list all relevant laws related to their operations in a legal requirements register. - Major compliance -	The mill had Legal Register (LORR) covering all the necessary regulatory requirements. Refer to legal register, OT05 latest reviewed on dated 26/7/2021. Sustainability department have reviewed and updated the applicable and relevant legal such as: i. Malaysian Palm Oil Board (License) Regulation 2005 & Malaysian Palm Oil Board 1998 ii. Sarawak Land Code iii. Control of Supplies Act 1974 iv. Pesticide Act, 1974 v. Pesticide (Pesticides Registration) Rules 2005 vi. Sarawak Labour Ordinance (Cap 76) vii. OSHA 1994 viii. Natural Resource And Environment Ordinance (Cap. 84 - Laws of Sarawak) Incorporating all amendments up to 31st August, 2008. And the list of 76 number of acts and regulations	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 -	In the document of "Legal Register" dated on 26/07/2021, has including the monitoring of the latest or new amendment of revision of Act or Regulations or relevant regulatory section. Latest legal requirement of Akta Pencegahan Dan Pengawalan Penyakit Berjangkit 1988 (Akta 342), "Factories and Machinery Act (Noise	Complied

Criterion / Indicator		Assessment Findings	Compliance
		Exposure) 2019 & Minimum Wages Order 2020 are included in the Legal Requirement Register.	
4.3.1.4	The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements. - Minor compliance -	Person in charge for legal, Pauline Ak Janin dated on 20/06/2019. The person is responsible to monitor compliance and to track and update the changes in regulatory requirements	Complied
Criterion 4.3.2 – Lands use rights			
4.3.2.1	The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users. - Major compliance -	Based on the results of documentations and stakeholder consultation, no evidence that the oil palm milling activities diminished the land use rights of others.	Complied
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land. - Major compliance -	Memorandum of sublease between Palmcol Sdn Bhd and Palmgroup POM Sdn Bhd dated 19/11/2007 is available. There is no issue on land use claims evidence during the audit	Complied
4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	The map of the land portion is provided together with the land title. The map has provided the coordinated demarcation.	Complied
4.3.2.4	Where there are, or haven been disputes, documented proof of legal acquisition of land and fair compensation that have been or are being made to previous owners and occupants; shall made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	There is no land dispute recorded. This was verified with stakeholders' consultation.	Complied
Criterion 4.3.3 – Customary rights			

Criterion / Indicator		Assessment Findings	Compliance
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	There is no evidence that the land on which the Mill is situated is encumbered by customary rights. Therefore, this Indicator is not applicable.	Not Applicable
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -	There is no evidence that the land on which the Mill is situated is encumbered by customary rights. Therefore, this Indicator is not applicable.	Not Applicable
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - Major compliance -	There is no evidence that the land on which the Mill is situated is encumbered by customary rights. Therefore, this Indicator is not applicable.	Not Applicable
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	The Social Impact Assessment (SIA) was conducted on 5-9/10/2015 by WildAsia including consideration of feedbacks from the stakeholder engagement meeting. Same as per previous verification. The SIA included mitigation plan for the identified negative impacts and also the monitoring and review of the impacts. The timeframe and responsible person to for SIA management plan has been incorporated in the latest plan, Social Mitigation Plan, dated 5/8/2021.	Complied
Criterion 4.4.2: Complaints and grievances			

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented. - Major compliance -	Palmgroup Holdings had continued to implement Complaint and Grievance Procedures with Doc. No. PGHSB/SOPP/002/2015 dated 21/12/2015 to enable internal and external stakeholder to complaints. According to the procedure, all the complaints and grievances will be recorded in each individual form. The forms can be filling and drop into the suggestion box at the office or send to PIC. Complaints form available for internal workers as well as external stakeholders (stage 1 & stage 2 to 3). All cases of complaints were reported to the mill management. Complaint forms and details were sighted in the Complaint and Grievances file (ST 19). Latest complaint was on 10/2/2021, the status of the complaint was completely solve by the management on 13/2/2021.	Complied
4.4.2.2	The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties. - Major compliance -	Complaint/Suggestion records for Internal and External Stakeholders was implemented. Seen the complaint forms and found most of the complaints were related to house damage issues. All cases of complaints were reported to the mill management. Complaint forms and details were sighted in the Complaint and Grievances file (ST 19). Another verification on complaint log, workers complaint on 2/6/2021 regarding to water pressure, the problem solved on 9/6/2020.	Complied
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints. - Minor compliance -	The complaint form was available at the office. Besides, suggestion box was available in the office area where the stakeholders were able to lodge complaint or suggestion at any time.	Complied
4.4.2.4	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.	The management already inform the stakeholder regarding to communication and complaint procedure by letter PPOM/MSPO/FL-2021 dated 29/6/2021. No suggestion from stakeholder as per same document verification.	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -		
4.4.2.5	Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request. - Major compliance -	The mill maintained its records of complaint in a complain file. Records for more than 24 months ago were still kept in the file.	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	Palm oil miller should contribute to local development in consultation with the local communities. Where the mill is an integral part of plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation. - Minor compliance -	Contribution during this COVID-19 pandemic was observed: Donation – Recycle Zinc to Tr. Chali dated 3/7/2021. Another Donation was on water filter and PPE COVID-19 to SK Sg Anak dated 7/4/2021	Complied
Criterion 4.4.4: Employees safety and health			
4.4.4.1	An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented. - Major compliance -	The group has established Safety & Health Policy, endorsed by Mr. Tiong Chiong Hee (Managing Director) on 01/01/2021. The objectives of the policy were to provide a safe & healthy work place to employees, to ensure all employees are given relevant information related to the OSH and to provide basic safety facilities in the housing area and work place. The communication of the policy was conducted on 10/06/2021 to the targeted group such as mill employees, contractors and stakeholder & local community representatives. The briefing was delivered by the mill management team which took place at the PPOM assembly point. 14 policies and procedures were delivered,	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
		attended by 108 employees and 13 contractors & local community representatives.	
4.4.4.2	<p>The occupational safety and health plan should cover the following:</p> <ul style="list-style-type: none"> a) A safety and health policy, which is communicated and implemented. b) The risk of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill: <ul style="list-style-type: none"> i. All employees involved are adequately trained on safe working practices; ii. All precautions attached to products should be properly observed and applied; d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements. 	<ul style="list-style-type: none"> a. The group has developed OSH Plan for year 2021-2022. The plan covers various aspect such as training, briefing, updating activities, meeting, file recording, inspection and medical surveillance. b. The mill management has assessed risk in the operation and documented it under HIRARC file. c. Training and briefing (Schedule waste handling & storage guidance, triple rinsing for chemical container and MSPO awareness) for the workers who exposed to the chemical was conducted on 29/6/2021. The training was delivered by Mr. Tahir Geling and Mr. Johnny Garuna. Training records were made available to the audit team and verified. d. PPE issuance records were made available to the audit team. The estate management also conducted regular inspection to the PPE given to the employees. PPE issuance record and inspection records were made available to the audit team. e. The group has established a procedure on handling used chemical container and schedule wastes. Training on the related procedures was conducted on 29/06/2021, delivered by Mr. Tahir Geling to lab helpers, store workers and workshop staffs. f. Mr. Tahir Geling was appointed as the Mill Safety & Health Coordinator dated on 01/08/2021. g. The mill management conducted regular two ways communications with their employees thru OSH meeting. The meeting was conducted on 12/02/2021 and 21/05/2021. Among the agenda discussed during the meeting were, 	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
<p>g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept and the concerns of employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>confirmation on previous meeting minutes, noise risk assessment, accident report, facilities & equipment, JKPP visit report, COVID-19 management report, workplace inspection report and others.</p> <p>h. Emergency responses procedure which covers on accident reporting (harmful situation, poisonous, diseases & damages), emergency action plan (chemical spillage & chemical schedule waste) and fire incident responses were developed by the group.</p> <p>i. Employees trained in First Aid shall be present at all mill operations. 5 person have been trained first aider under mill. Internal training was done on 10/3/2020 for mill workers by trained first aider. The first aid was available in Mill as per verification on first aid record.</p> <p>j. Accident records were kept and well maintained by the mill management. Sighted the OSH committee has reviewed the incident happened in the mill compound. The mill management has submitted JKPP 8 form for year 2020 on 24/01/2021, reference no: JKPP8/79317/2020.</p>		
Criterion 4.4.5: Employment conditions			
<p>4.4.5.1 The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.</p> <p>- Major compliance -</p>	<p>Palmgroup continued to implement Human Rights Policy (PGHSB/SOPP/010/2016) dated 22/2/2016 signed by Managing Director. The company was committed to ensure every individual were treated with fairness, dignity and respect. The company will respect the rights of every individual as expressed in the Code of Conduct for Industrial Harmony. Training of the policy was conducted on 10/6/2021 by the mill administration of Palmgroup</p>	<p>Complied</p>	

Criterion / Indicator		Assessment Findings	Compliance
		POM. Seen the training attendance list where all the workers from different stations, the stakeholder and local community were participated in the training, photo evident and training materials. Besides, the policy was publicly displayed at the information notice board inside, outside the office and in the mill.	
4.4.5.2	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics. - Major compliance -	The top management of Palmgroup is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the "Human Rights Policy". There were no evidences of any form of discrimination based on race, national origin, religion, gender, union and political affiliation and is covered in the policy as well. Interview with workers indicates that there is no such discrimination occurs in the workplace.	Complied
4.4.5.3	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage. - Major compliance -	There was an employment contracts for staff and workers. Pay and conditions were documented and found above the Minimum Wage Order 2020. Sampled of employment contracts confirmed that terms and conditions were clearly outlined and signed by the worker. Sampled of the payslips (May 21 & June 21) confirmed that the workers were paid in accordance with Minimum Wage Order 2020. 1. MY00005329 2. MY00005864 3. MY00000771 4. MY00005716 5. MY00004819 6. MY00004446 7. MY00005586	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
		8. MY00002834 9. MY00005901	
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 -	There was a permanent contractor available in the mill, work. Palmgroup Palm Oil Mill Sdn Bhd arranges contracts for transportation PK. The contract dated 1/7/2021 between Palmgroup POM and Maju Abadi Transport Sdn Bhd clearly stated that the contractor must strictly follow all applicable national and ratified international laws. Sighted the contractors' worker agreement, Pay and conditions were documented and found above the Minimum Wage Order 2020.	Complied
4.4.5.5	The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment. - Major compliance -	All the recruited workers were registered in the Labour Registration Record where personal details such as name, nationality, next of kin, education standard, date of employed, job description, wage rate, date of birth and etc was stated in the registration card. Sampled of the Labour Registration Card as below: 1. MY00005716 2. MY00004819 3. MY00004446 4. MY00005586 5. MY00002834 6. MY00005901	Complied
4.4.5.6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records. - Major compliance -	Employment contracts were acknowledged and kept a copy by the workers verified through interviewed with the workers. The terms and conditions were clearly stated in the contract such as salary, annual leaves and public holiday entitlement, rate of work on rest day, overtime and etc. Sampled of employment contracts as below:	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
		1. MY00005329 2. MY00005864 3. MY00000771 4. MY00005716 5. MY00004819 6. MY00004446 7. MY00005586 8. MY00002834 9. MY00005901	
4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers. - Major compliance -	Palmgroup POM has established a time recording system (scan card system) for all employees. Time recording system has been implemented by punch card system for all mill employees. The working hours for all employees has been clearly documented in the Employment Contract and displayed in the office to ensure transparent for both employees and employer.	Complied
4.4.5.8	The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable. - Major compliance -	From the overtime transaction of the workers, noted that some of the workers exceeded the OT limit of 104 hours per month. There was permit obtained from labour Department for such issues. The permit (JTKSWK/HKLM/001/17/(MUKAH)) dated 28/3/2017 was sighted.	Complied
4.4.5.9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. - Major compliance -	The wages and overtime was pay according to Sarawak Labour Ordinance regulation. The check roll and punch card record was sample as per below:- 1. MY00005329 2. MY00005864	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
		3. MY00000771 4. MY00005716 5. MY00004819 6. MY00004446 7. MY00005586 8. MY00002834 9. MY00005901	
4.4.5.10	Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings. - Minor compliance -	Palmgroup POM has provided yearly bonus, monthly incentive which are paid according to staff's performances Apart from that, the management also provides free housing facilities with water and electricity. In addition, employees will be sent to nearby clinic and the cost is reimbursable.	Complied
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities. - Major compliance -	In order to ensure living quarters habitable and have basic amenities and facilities, quarter's inspection was carried out by safety coordinator on weekly basis. Latest inspection was done on 11/7/2021. Result of inspection recorded under facilities inspection checklist.	Complied
4.4.5.12	The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace. - Major compliance -	The management continued to implement the policy and guidelines to prevent all forms of sexual harassment and violence of work place, namely "Sexual Harassment Policy" which was established by the management of Palmgroup Holdings on 22/2/2016. The latest gender committee meeting was carried out on 18/5/21. The training also been conducted by management on Sexual harassment awareness dated 10/6/2021.	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.13	<p>The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p>- Major compliance -</p>	<p>Palmgroup has continued to implement Policy on Freedom of Association and Collective Bargaining dated 21/3/2016. The company was committed and allowed their stakeholders such as employees, clients, business partner to form or join any association. Interviews of staff and workers confirmed Palmgroup POM supports freedom of association and collective bargaining. Although there were no Labour Unions, workers and staff are represented in Joint Consultative Committee (JCC).</p> <p>Members are elected from representatives of every division including foreign workers. The latest meeting was held on 19/5/2021 attended by the elected members and mill management. Frequency of meeting is every 3 month.</p>	Complied
4.4.5.14	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.</p> <p>- Major compliance -</p>	<p>Palmgroup was continued to implement Child Labour Policy which was signed by Senior Human Resource Manager dated 22/2/2016. No workers below than 18 years old will be recruited. Document verified on the Employee Master List confirmed that all the workers employed were above 18 years old.</p>	Complied
Criterion 4.4.6: Training and competency			
4.4.6.1	<p>All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.</p> <p>- Major compliance -</p>	<p>The employees and contractors have to undergo a training which was scheduled by the mill management. The annual training program, training needs analysis, competency training checklist were made available to the audit team and verified.</p>	Complied
4.4.6.2	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p>	<p>Training needs analysis was made available to the audit team. There were about 59 training or briefing have been prepared by the company for each employee. This training needs analysis is important to the employee so that they will be trained according to</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	their job scope and to acquire certain competency based on their nature of job,	
4.4.6.3	A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure. - Minor compliance -	The mill employees are consistently being trained by the mill management to ensure they acquired the competency based on their job scope. The audit team has reviewed and verified the training need analysis records.	Complied
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented. - Major compliance -	The management has established and maintained the "Environmental Policy", with signed by Managing Director on 6/1/2014. Sighted the policy been communicated to the employee at Palmgroup Palm Oil Mill during the "Awareness Briefing of all policy" on 10/06/2021 and 10/07/2021 attended by all Mill workers. Noted also the policy been displayed at the several location of the estate such as quarters block A & B, apartment, guard house and office.	Complied
4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations - Major compliance -	a) The management has developed an environmental policy and its 4 objectives well written in the policy which are included in the policy b) The company has maintained a documented aspect and impact analysis and subsequently developed the environmental action plan. Seen the following aspect covered in the documents:	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
		<ol style="list-style-type: none"> 1. Mill Construction 2. Burning EFB 3. Spare part and chemical storage 4. Repairing and Maintenance 5. Steam generation 6. Power generation 7. Water Treatment 8. FFB sterilization 9. Oil clarification 10. Kernel and shell separation 11. Oil extraction <p>And the list goes with 19 activities identified in the assessment</p>	
4.5.1.3	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.</p> <p>- Major compliance -</p>	<p>The environmental improvement plan has been implemented as per planned programme as observed in the document Environmental Continual Improvement plan 2021. Sighted the sample of continual improvement plan developed were:</p> <p>Water Quality Management for Effluent pond, outlet drains/ final discharge, riparian buffer zone.</p> <p>Action taken by BOD report by ESI Laboratory on monthly basis. Follow requirements for mill effluent management on quarterly report to OER. Awareness briefing.</p> <p>POME by monitoring of flowmeter and logbook record.</p> <p>Action taken by daily inspection (No leaking or flooding) and daily monitoring of volume (flowmeter)</p>	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
		Air quality management by monitoring of smoke release from incinerator and boiler. Action taken by follow the follow the requirements of mill emission.	
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	The environmental continual improvement programme also includes positive impact.	Complied
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives. - Major compliance -	It was noted the management has conducted the environmental training for the year 2021 such as : 1. Briefing on Environmental Policy on 10/06/2021 & 10/07/2021 2. Training on Schedule Waste Handling and Storage Guidance on 29/06/2021	Complied
4.5.1.6	The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed. - Major compliance -	The management has organized meetings with concerns on environmental matter. Sighted record of latest meeting conducted on 23/5/2021 for the 2 nd Meeting and the 13/02/2021 for the 1 st Meeting attended by all the Environmental Committee. Memo of meeting and records of the meeting minutes is sighted.	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 appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period - Major compliance -	The management has tabulated consumption of non-renewable energy (Diesel) by own vehicles and machineries. The management monitored their consumption by establishing monthly trends for diesel. Documents seen "Monitoring of Gen-Set Running Hours & Fuel Consumption" with total of 4 genset fuel usage are monitored. Latest diesel usage recorded on June 2021 at 10,547 litre with the year todate usage at 147,310 litres.	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
		<p>Documents seen "Monitoring of Heavy Machineries Running Hours & Fuel Consumption" with total of 8 heavy machineries fuel usage are monitored. Latest diesel usage recorded on June 2021 at 7,312 litre with the year todate usage at 34.476 litres.</p> <p>Documents seen "Monitoring of Vehicles Running Hours & Fuel Consumption" with total of 4 vehicles fuel usage are monitored. Latest diesel usage recorded on June 2021 at 328 litre with the year todate usage at 1,275 litres.</p>	
4.5.2.2	<p>The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.</p> <p>- Major compliance -</p>	<p>The mill management has clearly estimating the direct usage of diesel to determine non-renewable energy efficiency of their operation, The estimation is carry out individually to each vehicle as it will assessing which unit is having high usage of fuel therefore they able to investigate the issue of the machinery</p> <p>For the year 2021, year todate actual usage 192,168 litres with the estimate usage for the year 2021 at 450,000 litres. Target ratio per tonne FFB for the year 2021 is 11.00</p>	Complied
4.5.2.3	<p>The use of renewable energy should be applied where possible.</p> <p>- Minor compliance -</p>	<p>The fibre and shell due to processing are convert into the boiler for fuel and it's been used in optimized condition. Sighted the record of "Renewable Energy Usage" 2021 which indicate energy produce form turbine generation and diesel engine. There is also indication of fibre and shell produce due to mill operation with the excess shell is sell as to generate income to the mill.</p>	Complied
Criterion 4.5.3: Waste management and disposal			
4.5.3.1	<p>All waste products and sources of pollution shall be identified and documented.</p>	<p>Based on the established procedures under, Domestic Waste Management Policy & BMP, ET001 dated 12/8/13 and Scheduled Waste Handling and Storage Guidance, PGHSB/SOPP/014/2016</p>	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	dated 21/11/16 among the waste products identified and documented including general waste and scheduled waste. Sources of waste were from, mill and quarters area. Common waste identified including domestic waste and scheduled waste. For mill operation, reusable and recyclable wastes identified included shell and fibre which been converted as a fuel for boiler operation. Other specific activities such as mill vehicle workshop generate few categories of scheduled waste such as SW 102, SW 306, SW 501, SW 409 and SW 410. This verified with inventory of scheduled waste (OT03) dated October 2021.	
4.5.3.2	<p>A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for:</p> <p>a) Identifying and monitoring sources of waste and pollution.</p> <p>b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.</p> <p style="text-align: center;">- Major compliance -</p>	<p>Based on the established waste Management monitoring plan for the year 2021 has identified each categories of waste source of its, parameter to monitor, monitoring point and the frequency of monitoring. Sample seen at the POME by monitoring of flowmeter and logbook record.</p> <p>Action taken by daily inspection (No leaking or flooding) and daily monitoring of volume (flowmeter)</p> <p>Impact of Domestic waste, monitoring point is the Domestic Waste Collection at the whole location of workers and staff quarter. Frequency done twice a month, disposed at the Balingian Landfill</p> <p>Impact of Schedule waste, monitoring point is the Schedule Waste Storage at the workshop, gen set and labour line. Frequency done update monthly.</p> <p>Verification on the last year minor NCR Ref: 1964342-202009-N1.</p> <p>Issue on the leachate of leachate from EFF dumping flowing to the nearby drain near to incinerator, new tilting sterilizer and store/workshop area has been rectified accordingly. Sighted the</p>	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
		communication letter to DOE dated on 4/9/2020 the management action for the diverting the leachate to the effluent no.1	
4.5.3.3	<p>The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005</p> <p>- Major compliance -</p>	<p>The mill management has established 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. Document entitled Scheduled Waste Handling and Scheduled Waste Guidelines PGHSB/SOPP/14/2016 is referred to.</p> <p>Disposal Consignment Note</p> <p>Last consignment notes of disposal seen at:-</p> <p>Consignment No: 2021072408PHDE7O dated on 24/07/2021 SW305 (spent lubricating oil) disposed at quantity 2.00Mt</p> <p>Consignment No: 2021072408EY5Z6A dated on 24/07/2021 SW306 (Spent Hydraulic Oil) disposed at quantity 5.00Mt</p> <p>Consignment No: 2021072408RXQ8KD dated on 24/07/2021 SW102 (Used Battery) disposed at quantity 0.310Mt</p> <p>SW Inventory</p> <p>SW 305 (Spent Lubrication Oil), latest recorded on 07/2021 with balance 2.500</p> <p>SW 306 (Used Hydraulic Oil), latest recorded on 07/2021 with balance 4.70mt.</p> <p>SW 410 (Oil Filter), latest recorded on 07/2021 with balance 0.3180mt.</p>	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
		Verification on the last year minor NCR Ref: Ref: 1964342202009-N2. Sighted evidence of schedule waste inventory of empty drum (SW401) has been updated according as sighted summary of inventory of December 2020 and July 2021. Seen also in the management has conduct training on the Schedule Waste Handling on the 29/06/2021.	
4.5.3.4	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse. - Minor compliance -	Domestic waste generated onsite generally disposed at the outside landfill either at Sibuluan or Balingian dumpsite. Sighted the approval letter from the Majlis Daerah Dalat & Mukah dated on 09/04/2021. The district council has charges with RM200/trip to the council landfill. The management has established monthly schedule of domestic waste collection. Apart from that, record of the domestic waste movement also been established, with the latest record on June 2021 domestic waste produce at Palmgroup POM verified.	Complied
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	An assessment of the polluting activities effectively identified by the management through Environmental impact assessment and also on the GHG Emission Calculation of the whole Palmgroup Operating Unit. This assessment has also included greenhouse gas emissions, scheduled wastes, solid wastes and effluent generation. GHG Assessment is conducted and established by the mill on January to December 2020. Total mill emissions and credit is 956.63 kgCO ₂ eq / dry-ton CPO	Complied
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	An action plan for was incorporated in the environmental continual improvement 2 plan 021.	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.5.4.3	<p>Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.</p> <p style="text-align: center;">- Major compliance -</p>	<p>The treated mill effluent discharge is regularly monitored as prescribed in the Compliance Schedule issued to the mill. The mill on monthly and quarterly basis test the quality of treated effluent discharge. In addition, daily site checking on the effluent ponds are made by the person in charge. Report for the effluent parameters were made available during the audit program and reviewed. Sighted the effluent analysis result for the last two quarters and their six months data showed Bio-Oxygen Demand (BOD) and other test parameters were within the DOE permissible limits</p> <p>Verification on the last year minor NCR Ref: 1964342-202009-N3. Sighted sample of quarterly submission report for Jan – March 2021, has shown level of BOD is below than allowable limit of BOD 20ppm. No recurrence findings in the particular area.</p>	Complied
Criterion 4.5.5: Natural water resources			
4.5.5.1	<p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> a) Assessment of water usage and sources. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities. c) Ways to optimize water and nutrient usage and reduce wastage (<i>e.g.</i> having in place systems for re-use, night application, 	<p>The mill has established and implemented its 2020 Water Management Plan. The plans were cantered towards water conservation, pollution prevention and domestic use</p> <ul style="list-style-type: none"> a) Sighted the water consumption recorded in the water Monthly Treated Water Usage, the latest recorded on daily basis for each consumption to the boiler operation, mill operation and also supply to labour quarter. b) The mill has conducted the monitoring of outgoing water at Sungai Anak, the result of testing dated of sample 09/07/2021 shown that were within stipulated limit 	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>- Major compliance -</p>		
4.5.5.2	<p>Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.</p> <p>- Major compliance -</p>	<p>The mill practice land irrigation and composting and has no plan to phase out open discharge of POME. POME quality are continuously monitored to meet land irrigation permit that is BOD <20 mg/l, compliance requirement provided in the DOE 'Jadual Pematuhan' licensed to the mill. It has been verify to the Quarterly Report submission to DOE, the result was achieved below BOD <20 mg/l</p>	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Mill Management			
4.6.1.1	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<p>In order to ensure the milling process follows the best mill management, the group has developed standard operation procedure to be implemented during the milling process. There are about 29 SOP which cover from the FFB received at mill until the effluent pond management.</p> <p>The mill management team are responsible for the daily operation and monitoring to ensure the best milling procedures are implemented.</p> <p>The traceability records for FFB received from the estate and CPO dispatched from the mill were made available to the audit team. The mill management team has conducted daily inspection checklist to ensure the SOP are well implemented. Some to the parameters checked were:</p> <ol style="list-style-type: none"> 1. Security check 	Complied

MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
		2. Weighbridge operator data 3. Graders form 4. Data for FFB received for the day	
4.6.1.2	All palm oil mills shall implement best practices. - Major compliance -	Mill management consistently implement best mill practices through the inspection and monitoring conducted on daily and weekly basis besides having regular monthly TQM Site Meeting. Sighted the TQM Site Meeting Minutes and reviewed. Among the agenda discussed in the meeting were as follow: a. Review report of internal audit (MSPO/MSPO SCCS/ISCC) b. Review audit report from certification bodies c. Progress report of environment and BMP d. Progress report of safety & health e. Progress report of new information & techniques f. Management of COVID-19 precautionary progress report.	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 -	The mill's business management plan was made available to the audit team. Among the items included inside the plan were capital expenditure, projected FFB received, CPO & PKO prices estimation, and operating expenditure.	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 has been documented and effectively implemented. Palmgroup POM has prepared a standard contract for all the contractors. The signed copy of the contract available at the mill. Verified sample of contract with both party agreement for;	Complied

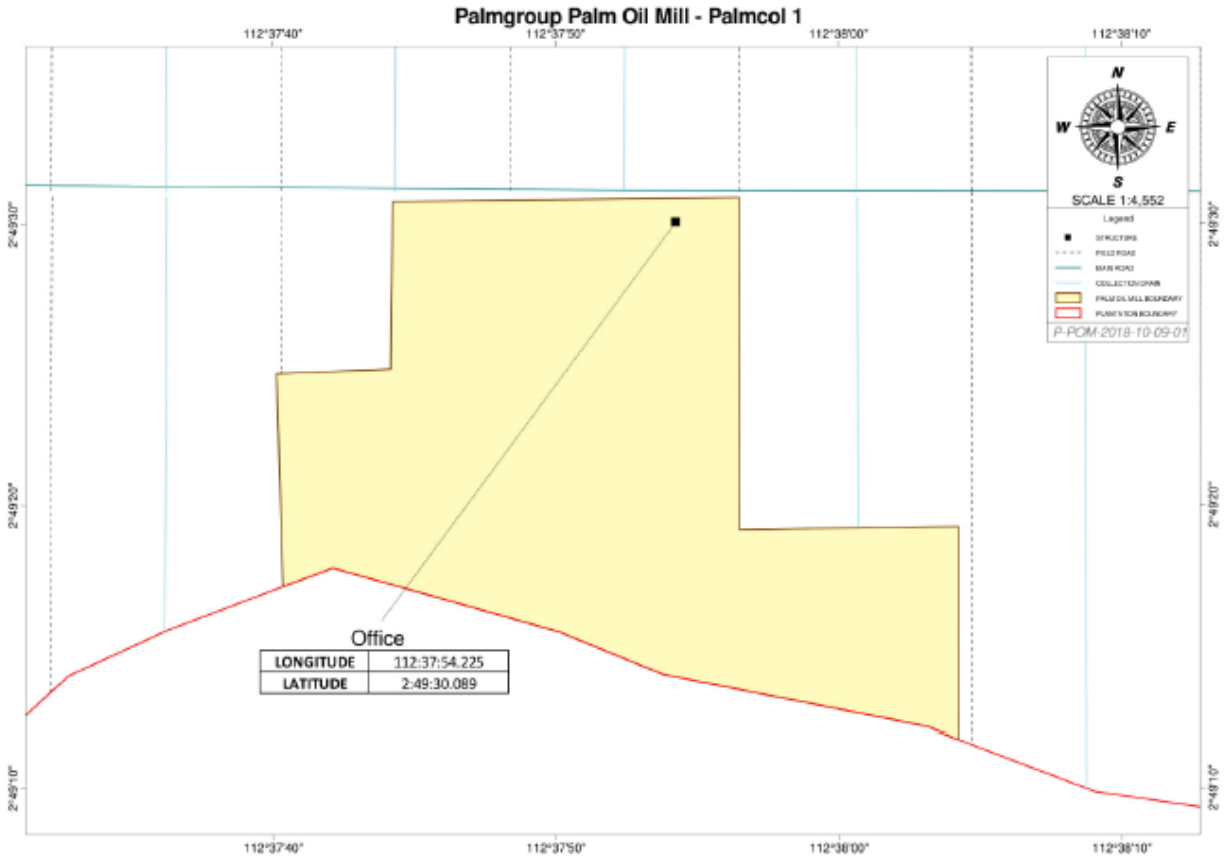
MSPO Public Summary Report
Revision 1 (Feb 2020)

Criterion / Indicator		Assessment Findings	Compliance
		Y.L.L Co. Sdn Bhd transporter for CPO and PK dated 1/2/2021	
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	Palmgroup POM has prepared a standard contract for all the contractors. The signed copy of the contract available at the mill. Verified sample of contract with both party agreement for; Y.L.L Co. Sdn Bhd transporter for CPO and PK dated 1/2/2021	Complied
Criterion 4.6.4: Contractor			
4.6.4.1	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	Palmgroup POM has initiated the MSPO awareness to all its contractors. The mill has issued a memo to all the contractors dated 12/1/2017 regarding the implementation of MSPO in the mill. Briefing for new contractor at Palmgroup POM was carried out on 10/6/2021.	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Palmgroup POM has prepared a standard contract for all the contractors. The signed copy of the contract available at the mill.	Complied
4.6.4.3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required. - Minor compliance -	Palmgroup POM has no objection to allow BSI auditors to verify the assessment through physical inspection if required.	Complied

Appendix B: List of Stakeholders Contacted

<p>Government Officer: Nil</p>	<p>Community/neighbouring village: Nil</p>
<p>Suppliers/Contractors/Vendors: Nil</p>	<p>Worker’s Representative/Gender Committee: JCC Representative Gender Representative Worker’s representative by nationalities Field workers</p>

Appendix D: Location and Field Map



Appendix E: 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