

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

<b>Sime Darby Plantation Berhad</b>
Client company Address: Level 3A, Main Block Plantation Tower, No. 2, Jalan P.J.U 1A/7 47301 Ara Damansara Selangor, Malaysia
Certification Unit: Bukit Benut Palm Oil Mill (SOU 22) & Plantations of SOU 22 including Bukit Benut Estate, Lambak Estate, and CEP Nyior Estate
Location of Certification Unit: KM 12, Jalan Mengkibol 86009 Kluang, Johor, Malaysia.

**Report prepared by:**

Mahaswaran Maliyapan (Lead Auditor)

**Report Number:** 8845508**Assessment Conducted by:**

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### Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Mill: 528154004000 Bukit Benut Estate: 522307002000 Lambak Estate: 518641002000 CEP Nyior Estate: 508445-102000		
Company Name	Sime Darby Plantation Berhad (Bukit Benut Palm Oil Mill (SOU 22))		
Address	Level 3A, Main Block Plantation Tower, No. 2, Jalan P.J.U 1A/7 47301 Ara Damansara Selangor, Malaysia		
Group name if applicable:	Sime Darby Plantation Berhad		
Subsidiary of (if applicable)	N/A		
Contact Person Name	Mdm. Shylaja Devi Vasudevan Nair (Head, Sustainability Unit PSQM)		
Website	www.simedarby.com	E-mail	kks.bukitbenut@simedary.com
Telephone	03-78484379 (Head Office)	Facsimile	03-78484356 (Head Office)

1.2 Certification Information			
Certificate Number	Mill: MSPO 682040 Plantations: MSPO 686845		
Issue Date	28/12/2017	Expiry date	27/12/2022
Scope of Certification	Mill: Production of Sustainable Palm Oil and Palm Oil Products Estate: Production of Sustainable Oil Palm Fruits		
Stage 1 Date	N/A (The certification unit is RSPO certified)		
Stage 2 / Initial Assessment Visit Date (IAV)	23/10/2017 – 25/10/2017		
Continuous Assessment Visit Date (CAV) 1	N/A		
Continuous Assessment Visit Date (CAV) 2	N/A		
Continuous Assessment Visit Date (CAV) 3	N/A		
Continuous Assessment Visit Date (CAV) 4	N/A		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
RSPO 591229	Roundtable Sustainable Palm Oil	BSI Services Malaysia	04/10/2021

<b>1.3 Location of Certification Unit</b>			
Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Longitude	Latitude
Bukit Benut Palm Oil Mill	KKS Bukit Benut, PO Box 513, 86009 Kluang, Johor.	103° 19' 59"	1° 54' 42"
Bukit Benut Estate	Ladang Bukit Benut, PO Box No. 513, 86009. Kluang, Johor.	103° 21' 54"	1° 54' 42"
CEP Nyior Estate	Ladang CEP Nyior, K/B No. 514 86009 Kluang, Johor.	103° 19' 59"	1° 54' 42"
Lambak Estate	Ladang Lambak/Elaeis, PO Box 510, 86009. Kluang, Johor.	103° 19' 08"	1° 58' 43'

<b>1.4 Plantings &amp; Cycle</b>					
Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Bukit Benut Estate	401.98	1151.23	836.13	189.19	-
CEP Nyior Estate	414.57	515.24	740.29	214.44	-
Lambak Estate	318.84	1,438.66	1,133.16	430.15	-

<b>1.5 FFB Production (Actual) and Projected (tonnage)</b>			
Producer Group	Projected from last audit	Actual production Oct – Sept 2017 or last 12 months	Projected production for next 12 months (Oct 17 – Sept 2018)
Bukit Benut Estate	43,520.00	46,302.15	43,647.00
CEP Nyior Estate	24,514.35	10,342.92	29,603.30
Lambak Estate	64,367.90	59,807.64	68,679.00

<b>1.6 Certified CPO / PK Tonnage</b>						
Mill	Estimated (Previous Year)2016		Actual (This Year)2017		Forecast (Next Year)2018	
	CPO	PK	CPO	PK	CPO	PK
Bukit Benut Palm Oil Mill	21,354.36	5,124.05	20,597.46	4,704.09	29,606.65	7,248.18

**1.7 Details of Certification Assessment Scope and Certification Recommendation:**

BSI Services Malaysia Sdn Bhd has conducted the Initial Certification Assessment of Sime Darby Bukit Benut SOU 22 located in KM 12, Jalan Mengkibol 86009 Kluang, Johor, Malaysia comprising 1 mill; 3 estates and infrastructures.

The onsite assessment was conducted to assess the compliance of the certification unit against the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill.

The assessment is a combined assessment for the mill and the group of estates that is supplying to the mill. However the assessment criteria for the mill and the estates were separated following to the required standards. The certification assessment scope is Bukit Benut Palm Oil Mill SOU 22 and Bukit Benut SOU 22 Estates which acts as the group manager for Bukit Benut Estate, Lambak Estate and CEP Nyior Estate. This report is the combine report for Bukit Benut Palm Oil Mill SOU 22 and Bukit Benut SOU 22 Estates.

The onsite assessment was conducted on 23/10/2017 – 25/10/2017.

Based on the assessment result, Sime Darby Bukit Benut SOU 22 complies with the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill and recommended for certification.

## Section 2: Assessment Process

### Certification Body:

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

### Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted from 23/10/2017 – 25/10/2017. The audit programme is included as Appendix A. The approach to the audit was to treat the Bukit Benut Palm Oil Mill as a MSPO Certification Unit and Bukit Benut SOU 22 Estates as another MSPO Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. MS 2530-3:2013 or 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 sample were determined based on formula  $N = 1.0\sqrt{y}$  where  $y$  is the number of estates while when applicable, the estates sample were determined following the MSPO Certification Requirement. The sampling of estates were based on the formula  $(1.0\sqrt{y}) \times (z)$ ; where 1.0 is the risk factor (may defer to 1.2 and 1.4 depending on risk), where  $y$  is total number of estates and where  $z$  is the multiplier defined by the risk assessment. The sampled estates listed in Appendix C.

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

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

Since this is a main assessment with an exclusion of stage 1 therefore, no previous nonconformities to be verified. The assessment findings for the initial assessment are detailed in Section 4.2.

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

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

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

<b>1. Assessment Program</b>					
<b>Name (Mill / Plantation / Group smallholders)</b>	<b>Year 1 (Certification)</b>	<b>Year 2 (ASA 1)</b>	<b>Year 3 (ASA 2)</b>	<b>Year 4 (ASA 4)</b>	<b>Year 5 (ASA 5)</b>
Bukit Benut Palm Oil Mill	√	√	√	√	√
Bukit Benut Estate	√		√		√
CEP Nyior Estate		√		√	
Lambak Estate	√		√		√

**Tentative Date of Next Visit: October 22, 2018 - October 24, 2018**

**Total No. of Mandays: 6**

**BSI Assessment Team:**

**Mahaswaran Maliyapan - Lead Assessor**

He holds Executive Master in Entrepreneurship Enhancement [Supply Chain Management], Professional Diploma in International Management Practices, Graduate Diploma in Business Administration and Diploma in Mechanical Engineering. Has vast exposure and experience in engineering, quality, 2nd & 3rd party auditing in various industries and owns proven track records of auditing various multinational companies both locally and internationally. Certified Lead Auditor for ISO 9001, 14001, OHSAS 18001, RSPO P&C, RSPO SCCS, RSPO Next and MSPO. Since 2012 trained in agriculture certification programs such as RSPO, MSPO and SCCS and holds role as lead auditor or auditor with several local and overseas certification bodies. He too involved in Quality Environmental Management System as well the Occupational, Health and Safety auditing.

**Mohd Hafiz Mat Hussain – Team Member**

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

**Accompanying Persons: N/A**

### Section 3: Assessment Findings

#### 3.1 Details of audit results

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

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

#### 3.2 Details of Nonconformities and Opportunity for improvement

During the Certification Assessment there was no nonconformities raised. However there were 3 Opportunity For Improvement was raised.

Opportunity For Improvement		
Ref	Area/Process	Clause
NC ID from eReport	1547408-201709-I1	4.4.5.11
Requirements: [MS 2530-3:2013]	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.	
Requirements: [MS 2530-4:2013]	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.	
Objective Evidence:	During site visit to worker's housing complex, the audit team has observed a few issues that needs management's attention. There are few worker's houses been extended with wooden poles from the original design, manholes to be properly guarded whereby walking near may inherits potential dangers and the domestic waste seen scattered around the sampled worker's housing sites which are not handled in more control method.	

Opportunity For Improvement		
Ref	Area/Process	Clause
NC ID from eReport	1547408-201709-I3	4.4.4.2
Requirements: [MS 2530-3:2013]	(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). (h) Accident and emergency procedures shall exist, and instructions shall be clearly understood by all employees.	
Objective Evidence:	During site visit to the chemical store, sighted the safety instruction board was not placed adequately and that may allow person in-charge possibly not wearing proper PPE attires before entering to the store. Seen a fire extinguisher in workshop with	



	the pressure needle drops to lower point considered undercharged which may be an indication that the extinguisher was discharged or leaking.	
Opportunity For Improvement		
Ref	Area/Process	Clause
NC ID from eReport	1547408-201709-I2	4.4.5.6
Requirements: [MS 2530-3:2013]	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.	
Objective Evidence:	<p>The existing foreign worker’s contract agreement has been revised and running changed from mid of July 2017. The operating units should look into on issues such as:</p> <ul style="list-style-type: none"> <li>a) whether the workers briefed on why and what were the changes made in the contract.</li> <li>b) To ensure every worker been provided with a copy of agreement</li> <li>c) The revision level nor effective date rather not defined clearly to the operating units</li> </ul>	

Noteworthy Positive Comments	
1	The mill management has demonstrated full commitment during the entire audit process.
2	The payment deduction for foreign workers are being established in a way that very transparent and easily understood by workers.
3	The continuous improvement plans are well associated with social and OHS.
4	Signages throughout office, chemical area and in the field sites, effectively maintained and appropriate to the needs of the process.

### 3.3 Status of Nonconformities Previously Identified and OFI

This is the Initial Assessment. There is no previously raised nonconformities and OFI.

### 3.4 Issues Raised by Stakeholders

IS #	Description
1	<p><b>Issues</b></p> <p>All interviewed stakeholders agrees the company provides information during annual stakeholder meeting. They also acknowledged circulation of memo also received as part of communication in regards of MSPO. Every participant agrees there was no conflict nor land disputes due to the mill and estate operations.</p>
	<p><b>Management Responses</b></p> <p>Management continuously monitor and assist stakeholders where and when needed.</p>
	<p><b>Audit Team Findings</b></p> <p>No further issue.</p>

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IS #	Description
2	<b>Issues</b> Village head [JKKK]- There is no treat due to the presence of foreign workers in the estate facility. The stakeholders do understand the process and measures taken by the company in ensuring no illegal workers.
	<b>Management Responses</b> Management consistently monitor their workers movement.
	<b>Audit Team Findings</b> No further issue.

IS #	Description
3	<b>Issues</b> Sundry shop - In general, all the surrounding communities are enjoying the continuous development such as infrastructure and the significant change is in the way the company operates, benefitted through safe working environment and medical facilities has improved.
	<b>Management Responses</b> Management will provide available informations during stakeholder meeting.
	<b>Audit Team Findings</b> No further issue.

IS #	Description
4	<b>Issues</b> FFB Transporter [local] – The company very strict in their OHS implementation. Contractors always been invited for safety talks and verbal informations on safety aspects commonly happens while at work.
	<b>Management Responses</b> Management will ensure workers employed by contractors are fairly treated.
	<b>Audit Team Findings</b> No further issue.

IS #	Description
5	<b>Issues</b> Workers Union representative – The estate and mill management fairly treats workers and very co-operative in managing issues concerning to worker's benefits.
	<b>Management Responses</b> Management will closely follow up on the review outputs of meetings.
	<b>Audit Team Findings</b> No further issue.

**3.5 Summary of the Nonconformities and Status**

CAR Ref.	CLASS	ISSUED	STATUS
N/A	N/A	N/A	N/A

**3.6 Summary of the findings by Principles and Criteria**

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

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	A policy for the implementation of MSPO shall be established. - Major compliance -	The IOM regarding MSPO Implementation from Head, Plantation Sustainability and Quality Management was established, dated 8/9/2017.	Complied
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	The MSPO policy was communicated to the executive, staff, and workers accordingly on 5/10/2017 by the PSQM Team. The training record was made available at Estate office.	Complied
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	The Internal Audit procedure (SD/SDP/PSQM/IAP) which was dated 1/9/2017 was established. The internal audit need to be conducted annual + as and when required.	Complied

<p>4.1.2.2</p>	<p>The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate</u></p> <p>The 1<sup>st</sup> Internal Consultative Assessment (IA) was conducted on 25<sup>th</sup> September 2017 (Lambak Elaies Estate) by PSQM Team (Lead Auditor: Amir Afham Abdullah, Auditor: Nor Atikah Mohd Hassan, Observer: Nor Ezani Ahmad). During this audit, there were 1 minor NC and 4 OFI's raised and all the findings were closed on 20/10/2017. The report was made available at estate office.</p> <p><u>Bukit Benut Estate</u></p> <p>The 1<sup>st</sup> Internal Consultative Assessment (IA) was conducted on 26<sup>th</sup> September 2017 by PSQM Team (Lead Auditor: Nurulashida Mohd Saad, Auditor: Zawawi Sahit). During this audit, there were 10 Major NC and 4 AOCs raised and all the findings were closed on 23/10/2017. The report was made available at estate office.</p>	<p>Complied</p>
<p>4.1.2.3</p>	<p>Report shall be made available to the management for their review.</p> <p>- Major compliance -</p>	<p>The Internal Audit was planned to be conducted annually.</p> <p><u>Lambak Elaies Estate</u></p> <p>The 1<sup>st</sup> Internal Consultative Assessment (IA) was conducted on 25<sup>th</sup> September 2017 (Lambak Elaies Estate) by PSQM Team (Lead Auditor: Amir Afham Abdullah, Auditor: Nor Atikah Mohd Hassan, Observer: Nor Ezani Ahmad). During this audit, there is 1 minor NC and 4 OFI's raised and all the findings were closed on 20/10/2017. The report was made available at estate office.</p> <p><u>Bukit Benut Estate</u></p> <p>The 1<sup>st</sup> Internal Consultative Assessment (IA) was conducted on 26<sup>th</sup> September 2017 by PSQM Team (Lead Auditor: Nurulashida Mohd Saad, Auditor: Zawawi Sahit). During this audit, there are 10 Major NC and 4 AOCs raised and all the findings were closed on 23/10/2017. The report was made available at estate office.</p>	<p>Complied</p>

Criterion 4.1.3 – Management Review			
4.1.3.1	<p>The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.</p> <p>- Major compliance -</p>	<p>The procedure for Management Review (SOM, Sub-Section 5.6, dated: 25/5/2015) was established. The frequency for management review needs to be carried out at least once a year.</p> <p><u>Lambak Elaies Estate</u>            The 1<sup>st</sup> MSPO Management Review was conducted on 16/10/2017 (Lambak Elaies Estate) which was chaired by Estate Manager. All the agenda such as OSH Objective, Mill Performance, Training, Complaints, Internal Audit MSPO and etc was discussed accordingly. The MRM report was made available at estate office.</p> <p><u>Bukit Benut Estate</u>            The 1<sup>st</sup> MSPO Management Review was conducted on 5/10/2017 (BBE) which was chaired by Estate Manager. All the agenda such as OSH Objective, Mill Performance, Training, Complaints, Internal Audit MSPO and etc was discussed accordingly. The MRM report was made available at estate office.</p>	Complied
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	<p>The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.</p> <p>- Major compliance -</p>	<p>The management had established the method for continual improvement, e.g.: Kaizen and various action plans.</p> <p><u>Lambak Elaies Estate</u>            Kaizen Charter which related to the continuous improvement was established at Lambak Elaies, e.g.: to reduce usage of paper from 15 reams to 13 reams by February 2017.</p> <p><u>Bukit Benut Estate</u>            Kaizen Charter which related to the continuous improvement was established at BBE. E.g.: To reduce cost of medication, to reduce the</p>	Complied

		telephone bills, to reduce the usage of SAJ water and to reduce the usage of electricity.	
4.1.4.2	The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption.  - Major compliance -	The company had established a system to improve practice especially on the LF collection. The estate had started to implement the Mobile LF Siever (CE2) which it can reduce cost, to minimise longer hour to bring LF to the mill and to minimise percentage of contamination at mill.	Complied
4.1.4.3	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.  - Major compliance -	The company had established a system to improve practice especially on the LF collection. The estate had started to implement the Mobile LF Siever (CE2) which it can reduce cost, to minimise longer hour to bring LF to the mill and to minimise percentage of contamination at mill. The training was conducted on 14/9/2017 accordingly to the workers involved.	Complied
<b>4.2 Principle 2: Transparency</b>			
<b>Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements</b>			
4.2.1.1	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.  - Major compliance -	<p><u>Lambak Elaies Estate</u>  A stakeholder meeting with contractors was organized on 20/10/2017, issue of social and safety were discussed, and minutes recorded. The estate has plan to brief on MSPO compliance status to the external stakeholders by 1<sup>st</sup> quarter in 2018. As for the estate workers and staff, sighted a training record dated on 21/10/2017 evidenced they been briefed on MSPO requirements.</p> <p><u>Bukit Benut Estate</u>  The estate management annually organize get together with local communities as part of promoting sustainability scheme’s requirements. Seen the complaint &amp; grievances logbook that has a</p>	Complied

		request was made on various household repairs and nothing particular to OHS, environment and social.	
4.2.1.2	<p>Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u>            As per stated in the "Sustainable Plantation Management System" manual dated 01/11/2008, section "Documentation &amp; Communication" – clause 3.2, where appropriate information on sustainable activities will be made available to the general public / stakeholders through yearly annual reports, circulars, agreements, Sime Darby website and other publications. Specific requests for information from interested parties shall be channeled to the PSQM, Communication Department, and Legal Department of Sime Darby.</p>	Complied
<p>Criterion 4.2.2 – Transparent method of communication and consultation</p>			
4.2.2.1	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u>            There is a flow chart titled dated 01/11/2008 "Sustainable Plantation Management System" - for internal [Appendix 5.5.3.1] and external [Appendix 5.5.3.2] established for communicating and reporting of EMS, OHS and social issues with relevant stakeholders. There is also a "Whistleblowing Policy" (GPA No. B5) dated 27/02/14 are made available for handling stakeholder's social issues. The estates provide a log book to enable internal and external stakeholders to register their complaints and grievances.</p>	Complied

<p>4.2.2.2</p>	<p>A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.</p> <p>- Minor compliance -</p>	<p>The appointment letter also clearly indicates the roles and responsibility of the person. The appointment has been communicated internally by memo and externally through stakeholder consultation.</p> <p><u>Lambak Elaies Estate</u>          With effect from 26/09/2017, Mr. Muhammad Adli has been appointed as "RSPO/MSPO representative" the responsible for communication and consultation with the local communities and other interested parties.</p> <p><u>Bukit Benut Estate</u>          Sighted appointment letter dated on 26/09/17 for Mr. Ramesh Rajagopal, the senior assistant .</p>	<p>Complied</p>
<p>4.2.2.3</p>	<p>List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate</u>          The latest stakeholder meeting was on 20/07/2017 with sundry shop owners that regards to complaints received from workers, sighted the attendance record attached with the minutes of meeting. Prior to that, a stakeholder meeting was done on 21/06/2017 attended by surrounding village heads.</p> <p><u>Bukit Benut Estate</u>          In the stakeholder meeting on 24/02/17, there were few issues communicated, such as instruction for vehicles to switch on their lights at all time while within estate perimeter, domestic animal intrusion to housing area and to tighten security measures at entrance.</p>	<p>Complied</p>



Criterion 4.2.3 – Traceability			
4.2.3.1	<p>The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u>            The estates have implemented SOP for Traceability Doc No: Appendix 15, dated May 2016 and SOP on Sustainable Supply Chain and Traceability SD/SDP/PSQM/001 dated 01/03/15 as to provide guideline to establish sustainable supply chain and traceability for FFB, CPO and PK. Delivery of FFBs are from internal estate that owned by Sime Darby Plantation has no contracts.</p> <p>Data capturing [bunch counting / grading] is done using conventional way of manual recording using bunch counter that links to "SEMUA 2.0" system. This is a mobile solution for data capture of Mandore and FFB recorder FFB count, utilizing digital technologies to digitize data at source and automate data flow.</p> <p>Furthermore, this allows easy access of operational information by authorized users via mobile devices. This also allows the check roll integration as to make cutter bunch in SEMUA 2.0 FFB count available in Check roll daily Bunch Counting Screen.</p>	Complied
4.2.3.2	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u>            The harvesting field supervisor holds the responsibility on regular inspection, whereby the effectiveness of monitoring seen captured in the internal audit by PSQM. Aside there is also field routine visit by the manager and annually visit by sustainability team members.</p>	Complied

4.2.3.3	<p>The management should identify and assign suitable employees to implement and maintain the traceability system.</p> <p>- Minor compliance -</p>	<p>The management has appointed the estate asst. manager as the in-charge person of all sustainability related matters. Clause 5 of his appointment letter mentioned on his role that was cross verified against traceability procedure "Appendix 15" page 2 – responsibility.</p> <p><u>Lambak Elaies Estate</u>          Verified the assigned person's letter of appointment, Mr. Muhammad Adli.</p> <p><u>Bukit Benut Estate</u>          Verified the assigned person's letter of appointment, Mr. Ramesh Rajagopal as "RSPO/MSPO representative".</p>	Complied
4.2.3.4	<p>Records of sales, delivery or transportation of FFB shall be maintained.</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate</u>          Interview weighbridge operator to understand the traceability of incoming FFB from estate and delivery of FFB to mill. Sampled tickets for July-Oct'17, the general tolerance from the mill is about 2% with no crop diversion.</p> <p><u>Bukit Benut Estate</u>          Verified the record of FFB recording, witnessed the weighbridge operation of FFB prior to transport to mill. Sampled tickets for May, Jun and Sept'17, the general tolerance from the mill is about 2% with no crop diversion.</p>	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	<p>All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>A mechanism to ensure compliance to legal and other requirement has been documented in EQMS &amp; Agricultural Manual (Estate Quality Management System) under Standard Operation Manual distributed to all operating units under SOU22. PSQM Department and respective operating units will undertake the responsibility of identifying,</p>	Complied

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		<p>managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>The evaluation was last carried out on 9/7/2017 (Lambak Elaies Estate) and 10/4/2017 (BBE) by Assistant Manager and approved by Estate Manager.</p> <p>As to date, Lambak Elaies Estate and Bukit Benut Estate had complied with all the applicable local, state, national and ratified international laws and regulations.</p>	
4.3.1.2	<p>The management shall list all laws applicable to their operations in a legal requirements register.</p> <p>- Major compliance -</p>	<p>Documented procedure has been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>List of applicable legal and other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder.</p> <p>All the legal and other requirements were register accordingly in the legal requirement register including FM (Steam Boiler and UPV) (Amendment) Regulation 2017. The evaluation was last carried out on 9/7/2017 (Lambak Elaies Estate) and 10/4/2017 (BBE) by Assistant Manager and approved by Estate Manager.</p> <p>As to date, Lambak Elaies Estate and Bukit Benut Estate had complied with all the applicable local, state, national and ratified international laws and regulations.</p>	Complied
4.3.1.3	<p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p>	<p>Documented procedure has been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008. List of applicable legal and</p>	Complied

	<p>- Major compliance -</p>	<p>other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder.</p> <p>All the legal and other requirements were register accordingly in the legal requirement register including Minimum Wages Order 2016. The evaluation was last carried out on 9/7/2017 (Lambak Elaies Estate) and 10/4/2017 (BBE) by Assistant Manager and approved by Estate Manager. As to date, Lambak Elaies Estate and Bukit Benut Estate had complied with all the applicable local, state, national and ratified international laws and regulations.</p>	
<p>4.3.1.4</p>	<p>The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.</p> <p>- Minor compliance -</p>	<p>A mechanism to ensure compliance to legal and other requirement has been documented in EQMS &amp; MQMS (Estate &amp; Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU22. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites as well as from MAPA circulars.</p>	<p>Complied</p>

Criterion 4.3.2 – Lands use rights			
4.3.2.1	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.  - Major compliance -	Sime Darby did not acquire land from landowners, but leased it directly from the government. There were no issues of land disputes.	Complied
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.  - Major compliance -	Sime Darby did not acquire land from landowners, but leased it directly from the government. There were no issues of land disputes. Sighted sampled of Land Title at both estates visited: <u>Lambak Elaies Estate</u>  1. Title No: 94497, Lot 1532, 621.1924Ha 2. Title No: 134839, Lot 2983, 505.8563Ha 3. Title No: 327264, Lot 2984, 457.4964Ha <u>Bukit Benut Estate</u>  4. Title No: 90182, Lot 1708, 611.14Ha 5. Title No: 120741, Lot 1085, 180.89Ha 6. Title No: 120735, Lot 1088, 351.87Ha 7. Title No: 120739, Lot1483, 343.58Ha	Complied
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.  - Major compliance -	Sime Darby did not acquire land from landowners, but leased it directly from the government. There were no issues of land disputes. Legal perimeter boundaries were clearly demarcated. Eg: verify during site visit at field P07D (Lambak Elaies Estate) and P02B (Bukit Benut Estate) with smallholder, the management had construct the tranches and peg the boundaries accordingly.	Complied
4.3.2.4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall	Sime Darby did not acquire land from landowners, but leased it directly from the government. There were no issues of land disputes.	Complied

	<p>be made available and that these should have been accepted with free prior informed consent (FPIC).</p> <p>- Minor compliance –</p>		
<p><b>Criterion 4.3.3 – Customary rights</b></p>			
4.3.3.1	<p>Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.</p> <p>- Major compliance -</p>	<p>Sime Darby did not acquire land from landowners, but leased it directly from the government. There were no issues of land disputes.</p>	<p>Complied</p>
4.3.3.2	<p>Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available.</p> <p>- Minor compliance -</p>	<p>Sime Darby did not acquire land from landowners, but leased it directly from the government. There were no issues of land disputes.</p>	<p>Complied</p>
4.3.3.3	<p>Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.</p> <p>- Major compliance –</p>	<p>Sime Darby did not acquire land from landowners, but leased it directly from the government. There were no issues of land disputes.</p>	<p>Complied</p>
<p><b>4.4 Principle 4: Social responsibility, health, safety and employment condition</b></p>			
<p><b>Criterion 4.4.1: Social Impact Assessment (SIA)</b></p>			
4.4.1.1	<p>Social impact should be identified, and plans are implemented to mitigate the negative impacts and promote the positive ones.</p> <p>- Minor compliance -</p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u>  The 5 yearly Social Impact Assessment [SIA] was done by the Social &amp; Environment Projects Units of PSQM department that based on Impact Assessment Manual by federal Department of town and Country Planning Peninsular Malaysia and Malaysian Society of Impact Assessment for the whole SOU 22 from 16-19/05/2016. The assessment was aimed on livelihoods, social wellbeing of the wider</p>	<p>Complied</p>

		<p>community and physical impacts of human populations on social changes.</p> <p>All the respective operating units registered with an action plan which focus on area of concern and matters raised by the stakeholders. Among the negative issues collected were bats intrusion which creates uncomforted odour at the ceiling top, village road damaged due to FFB transport, safety concern of motorbike riders, petty theft at housing complex, harvesters having problem in replacing damaged PPE and harvesters not understand their salary calculation.</p>	
<p>Criterion 4.4.2: Complaints and grievances</p>			
4.4.2.1	<p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u></p> <p>There is a flow chart titled dated 01/11/2008 "Sustainable Plantation Management System" - for internal [Appendix 5.5.3.1] and external [Appendix 5.5.3.2] established for communicating and reporting of EMS, OHS and social issues with relevant stakeholders. There is also a "Whistleblowing Policy" (GPA No. B5) dated 27/02/14 are made available for handling stakeholder's social issues.</p>	Complied
4.4.2.2	<p>The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u></p> <p>Dispute not applicable as this was evidenced in the internal and external stakeholder meeting minutes.</p>	Complied
4.4.2.3	<p>A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.</p> <p>- Minor compliance -</p>	<p><u>Lambak Elaies Estate</u></p> <p>In general, there are options for both internal and external stakeholder to channel their complaints to the relevant authority at estate via the morning muster/roll call, via respective supervisors, direct to the</p>	Complied

		<p>manager, or a complaints book which is filled by workers to report about their housing/work conditions.</p> <p><u>Bukit Benut Estate</u>          At management level, there are periodical health and safety meetings, meetings between local union leaders and the management as well as gender committee meetings which are held in all estates.</p>	
4.4.2.4	<p>Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.</p> <p>- Minor compliance -</p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u>          Aside of the information in the website, Town Hall gathering and annual stakeholder meeting, there is a Procedure for External Communication (Standard Operation Manual (SOM), Appendix 5.5.3.2) which specific to communication with respect to QSHE performance at the estates.</p>	Complied
4.4.2.5	<p>Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u>          Seen the internal and external stakeholders log book for estate. At this moments, no negative complaints made by either party in the last 24 months. Its more to request and response from them for household maintenance which the estate management responded timely.</p>	Complied



Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	<p>Growers should contribute to local development in consultation with the local communities.</p> <p>- Minor compliance -</p>	<p><u>Lambak Elaies Estate</u>            Based on the external stakeholder log book and stakeholder meeting minutes, there was no evidence that local communities have requested either monitory nor logistics for their community development.</p> <p><u>Lambak Elaies Estate</u>            The estate management continuously contributes fund for the local Hindu temples for their annual prayers.</p>	Complied
Criterion 4.4.4: Employees safety and health			
4.4.4.1	<p>An occupational safety and health policy and plan shall be documented, effectively communicated, and implemented.</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u>            Sighted the Group Policy on health and safety established in English and Bahasa Malaysia in Jan 2015. The Managing Director, Datuk Franki Anthony Dass approved the policy and seen displayed at various notice boards within estate office. The policy outlines the company's commitment to provide workers with adequate knowledge, training, and experience to ensure continuous improvements in OSH management and performance. As for the new workers, there is an induction training upon their arrival at training camp at Sua Betong. The PSQM team is also committed in establishing various working standards through procedures or pictorial method to improve safe working condition.</p>	Complied
4.4.4.2	<p>The occupational safety and health plan shall cover the following:</p> <p>a) A safety and health policy, which is communicated and implemented.</p>	<p>Procedures of chemical handling is presented in several documents, such Document No. SD/SDP/SQM(ESH)/001-1 Sime Darby Plantation Environment, Safety, and Health Management System (ESHMS) Manual dated July 1st, 2012.</p>	Complied

<p>b) The risks of all operations shall be assessed and documented.</p> <p>c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:</p> <ul style="list-style-type: none"> <li>i. all employees involved shall be adequately trained on safe working practices</li> <li>ii. all precautions attached to products shall be properly observed and applied</li> </ul> <p>d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labelling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept</p>	<p>Accident of emergency procedure is presented in Quality Management System Standard Operation manual (MQMS SOM) dated November 1st, 2008. Flowchart of emergency handling presented in Appendix 5.5.3.3. Based on observation to, Scheduled Waste Store, Laboratory, and Chemical Store.</p> <p><u>Lambak Elaies Estate</u></p> <p>The estate management unit has Hazard Identification, Risk Assessment, and Risk Control (HIRARC) document for financial year (FY) 2017/2018 reviewed and updated on 02/10/2017 which resulted from an incident occurred on 26/09/2017.</p> <p>The estate management conducts periodic training for employees such as OSH refreshing training for frond stackers [21/10/17], SOP training for harvesters [20/10/17] and manuring OSH topics on 10/04/17.</p> <p>Estate management has appointed ESH Committee for 2017/2018 consist representatives from employer and employee. The OHS Chairman and Secretary are in coordination with PSQM Head Quarter Officer for any update national regulations and collective agreements.</p> <p>During site visit to chemical room, diesel tank and premix area, seen the respective sites equipped with fire extinguisher, important contact number and flowchart of emergency. Interview with worker, found they are able to explain and demonstrate steps of precaution on incidence, such as first aid action to be taken, spills handling and reporting.</p> <p>The Hospital Assistance is the key person as first aider and supported by estate staff whom been trained by him. Sighted the training record for first aiders on 08/05/2017 attended by 16 staff and workers.</p>	
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	<p>and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist, and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>OSH Committee has records any accident happen and evaluate it on the OSH quarter meeting, which recently had on 07/08/2017. There was no accident case reported in the 2nd quarter.</p> <p><u>Bukit Benut Estate</u></p> <p>Hiradc was last reviewed and updated on 01/08/2017 due to an occupational injury on 12/07/2017 [Class IV – 2 days MC]. Verified JJKP 6 for [Class III – more than 5 days MC] reported on 10/04/2017.</p> <p>Safety meeting minutes was held on 13/09/2017, attended by 19 participants [contractor, workers representative, staff and executives].</p> <p>The OSH policy and implementation were communicated to the employees through awareness which conducted once a year and during morning muster.</p> <p>PPE records for harvesters and upkeeping team sampled and found satisfactorily maintained and cross verified during field visit with no negative findings. PPE’s were provided every year on no charge basis.</p> <p>The estate has list of first aid equipment box which located in main office, chemical store and spraying gang Mandor. Monitoring record of items used who checked by Hospital Assistant were also available.</p> <p><b><u>Opportunity for improvement:</u></b>  <b>During site visit to the chemical store, sighted the safety instruction board was not placed adequaly and that may allow person in-charge possibly not wearing proper PPE attires before entering to the store. Seen a fire extinguisher in workshop with the pressure needle drops to lower point considered undercharged which may be an indication that the extinguisher was discharged or leaking.</b></p>	
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Criterion 4.4.5: Employment conditions			
4.4.5.1	<p>The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u>            The "Social Policy" showcases the company's commitment to providing a workplace that is free from sexual harassment and all other forms of violence against women, workers, and community. The policy also commits to providing sufficient training and development for employees to increase their awareness and enhance their skills in line with this policy.</p>	Complied
4.4.5.2	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u>            The Social Policy dated January 2015 enforce the management's direction that all employees should be treated fairly in terms of recruitment, progression, terms and conditions of works and representation regardless of race, caste, nationality, gender, physique, sexual orientation, union membership, political view, religion and age. Interview with the foreign and local workers, reveals there is no discriminatory issues as the management treat them well.</p>	Complied
4.4.5.3	<p>Management shall ensure that employees' pay, and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate</u>            As at 24/10/2017, there are 340 workers under payroll in the estate operation and there is no contract worker employed. 80% are foreigners [Indonesian, Nepalese, Bangladesh, and India]. The Contract Agreement which is written in respective nationality languages, stressing on pay, fringe benefits, salary slips, medical surveillance etc.</p> <p>Sampled annual contract extension for:            Ajijul Islam – Bangladesh [contract in English and Bangladesh]</p>	Complied

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		<p>Rusham – Indonesian [contract in English and Bahasa]  Sanjip Thakur Nepalese [contract in Hindi and English]</p> <p><u>Bukit Benut Estate</u>  Pay slips [July – Sept’17] were verified confirming workers receives monthly salary more than RM 1000.00 unless otherwise on unpaid leave, poor attendance and switching workers from daily rate to piece rate or vice versa.</p> <p>Interview with both estate staff and workers [male and female] confirmed that they understand the terms and conditions of their employment. No confinement history and no illegal or forced deduction as per this audit period.</p>	
4.4.5.4	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p><u>Lambak Elaies Estate</u>  The estate not engaged any contract workers. The transportation for FFB being outsourced to local contractors. Interviewed representative from Sim Kim Huat and found there is no foreign worker engaged by their company.</p> <p><u>Bukit Benut Estate</u>  The estate has no contract workers.</p>	Complied
4.4.5.5	<p>The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u>  There is a list of employees consist of employee number, name, check roll type, joining date and status in the SAP system – Semua Employee Master Listing. As at 23/10/17.</p>	Complied

<p><b>4.4.5.6</b></p>	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.</p> <p><b>- Major compliance -</b></p>	<p>The worker’s contract valid on [2+1 for Indonesian and 3+1 for other nationalities] basis [evident of email correspondence with Preetha Gopalan, Workforce Management Unit dated 25/10/2017], where either party can terminate the service. The WMU can terminate a service under 2 conditions, firstly if they fail the medical test and secondly any criminal misconduct during the employment period. The cost involved for their return bare by the company unless if the break by the employee then it should be agent’s responsibility.</p> <p>All workers are provided with a copy of the agreement, the original is kept in respective personal file. As per stated in bullet 3 of the contract, all workers are given the probation period for 3 months and as per bullet 6 stated that all works, salary, rewards, rules, and conditions based on the MAPA / NUPW and Workers Act 1955.</p> <p><u>Lambak Elaies Estate</u>          Sampled annual contract extension for:          Ajijul Islam – Bangladesh [contract in English and Bangladesh]          Rusham – Indonesian [contract in English and Bahasa]          Sanjip Thakur Nepalese [contract in Hindi and English]</p> <p><u>Bukit Benut Estate</u>          Sampled contract agreement for:</p> <ul style="list-style-type: none"> <li>• Indonesian [Musnaip – 100252,</li> <li>• Indian [Sharma Shubham – 120763, Ramdev – 13396, Amarjeet Kumar - 92092</li> <li>• Bangladesh [Uddin Mohd Arfan – 90215]</li> <li>• Myanmar – [Than Zaw – 96852, Min Aye – 96854]</li> </ul>	<p>Complied</p>
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		<p><b><u>Opportunity for improvement:</u></b></p> <p><b>The existing foreign worker’s contract agreement has been revised and running changed from mid of July 2017. The operating units should look into on issues such as:</b></p> <p><b>a) whether the workers briefed on why and what were the changes made in the contract.</b></p> <p><b>b) To ensure every worker been provided with a copy of agreement</b></p> <p><b>c) The revision level nor effective date rather not defined clearly to the operating units</b></p>	
<p><b>4.4.5.7</b></p>	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.</p> <p><b>- Major compliance -</b></p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u> Based on the sampled pay slips of workers [each nationality of 3 months’ pay slip], there is no trace of breach of payment as stipulated in their contract. Interview with workers shows no issue on wages received but sometimes there do happens typo error or miscalculation on working hours / days which corrected or reimbursed timely by the respective management. During site visit, interview with both local and foreign workers revealed no discrimination on overtime hours as well on wages received for overtime work done. This was also cross checked in their respective payslips and no discrepancies found.</p>	<p>Complied</p>
<p><b>4.4.5.8</b></p>	<p>The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.</p> <p><b>- Major compliance -</b></p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u> Working hours is 8 hours. From Monday to Saturday. Total monthly working hours is 208 hours. The overtime maximum is 104 hours according to Malaysian Law. As at current status, there was none has crossed 80 hours of overtime. Verified the payslips, the payment and calculation of overt time well distributed. The overtime rate after 8 hours daily rated is: upkeeping</p> <ul style="list-style-type: none"> <li>• Mon - Sat – daily rated / 8 hours x 1.5</li> <li>• Sunday - daily rated / 8 hours x 2.0</li> </ul>	<p>Complied</p>

		<p>The overtime rate after 8 hours piece rated is: harvesters</p> <ul style="list-style-type: none"> <li>• Mon - Sat – flat rate</li> <li>• Sunday – flat rate x 2.0</li> </ul>	
<p><b>4.4.5.9</b></p>	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p><b>- Major compliance -</b></p>	<p><u>Lambak Elaies Estate</u>  Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made. Sampled 3 months’ payslip for:</p> <p>Rusham – Jul-Sept’17 salary range RM2341 – RM3277  Sanjip Thakur – Jul-Sept salary range RM1563 – RM2300  Zulakarnaen – Jul-Sept salary range RM1787 – RM2811</p> <p><u>Bukit Benut Estate</u>  The SAP system which pre-designed program by pay roll administrative in HQ is able to define if any worker receives below than RM 1000 and the top-up measures will be done at operating unit. Sampled workers’ payslip [July – Sept’17], seen none has received less than RM 1000.00/month.</p> <ul style="list-style-type: none"> <li>• Indonesian [Musnaip – 100252,</li> <li>• Indian [Sharma Shubham – 120763, Ramdev – 13396, Amarjeet Kumar - 92092</li> <li>• Bangladesh [Uddin Mohd Arfan – 90215]</li> <li>• Myanmar – [Than Zaw – 96852, Min Aye – 96854]</li> </ul>	<p>Complied</p>



<p><b>4.4.5.10</b></p>	<p>Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.</p> <p><b>- Minor compliance -</b></p>	<p>The social benefits for:</p> <ul style="list-style-type: none"> <li>Local - incentives for good work performance by giving hampers for general workers during annual dinner and for staff is based on KPI eligible for monetary, bonus payment, professional development for only executive and above, medical care and health provisions are for entire work force.</li> <li>Foreigner – monthly RM5 token for telephone, cooking oil 5KG and rice 5KG in every 2 months. Festive token of RM 100 on annually.</li> </ul> <p><u>Lambak Elaies Estate</u>  Total there are 340 workers [80% foreigners], interviewed by the estate asst. manager who mentioned the social benefits for workers are based on the instruction from HQ level.</p> <p><u>Bukit Benut Estate</u>  Total there are 201 workers [Bangladesh 18%, India 4%, Indonesia 49%, Myanmar 1% and local 28%]. Medical surveillance for sprayers [44 workers] has been done in 22/06/2017, however the official medical report from the panel clinic [Klinik Rengam] not received by the management and evidence of the communication with both parties [WhatsApp dated 20/10/17] available. Based on the communication, there was no worker dragonized with major occupational health issue that requires attention.</p>	<p>Complied</p>
<p><b>4.4.5.11</b></p>	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.</p>	<p><u>Lambak Elaies Estate</u>  Based on field visit and interview with workers known that the adequate housing, clean water supplies, medical, mosque, temple, electricity and access to adequate, sufficient and affordable food has been provided. Foreign workers housed according to their ethnicity and religious beliefs and have adequate beds, clean running water</p>	<p>Complied</p>

	<p><b>- Major compliance -</b></p>	<p>from taps, kitchen and toilet facility. There is no complain, and grievance related to housing standard.</p> <p>During site visit to line-site, interview both local and foreign workers whom claimed the management provides decent living quarters with proper drainage system, twice a week domestic waste collection, attend to household repairs and free water supply for domestic consumption. The audit team witnessed the tap water condition in foreign worker’s quarter that has no sign of pollution.</p> <p><u>Bukit Benut Estate</u>          The electricity deduction is based on the usage that the deduction scheme agreed by both parties in written form. The clinic seen with sufficient facilities to treat patient with minor illness and for major case it will be refer to local government hospital either in Kluang or Mengkibol. Interview with workers, resulted positive feedbacks of the service from clinic.</p> <p>There is a government primary school [Tamil and Malay] available within the company’s compound. The workers of estate have option for their children’s education as they also accessible to town schools.</p> <p><b><u>Opportunity for improvement:</u></b>  <b>During site visit to worker’s housing complex, the audit team has observed a few issues that needs management’s attention. There are few worker’s houses been extended with wooden poles from the original design, manholes to be properly guarded whereby walking near may inherits potential dangers and the domestic waste seen scattered around the sampled worker’s housing sites which are not handled in more control method.</b></p>	
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<p><b>4.4.5.12</b></p>	<p>The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.</p> <p><b>- Major compliance -</b></p>	<p>The "Social Policy" seen consist of information on non-discrimination and equal opportunities. Seen the policy displayed in the estate's office and regularly communicated to all levels of the workforce through training programs. Interviewed with workers during site visits, resulted with no form discrimination based on race, caste, national origin, religion, disability, gender, etc. The interviewed workers are aware on the term of discrimination and how they to respond if such incidents happen to them.</p> <p><u>Lambak Elaies Estate</u> The gender committee meeting was held on 13/10/2017 attended by 14 members, there was no significant issue that required attention from the management.</p> <p><u>Bukit Benut Estate</u> The gender committee heads by Mr. Yazid, the estate manager, president is Mrs. Kalai Chilve and 9 representatives from workers groups. The recent gender committee meeting was held on 18/07/2017 attended by 18 workers. Wild dog movement in the line site, the committee requested management to address action on mentality disturbed women at 168A and female workers feel uncomfortable to enter field work as early as 06.30am as they have less time to prepare their children to school. Aside the committee suggest conducting Pap Smear for all female workers.</p>	<p>Complied</p>
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<p><b>4.4.5.13</b></p>	<p>The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p><b>- Major compliance -</b></p>	<p><u>Lambak Elaies Estate</u>          Interviewed the worker’s union representative Mirwan [Indonesian] claimed the management well cooperate with the union members. Sighted the meeting minutes dated on 16/06/2017 attended by 11 members and chaired by estate manager. Among the key issues discussed was on to enhance worker’s housing maintenance work, some sprayers seen without proper PPE, harvesting works in same area with spraying etc.</p> <p><u>Bukit Benut Estate</u>          Sighted the meeting minutes dated on 27/03/2017 attended by 4 members and chaired by estate manager. Less than 10% of total 201 workers xx has join the union voluntarily with monthly payment of RM 11. Among the key issues discussed high electricity deduction which the issue explained to NUPW Secretary Mr. Erwan Yusuf. The auditor was not able to meet him as has left the company on 02/10/2017.</p>	<p>Complied</p>
<p><b>4.4.5.14</b></p>	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education programmes. Children shall not exposed to hazardous working conditions.</p> <p><b>- Major compliance -</b></p>	<p><u>Lambak Elaies Estate and Bukit Benut Estate</u>          There is a Group Policy on Child Protection dated on Jan 2015 and due for review in 2018. During site visit to field and line site, there was no evidences found of workers below 18 years old. During the stakeholder interview, it was asked to the participants on the company’s standing on minimum age policy, that no children employed for estate operations. While on site interviewed with workers, they are aware the Minimum Age Policy is being strictly enforced by the management at which the age limit is above 18 years old.</p>	<p>Complied</p>

Criterion 4.4.6: Training and competency			
4.4.6.1	<p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p> <p><b>- Major compliance -</b></p>	<p><u>Lambak Elaies Estate</u>            Sighted the annual training plan for FY 17/18. The plan consists of OSH Committee [1], work safety audit [16], health &amp; hygiene [7] and others [12]. As for contractors, it being briefed before starts any works and recorded in "Permit to Work". Training records sampled:</p> <ul style="list-style-type: none"> <li>• First Aid – 08/05/17 – 16 attended, trainer was HA</li> <li>• Fire drill &amp; firefighting – 23/05/17</li> <li>• Refresh training for new workers – 21/06/17</li> <li>• OHS awareness for tractor drivers – 17/06/17</li> </ul> <p><u>Bukit Benut Estate</u>            Sighted the annual training plan for FY 17/18 consists of OSH 26 programs for various job nature, such as tractor driver, harvester, contractors, and new workers. Training records sampled:</p> <ul style="list-style-type: none"> <li>• IPM Training – centralize at Yong Peng, attended by Mr. Yazid and Mr. Azanal on 19/04/17</li> <li>• Rat baiting application – upkeeping workers on 15/05/17</li> <li>• First Aid training dated on 24/01/17 on 24/01/17 by estate Medical Assistance Mr. Muhd. Muslihin [18487].</li> </ul> <p>There was a training attendance and evaluation for fire drill conducted on 03/10/16.</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><u>Lambak Elaies Estate</u>            Seen a matrix table that identified programs and whom are required to be trained. There is no special or specific training identified by the</p>	Complied

	- <b>Major compliance</b> -	management, however the existing plans are able to promote individual workers improve their working skill.  <u>Bukit Benut Estate</u> Training calendar with programs seen in align with management’s direction to ensure all workers are trained in their respective job. Cross verified, harvesters, sprayers and chemical/store handler found satisfactory discussion.	
<b>4.4.6.3</b>	A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.  - <b>Minor compliance</b> –	<u>Lambak Elaies Estate and Bukit Benut Estate</u> The estate has training program which updated annually. The annual internal audit by PSQM and management review does review the effectiveness of the training plan and its execution. Interview with workers and staff, found they are aware on their job scope and responsibilities, e.g. Hospital Assistance [Jaya Perigas], Abdul Kadir [Asst. manager] and field workers during site visit.	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 in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.  - Major compliance -	Environment Policy was established. The policy was signed by the Managing Director on January 2015. The environmental management plan has been established to monitor the identified significant activities that give impacts on environment. A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented.	Complied
4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives;	An environmental improvement plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and is reviewed every year to reflect the results of monitoring operational	Complied

	<p>b) The aspects and impacts analysis of all operations.</p> <p>- Major compliance -</p>	<p>changes that may have positive and negative environmental impacts. Last reviewed was done on 1/7/17 (Lambak Elaies Estate and BBE). Continuous awareness training programme has been carried out on 5/10/17 by the company to its workers and other stakeholders.</p>	
4.5.1.3	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.</p> <p>- Major compliance -</p>	<p>The continuous implementation of the improvements activities was checked during the field and document audit. The environmental management plan has been established to monitor the identified significant activities that give impacts on environment. Last reviewed was done on 1/7/17 (Lambak Elaies Estate and Bukit Benut Estate). A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented. Continuous awareness training programme has been carried out on 5/10/17 by the company to its workers and other stakeholders.</p>	Complied
4.5.1.4	<p>A programme to promote the positive impacts should be included in the continual improvement plan.</p> <p>- Minor compliance -</p>	<p>Environmental Management Programme also includes continual improvement plans. For example, minimizing the use of certain pesticide/herbicide, waste management, maximizing recycling waste or by product generation and to eliminate oil spillage, to reduce massive land contamination, monitoring on the land preparation during replanting, to reduce GHG emission, and etc.</p>	Complied
4.5.1.5	<p>An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.</p> <p>- Major compliance -</p>	<p>Annual training programme of the mill includes environmental awareness and compliance related trainings to the executives, staffs and workers. Continuous awareness training programme has been carried out on 5/10/17 by the company to its workers and other stakeholders.</p>	Complied
4.5.1.6	<p>Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.</p> <p>- Major compliance -</p>	<p>Environmental related matters were discussed during toolbox briefing. Workers interview reveal that they are encouraged to discuss environmental issues with the management. Continuous awareness training programme has been carried out on 5/10/17 by the company to its workers and other stakeholders.</p>	Complied

Criterion 4.5.2: Efficiency of energy use and use of renewable energy																															
4.5.2.1	<p>Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.</p> <p>- Major compliance -</p>	<p>The estate maintains records of energy usage, which is reported monthly to head office. The use of the fossil fuel against the FFB production is being monitored.</p>	Complied																												
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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>Both estates visited have estimation on total energy required. This estimation was compared to the actual usage by monthly and reported to the head office for monitoring.</p>	Complied																												
4.5.2.3	<p>The use of renewable energy should be applied where possible.</p> <p>- Minor compliance -</p>	<p>There is an application of EFB at Lambak Elaies and Bukit Benut estate visited. Sighted the record:</p> <table border="1"> <thead> <tr> <th>Estate</th> <th>Financial Year</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Lambak Elaies Estate</td> <td>16/17</td> <td>1012.91 mt</td> </tr> <tr> <td>17/18 (to date)</td> <td>1288.20 mt</td> </tr> <tr> <td rowspan="2">Bukit Benut Estate</td> <td>16/17</td> <td>5037.47 mt</td> </tr> <tr> <td>17/18 (to date)</td> <td>8552.59 mt</td> </tr> </tbody> </table>	Estate	Financial Year	Total	Lambak Elaies Estate	16/17	1012.91 mt	17/18 (to date)	1288.20 mt	Bukit Benut Estate	16/17	5037.47 mt	17/18 (to date)	8552.59 mt	Complied															
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<b>Criterion 4.5.3: Waste management and disposal</b>			
<b>4.5.3.1</b>	<p>All waste products and sources of pollution shall be identified and documented.</p> <p><b>- Major compliance -</b></p>	<p>Visits made to Lambak Elaies Estate and Bukit Benut Estate showed that all waste products and sources of pollution were identified and documented. The documentation and identification of all the waste products such as scheduled waste, domestic waste and recyclable waste such as metal, plastic, mill waste and polluting materials e.g. EFB were maintained and monitored at the both estate. Scheduled Waste identified included spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers/drums (SW 409), used filters (SW 410). Records on the usage and disposal were well recorded and documented. Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained.</p>	Complied
<b>4.5.3.2</b>	<p>A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <p>a) Identifying and monitoring sources of waste and pollution</p> <p>b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products</p> <p><b>- Major compliance -</b></p>	<p>Documented waste management action plan was established where the site visit confirmed that the practice of reduce, reuse and recycle of materials has been implemented throughout the company mill. Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory in the POM. Proper storage areas were identified for the storage of the recyclable wastes at the estates.</p>	Complied
<b>4.5.3.3</b>	<p>The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.</p> <p><b>- Major compliance -</b></p>	<p>Procedure for Scheduled Waste (Hazardous Waste) Management was established (SD/SDP/PSQM (ESH)/203-EN1) dated 26/2/2016. The latest disposal was done on 10/10/2017 by Ranama Resources Sdn Bhd for SW305 and SW409. All the records were found adequate as per required by EQ (Scheduled Waste) Regulations 2005.</p>	Complied

<p><b>4.5.3.4</b></p>	<p>Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.</p> <p><b>- Major compliance -</b></p>	<p>Empty pesticide containers were disposed as a scheduled waste. The latest disposal was done on 10/10/2017 by Ranama Resources Sdn Bhd.</p>	<p>Complied</p>
<p><b>4.5.3.5</b></p>	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p> <p><b>- Minor compliance -</b></p>	<p>The management used to segregate the waste, i.e. general wastes and scheduled wastes was verified to be satisfactory in the POM. Proper storage areas were identified for the storage of the recyclable wastes at the mill.</p>	<p>Complied</p>
<p><b>Criterion 4.5.4: Reduction of pollution and emission</b></p>			
<p><b>4.5.4.1</b></p>	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.</p> <p><b>- Major compliance -</b></p>	<p>Based on the assessment of all polluting activities as of the Environment Aspect and Impact assessment, identified source was from the estate activities. Current monitoring for scheduled waste was through regular monitoring which conducted as per requirement. The latest disposal was done on 10/10/2017 by Ranama Resources Sdn Bhd for SW305 and SW409. The clinical waste (SW404) was disposed by Kualiti Alam Sdn Bhd on 24/10/2017. All the records were found adequate as per required by EQ (Scheduled Waste) Regulations 2005.</p>	<p>Complied</p>
<p><b>4.5.4.2</b></p>	<p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p> <p><b>- Major compliance -</b></p>	<p>Waste Management Plan FY17/18 has been integrated into environmental improvement plan which is being reviewed on yearly basis, last reviewed was done on 1/7/2017 by Assistant Manager. The plan was monitored regularly.</p>	<p>Complied</p>

<b>Criterion 4.5.5: Natural water resources</b>			
<b>4.5.5.1</b>	<p>The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <ul style="list-style-type: none"> <li>a. Assessment of water usage and sources of supply.</li> <li>b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.</li> <li>c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</li> <li>d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all-natural waterways within the estate.</li> <li>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</li> <li>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</li> </ul> <p><b>- Major compliance -</b></p>	<p>Water management plan FY17/18 dated 3/10/2017 was established which involved water catchment, water supply by SAJ and water sampling analysis from monsoon drains. Drinking water monitoring was done accordingly as per INWQS. The result for drinking water analysis which was done on 24/7/17 (Report No:ML317/2017) at Lambak Elaies Estate and 9/3/2017 (Report No:PL166/2017) shown all the parameters were within the limits.</p> <p>Water consumption was monitored monthly basis. Total water consumption for 2017 (to date Sept) at Lambak Elaies Estate was 153,618.25 m<sup>3</sup>.</p> <p>Water consumption was monitored monthly basis. Total water consumption for 2017 (to date Sept) at Bukit Benut Estate was 106,604 m<sup>3</sup>.</p>	Complied
<b>4.5.5.2</b>	<p>No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p><b>- Minor compliance -</b></p>	<p>There is no construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p>	Complied

<p><b>4.5.5.3</b></p>	<p>Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).</p> <p><b>- Minor compliance -</b></p>	<p>Water harvesting practices was implemented at Lambak Elaies Estate. It was used for washing compound at estate office.</p>	<p>Complied</p>
<p><b>Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value</b></p>			
<p><b>4.5.6.1</b></p>	<p>Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p> <p>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p> <p>b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.</p> <p><b>- Major compliance -</b></p>	<p>HCV Re-Assessment for Strategic Operating Unit (SOU) 22 Bukit Benut has been conducted on December 2015 by Plantation Sustainability Quality Management (PSQM) Department, Sime Darby Plantation Sdn. Bhd. Interim Report (Version II). Total HCV area identified for SOU 22 falls under Water Catchment area– HCV category 4- 32.94 Ha distributed among Lambak Elaeis, CEP Nyior, and Bukit Benut estate.</p>	<p>Complied</p>
<p><b>4.5.6.2</b></p>	<p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>a) Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</p>	<p>In SOU22, identified HCVs- water catchment only. Their management plan such as:</p> <ul style="list-style-type: none"> <li>• To ensure no agrichemical activities carried out near the water catchment area.</li> <li>• To cover any bare soil with planting of vetiver grasses, groundcovers and to reduce soil erosion.</li> <li>• Establishment of safety/awareness signages</li> <li>• To give briefing during muster to include HCV related.</li> <li>• HCV awareness training for estate management.</li> </ul>	<p>Complied</p>

	- <b>Major compliance</b> -	Similar HCV management plan at Lambak Elaies and Bukit Benut Estate, the management plan reviewed on 11 May 2017.	
<b>4.5.6.3</b>	A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.  - <b>Major compliance</b> -	The management plan was monitored on 3 monthly basis by assistant manager.	Complied
<b>Criterion 4.5.7: Zero burning practices</b>			
<b>4.5.7.1</b>	Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.  - <b>Major compliance</b> -	It was noted that zero open burning policy as per SOP Section B2 - Felling/Land Clearing & Land Preparation dated November 2008 implemented. Management complying with the Malaysian environmental law –EQA and Regulations 1974. No open burning noted during the field visit.	Complied
<b>4.5.7.2</b>	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.  - <b>Major compliance</b> -	No use of fire for land preparation during replanting.	Complied
<b>4.5.7.3</b>	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.  - <b>Major compliance</b> -	No use of fire for land preparation during replanting.	Complied
<b>4.5.7.4</b>	Previous crops should be felled or mowed down, hipped and shredded, windrowed or pulverized or ploughed and mulched.  - <b>Minor compliance</b> -	No use of fire for land preparation during replanting.	Complied

4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.  - Major compliance -	SOP was established for the Estates. & Agricultural Manual, Sustainability Plantation Management System and EQMS (Estate Quality Management System) were distributed to all operating units under SOU22 as a guidance document to operate the estate covers land preparation, planting material, upkeep, harvesting, transport etc.	Complied
4.6.1.2	Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.  - Major compliance -	Landscapes of both estates visited are mostly flat and undulating. However, Sime Darby has a policy on slope planting and this will be implemented during replanting. Areas more than 25 degrees were maintained as conservation area. Jungle tree were planted at the area to enhance the biodiversity.	Complied
4.6.1.3	A visual identification or reference system shall be established for each field.  - Major compliance -	Landscapes of both estates visited are mostly flat and undulating. However, Sime Darby has a policy on slope planting and this will be implemented during replanting. Areas more than 25 degrees were maintained as conservation area. Jungle tree were planted at the area to enhance the biodiversity.	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 -	SOU22 has continued its commitment to long term sustainability and improvements through a capital expenditure programme. Bukit Benut Estate and Lambak Elaies Estate have made progress towards achieving their performance production targets for the current financial year.	Complied

4.6.2.2	<p>Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.</p> <p>- Major compliance -</p>	<p>Lambak Elaies Estate and Bukit Benut Estate: Replanting programme sighted available for the period from FY 2017/18 until 2036/2037. Based on the plan at Lambak Elaies Estate, a total of 168.55ha has been plan for replant in FY 2017/18. However, there is no plan for replant at Bukit Benut Estate in FY17/18.</p>	Complied
4.6.2.3	<p>The business or management plan may contain:</p> <ul style="list-style-type: none"> <li>a) Attention to quality of planting materials and FFB</li> <li>b) Crop projection: site yield potential, age profile, FFB yield trends</li> <li>c) Cost of production: cost per tonne of FFB</li> <li>d) Price forecast</li> <li>e) e) Financial indicators: cost benefit, discounted cash flow, return on investment</li> </ul> <p>- Major compliance -</p>	<p>SOU22 has continued its commitment to long term sustainability and improvements through a capital expenditure programme. Bukit Benut Estate and Lambak Elaies Estate have made progress towards achieving their performance production targets for the current financial year. The plan includes age profile, yield projection, cost per tonne of FFB production and etc.</p>	Complied
4.6.2.4	<p>The management plan shall be effectively implemented, and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.</p> <p>- Major compliance -</p>	<p>Both estate monitored the estate performance against the targets. It also recommends changes to the plans if necessary</p>	Complied
<p><b>Criterion 4.6.3: Transparent and fair price dealing</b></p>			
4.6.3.1	<p>Pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p>- Major compliance -</p>	<p>The pricing method for FFB transporter has been clearly stated in the LOA and contract agreement (scheduled of transportation rates/rates).</p>	Complied

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4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	Lambak Elaies Estate and Bukit Benut Estate have prepared a standard contract for the transportation contractor (CPO Transport) and Transportation & Application of EFB. The signed copy of the contract was made available at the both estate between Sime Darby Plantation Sdn Bhd and Syarikat Sin Kim Huat (FFB Transport)/ Thiagarajan A/L Chellappan (EFB Transport). The Letter of Award dated 18/7/2017 (Lambak Elaies Estate) and contract agreement dated 1/7/2016 (Bukit Benut Estate) were verified.	Complied
<b>Criterion 4.6.4: Contractor</b>			
4.6.4.1	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	Bukit Benut Estate and Lambak Elaies Estate have initiated the MSPO awareness to all its contractors on 20/10/2017. Interview with the contractor, found that he has understood on the MSPO requirements.	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Lambak Elaies Estate and Bukit Benut Estate have prepared a standard contract for the transportation contractor (CPO Transport) and Transportation & Application of EFB. The signed copy of the contract was made available at the both estate between Sime Darby Plantation Sdn Bhd and Syarikat Sin Kim Huat (FFB Transport)/ Thiagarajan A/L Chellappan (EFB Transport). The Letter of Award dated 18/7/2017 (Lambak Elaies Estate) and contract agreement dated 1/7/2017 (Bukit Benut Estate) were verified.	Complied
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required. - Minor compliance -	Both estate visited has no objection to allow BSI auditors to verify the assessment through physical inspection if required.	Complied
4.6.4.4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor,	Lambak Elaies Estate and Bukit Benut Estate have prepared a standard contract for the transportation contractor (CPO Transport) and Transportation & Application of EFB. The signed copy of the contract was made available at the both estate between Sime Darby Plantation	Complied



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	by checking and signing the assessment of the contractor for each task and season contracted. - Major compliance -	Sdn Bhd and Syarikat Sin Kim Huat (FFB Transport)/ Thiagarajan A/L Chellappan (EFB Transport). The Letter of Award dated 18/7/2017 (Lambak Elaies Estate) and contract agreement dated 1/7/2017 (Bukit Benut Estate) were verified.	
<b>4.7 Principle 7: Development of new planting</b>			
<b>Criterion 4.7.1: High biodiversity value</b>			
4.7.1.1	Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation. - Major compliance -	Not Applicable	N/A
4.7.1.2	No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required. - Major compliance -	Not Applicable	N/A
<b>Criterion 4.7.2: Peat Land</b>			
4.7.2.1	New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice. - Major compliance -	Not Applicable	N/A

Criterion 4.7.3: Social and Environmental Impact Assessment (SEIA)			
4.7.3.1	A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations. - Major compliance -	Not Applicable	N/A
4.7.3.2	SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders. - Major compliance -	Not Applicable	N/A
4.7.3.3	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed. - Major compliance -	Not Applicable	N/A
4.7.3.4	Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed. - Minor compliance -	Not Applicable	N/A

Criterion 4.7.4: Soil and topographic information			
4.7.4.1	Information on oil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. - Major compliance -	Not Applicable	N/A
4.7.4.2	Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. - Major compliance -	Not Applicable	N/A
Criterion 4.7.5: Planting on steep terrain, marginal and fragile soils			
4.7.5.1	Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. - Major compliance -	Not Applicable	N/A
4.7.5.2	Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. - Major compliance -	Not Applicable	N/A
4.7.5.3	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. - Major compliance -	Not Applicable	N/A

Criterion 4.7.6: Customary land			
4.7.6.1	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. - Major compliance -	Not Applicable	N/A
4.7.6.2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. - Minor compliance -	Not Applicable	N/A
4.7.6.3	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available. - Major compliance -	Not Applicable	N/A
4.7.6.4	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement. - Major compliance -	Not Applicable	N/A
4.7.6.5	Identification and assessment of legal and recognised customary rights shall be documented. - Major compliance -	Not Applicable	N/A

4.7.6.6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented. - Major compliance -	Not Applicable	N/A
4.7.6.7	The process and outcome of any compensation claims shall be documented and made publicly available. - Major compliance -	Not Applicable	N/A
4.7.6.8	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development. - Minor compliance -	Not Applicable	N/A

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

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	Policy for the implementation of MSPO shall be established. - Major compliance -	The IOM regarding MSPO Implementation from Head, Plantation Sustainability and Quality Management was established, dated 8/9/2017.	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 MSPO policy was communicated to the executive, staff, and workers accordingly on 11/10/2017 by the PSQM Team. The training record was made available at Mills' office.	Complied
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	The Internal Audit procedure (SD/SDP/PSQM/IAP) which was dated 1/9/2017 was established. The internal audit need to be conducted annual + as and when required.	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.	The Internal Audit was planned to be conducted annually. The 1 <sup>st</sup> Internal Consultative Assessment (IA) was conducted on 26 <sup>th</sup> September 2017 by PSQM Team (Lead Auditor: Amir Afham Abdullah, Auditor: Hussamuddin Abd Raani, Observer: Nor Ezani Ahmad). During this audit, there is 1 major NC, 1 minor NC and 5	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	OFI's raised and all the findings were closed on 20/10/2017. The report was made available at mill office.	
4.1.2.3	Reports shall be made available to the management for their review. - Major compliance -	The Internal Audit was planned to be conducted annually. The 1 <sup>st</sup> Internal Consultative Assessment (IA) was conducted on 26 <sup>th</sup> September 2017 by PSQM Team (Lead Auditor: Amir Afham Abdullah, Auditor: Hussamuddin Abd Raani, Observer: Nor Ezani Ahmad). There are 1 major NC, 1 minor NC and 5 OFI's raised during this audit and all the findings were closed on 20/10/2017. The report was made available at mill office.	Complied
<b>Criterion 4.1.3 – Management Review</b>			
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 -	The procedure for Management Review (SOM, Sub-Section 5.6, dated: 25/5/2015) was established. The frequency for management review needs to be carried out at least once a year. The 1 <sup>st</sup> MSPO Management Review was conducted on 12/10/2017 which was chaired by Mill Manager. All the agenda such as OSH Objective, Mill Performance, Training, Complaints, Internal Audit MSPO and etc was discussed accordingly. The MRM report was made available at mill office.	Complied
<b>Criterion 4.1.4 – Continual Improvement</b>			
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 -	The management had established the method for continual improvement, eg: 5S Mock Internal Audit, Kaizen and various action plan. Sighted 5S Mock Internal Audit findings and result at KKS Bukit Benut which was carried out on 14/2/2017. The audit was covered the canteen area, workshop area, laboratory, main store,	Complied

Criterion / Indicator		Assessment Findings	Compliance
		housekeeping, office/weighbridge and etc. Kaizen Charter which related to the continuous improvement was established, e.g.: fabricate a weighbridge stopper bracket, improve efficiency of fibre cyclone and fabricate new main hole cover, improve the design of hydro cyclone dome and install cover at EFB steam sprayer.	
4.1.4.2	<p>The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.</p> <p>- Major compliance -</p>	<p>The management had established the method for continual improvement, e.g.: 5S Mock Internal Audit, Kaizen and various action plan. Sighted 5S Mock Internal Audit findings and result at KKS Bukit Benut which was carried out on 14/2/2017. The audit was covered the canteen area, workshop area, laboratory, main store, housekeeping, office/weighbridge and etc.</p> <p>Kaizen Charter which related to the continuous improvement was established, e.g.: fabricate a weighbridge stopper bracket, improve efficiency of fibre cyclone and fabricate new main hole cover, improve the design of hydro cyclone dome and install cover at EFB steam sprayer.</p>	Complied
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSP0 requirements			
4.2.1.1	<p>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.</p> <p>- Major compliance -</p>	<p>The MSP0 being introduce in the mill since Oct 2017. As initial stage, an awareness [Town Hall, Code of Business Conduct, Policies, RSPO and MSP0] to workers and contractors done by the mill manager Mr. Annuar and PSQM staff Mr. Hissamuddin on 11/10/2017. As for the staff and executives, a training was done on 12/09/2017 in Yong Peng Club House. The mill has a plan to</p>	Complied



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Criterion / Indicator		Assessment Findings	Compliance
		brief the external stakeholder in the next stakeholder meeting scheduled to be in Feb 2018.	
4.2.1.2	The management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. - Major compliance -	As per stated in the "Sustainable Plantation Management System" manual dated 01/11/2008, section "Documentation & Communication" – clause 3.2, where appropriate information on sustainable activities will be made available to the general public / stakeholders through yearly annual reports, circulars, agreements, Sime Darby website and other publications. Specific requests for information from interested parties shall be channeled to the PSQM, Communication Department, and Legal Department of Sime Darby.	Complied
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 -	The mill provides a log book at the mill's office to enable external stakeholders to register their complaints and grievances. There is a flow chart titled dated 01/11/2008 "Sustainable Plantation Management System" - for internal [Appendix 5.5.3.1] and external [Appendix 5.5.3.2] established for communicating and reporting of EMS, OHS and social issues with relevant stakeholders. There is also a "Whistleblowing Policy" (GPA No. B5) dated 27/02/14 are made available for handling stakeholder's social issues.	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 -	With effect from 27/09/2017, Mr. Ahmad Faiz bin Abu Bakar appointed as "RSPO/MSP0 representative" the responsible for communication and consultation with the local communities and other interested parties. The appointment letter also clearly	Complied

Criterion / Indicator		Assessment Findings	Compliance
		indicates the roles and responsibility of the person. The appointment has been communicated internally by memo and externally through stakeholder consultation.	
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 -	The latest reviewed stakeholder list consists of 26 suppliers/vendors, local communities and government agencies. The latest stakeholder meeting was on 17/07/2017, sighted the attendance record attached with the minutes of meeting. There were few issues communicated, such enforcing security personal to stop illegal motorbike racing, to start on Silat classes, many workers illegally raring chicken and contract worker management.	Complied
<b>Criterion 4.2.3 – Traceability</b>			
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 -	The mill has implemented SOP for Traceability Doc No: Appendix 15, dated May 2016 and SOP on Sustainable Supply Chain and Traceability SD/SDP/PSQM/001 dated 01/03/15 as to provide guideline to establish sustainable supply chain and traceability for FFB, CPO and PK. Delivery of FFBs are only from internal estate that owned by Sime Darby Plantation. Sampled weighbridge tickets of Bukit Benut Estate [E139], Lambak Estate [E111], CEP Rengam [E031] were verified against the computed figures and approved vendor list, no discrepancies. Traceability from estate to mill is the Delivery Advise that consist of running number, date, weight, and transport details. The significant difference between the weighbridge ticket of internal and external supply is the letter head, tracking number, name of supply base and field number.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	Internal audit by the sustainability team was conducted on 26/09/17 includes traceability which the assessment is conducted on annual basis. During mill visit, sighted the weighbridge operator able to demonstrate on how the system tracks the FFB input and how does the supply bases register in the "Approved Sustainable Supplier List".	Complied
4.2.3.3	The management shall have identified and assign suitable employees to implement and maintain traceability system. - Minor compliance -	The person in-charge is the assistant manager, verified "Job Scope" that stated his role on implement and maintain traceability system. The records for traceability training to the respective supporting personnel seen maintained	Complied
4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained. - Major compliance -	Sampled weighbridge tickets [Jun - Oct'17 - current] were cross-checked for the delivery of CPO and the daily production record was reviewed to cross-check against the daily ullage measurement taken every morning. The amount of FFB processed was cross-checked against the amount received. Example, weighbridge tickets include contract number. CPO delivery order weighbridge tickets include contract number.	Complied

4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	<p>All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>A mechanism to ensure compliance to legal and other requirement has been documented in EQMS &amp; MQMS (Estate &amp; Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU22. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008. The evaluation was last carried out on 7/8/2017 by QA supervisor and approved by Mill Manager. As to date, the KKS Bukit Benut comply with all the applicable local, state, national and ratified international laws and regulations.</p>	Complied
4.3.1.2	<p>The management shall list all relevant laws related to their operations in a legal requirements register.</p> <p>- Major compliance -</p>	<p>Documented procedure has been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008. List of applicable legal and other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder. All the legal and other requirements were register accordingly in the legal requirement register including FM (Steam Boiler and UPV) (Amendment) Regulation 2017. The evaluation was last carried out on 7/8/2017 by QA supervisor and approved by Mill Manager.</p>	Complied

<p>4.3.1.3</p>	<p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p>- Major compliance -</p>	<p>Documented procedure has been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008. List of applicable legal and other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder. All the legal and other requirements were register accordingly in the legal requirement register including FM (Steam Boiler and UPV) (Amendment) Regulation 2017. The evaluation was last carried out on 7/8/2017 by QA supervisor and approved by Mill Manager.</p>	<p>Complied</p>
<p>4.3.1.4</p>	<p>The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements.</p> <p>- Minor compliance -</p>	<p>A mechanism to ensure compliance to legal and other requirement has been documented in EQMS &amp; MQMS (Estate &amp; Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU22. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p> <p>Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites as well as from MAPA circulars.</p>	<p>Complied</p>

Criterion 4.3.2 – Lands use rights			
4.3.2.1	The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users. - Major compliance -	Land title for KKS Bukit Benut is under Bukit Benut Estate.	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 -	Sime Darby did not acquire land from landowners, but leased it directly from the government. There were no issues of land disputes.	Complied
4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	Not applicable. Sime Darby did not acquire land from landowners, but leased it directly from the government. Land title for KKS Bukit Benut is under Bukit Benut Estate. There were no issues of land disputes.	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 -	Not applicable. Sime Darby did not acquire land from landowners, but leased it directly from the government. Land title for KKS Bukit Benut is under Bukit Benut Estate. There were no issues of land disputes.	Complied
Criterion 4.3.3 – Customary rights			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	Not applicable. Sime Darby did not acquire land from landowners, but leased it directly from the government. Land title for KKS Bukit Benut is under Bukit Benut Estate. There were no issues of land disputes.	Complied

4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -	Not applicable. Sime Darby did not acquire land from landowners, but leased it directly from the government. Land title for KKS Bukit Benut is under Bukit Benut Estate. There were no issues of land disputes.	Complied
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - Major compliance –	Not applicable. Sime Darby did not acquire land from landowners, but leased it directly from the government. Land title for KKS Bukit Benut is under Bukit Benut Estate. There were no issues of land disputes.	Complied
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impacts should be identified, and plans should be implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	The 5 yearly Social Impact Assessment [SIA] was done by the Social & Environment Projects Units of PSQM department that based on Impact Assessment Manual by federal Department of town and Country Planning Peninsular Malaysia and Malaysian Society of Impact Assessment for the whole SOU 22 from 16-19/05/2016. The assessment was aimed on livelihoods, social wellbeing of the wider community and physical impacts of human populations on social changes. All the respective operating units registered with an action plan which focus on area of concern and matters raised by the stakeholders. Some of the plans are still ongoing, such as worker’s house renovation, new uniforms for Auxiliary Police and stray dogs’ problem at housing complex and being review of the progress from time to time.	Complied

Criterion 4.4.2: Complaints and grievances			
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented. - Major compliance -	There is a flow chart titled dated 01/11/2008 "Sustainable Plantation Management System" - for internal [Appendix 5.5.3.1] and external [Appendix 5.5.3.2] established for communicating and reporting of EMS, OHS and social issues with relevant stakeholders. There is also a "Whistleblowing Policy" (GPA No. B5) dated 27/02/14 are made available for handling stakeholder's social issues.	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 -	Dispute not applicable as this was evidenced in the internal and external stakeholder meeting minutes.	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 -	In general, there are options for both internal and external stakeholder to channel their complaints to the relevant authority at mill via the morning muster/roll call, via respective supervisors, direct to the manager, or a complaints book which is filled by workers to report about their housing/work conditions. In addition, at the management level, there are periodical health and safety meetings, meetings between local union leaders and the management as well as gender committee meetings which are held in all estates and mill.	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.	Aside of the information in the website, Town Hall gathering and annual stakeholder meeting, there is a Procedure for External Communication (Standard Operation Manual (SOM), Appendix	Complied



	- Minor compliance -	5.5.3.2) which specific to communication with respect to QSHE performance at the mill.	
4.4.2.5	Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request. - Major compliance -	Seen the internal and external stakeholders log book for mill. At this moments, no negative complaints made by either party in the last 24 months. Its more to request and response from them for household maintenance.	Complied
<b>Criterion 4.4.3: Commitment to contribute to local sustainable development</b>			
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 -	Based on the external stakeholder log book and stakeholder meeting minutes, there was no evidence that local communities have requested either monitory nor logistics for their community development. However, the mill management continuously contributes fund for the local Hindu temples and mosque as for their annual prayers. The recent fund of RM 200 was given to local Tamil schools' sports day.	Complied
<b>Criterion 4.4.4: Employees safety and health</b>			
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 -	Sighted the Group Policy on health and safety established in English and Bahasa Malaysia in Jan 2015. The Managing Director, Datuk Franki Anthony Dass approved the policy and seen displayed at various notice boards within mill.  The policy outlines the company's commitment to provide workers with adequate knowledge, training, and experience to ensure continuous improvements in OSH management and performance. As for the new workers, there is an induction training upon their arrival at training camp at Sua Betong. The PSQM team is also	Complied

		<p>committed in establishing various working standards through procedures or pictorial method to improve safe working condition</p>	
<p>4.4.4.2</p>	<p>The occupational safety and health plan should cover the following:</p> <ul style="list-style-type: none"> <li>a) A safety and health policy, which is communicated and implemented.</li> <li>b) The risk of all operations shall be assessed and documented.</li> <li>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"> <li>i. All employees involved are adequately trained on safe working practices;</li> <li>ii. All precautions attached to products should be properly observed and applied;</li> </ul> </li> <li>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).</li> <li>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.</li> <li>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.</li> </ul>	<p>The OSH policy and implementation were communicated to the employees through awareness which conducted once a year and during morning muster. Interview with graders, general workers at sterilizer and boilerman understand the term of the OHS practices.</p> <p>The mill management unit has Hazard Identification, Risk Assessment, and Risk Control (HIRARC) document for financial year (FY) 2017/2018 reviewed on 05/07/2017, which covers working type, job step, hazard, effect, existing control, type, probability, etc.</p> <p>The mill management conducts periodic training for employees exposed to chemicals as mentioned in OSH Programme. PPE for FFB Grader such as safety helmet, safety shoes and vest, meanwhile Laboratory Assistant was equipped with Laboratory Coat and Respirator. PPE's were provided every year on no charge basis. This is also conformed through review on PPE delivery records. Furthermore, safety devices such as shower, eyewash, fire extinguisher and first aid box were available.</p> <p>Procedures of chemical handling is presented in several documents, such Document No. SD/SDP/SQM(ESH)/001-1Sime Darby Plantation Environment, Safety, and Health Management System (ESHMS) Manual dated July 1st, 2012.</p> <p>Mill management has appointed ESH Committee for 2017/2018 which consist of Chairman, Secretary, seven representatives from Employer and ten representatives from Employee. The OHS Chairman and Secretary are in coordination with PSQM Head Quarter Officer for any update national regulations and collective agreements.</p>	<p>Complied</p>

	<p>g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept ant the concerns of employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>Accident of emergency procedure is presented in Mill Quality Management System Standard Operation manual (MQMS SOM) dated November 1st, 2008. Flowchart of emergency handling was presented in Appendix 5.5.3.3. Based on observation to, Scheduled Waste Store, Laboratory, and Chemical Store.</p> <p>It was found that the production area, boiler room and engine room equipped with fire extinguisher, important contact number and flowchart of emergency. Furthermore, based on interview with worker, the worker was able to explain and demonstrate steps of precaution on incidence, such as first aid action to be taken, spills handling and reporting.</p> <p>The Hospital Assistance is the key person as first aider and supported by mill executives whom been trained by him. Sighted the training record for first aiders on 24/01/2017 attended by 15 staff and workers.</p> <p>The mill has list of first aid equipment box which located in Engine Room, Electrical Workshop, Grading station, Laboratory, Supervisor Room, Store and Office. Monitoring record of items used who checked by Medical Assistant were also available.</p> <p>OSH Committee has records any accident happen and evaluate it on the OSH quarter meeting, which recently had on 29/09/2017. There was no accident case reported in the 2nd quarter. Several issues being discussed and evaluated are man-hours work, work place inspection, accident report, firefighting and drill evacuation, training and other issues related to OSH.</p>	
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Criterion 4.4.5: Employment conditions			
4.4.5.1	<p>The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.</p> <p>- Major compliance -</p>	<p>The "Social Policy" showcases the company's commitment to providing a workplace that is free from sexual harassment and all other forms of violence against women, workers, and community. The policy also commits to providing sufficient training and development for employees to increase their awareness and enhance their skills in line with this policy.</p>	Complied
4.4.5.2	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>- Major compliance -</p>	<p>The Social Policy dated January 2015 enforce the management's direction that all employees should be treated fairly in terms of recruitment, progression, terms and conditions of works and representation regardless of race, caste, nationality, gender, physique, sexual orientation, union membership, political view, religion and age. Interview with the foreign and local workers, reveals there is no discriminatory issues as the management treat them well.</p>	Complied
4.4.5.3	<p>Management shall ensure that employees' pay, and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p>	<p>As at 23/10/2017, there are 94 workers in the mill operation and there is no contract worker employed. Sighted the contract agreement of foreign [only Indonesian – written in Bahasa Indonesia] and local workers. The Contract Agreement stressing on pay, fringe benefits, salary slips, medical surveillance etc. Sampled contract of Agus Priyono [01/11/2016] and Ahmad [23/08/2016].</p> <p>As per check roll workers, the foreign workers are also given monthly pay slip by mill administrative. Pay slips [July – Sept'17] were verified confirming mill workers receives monthly salary more than RM 1000.00 unless otherwise on unpaid leave, poor attendance and switching workers from daily rate to piece rate or vice versa.</p>	Complied

<p>4.4.5.4</p>	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>Wages been carry out in accordance on minimum wages order 2016, issued by Attorney Generals Chambers, for Semenanjung Malaysia RM 1000/month (RM38.46/day for 6 working days per week). Sampled the payslip of foreign workers as below:</p> <ul style="list-style-type: none"> <li>• Dedi Sugiarto – AR470460 – net pay in Aug’17 was RM2899 [deduction for insurance + union RM13, phone reimbursement RM5]. Salary in July’17 was RM2098 and in Sept’17 was RM2404.</li> <li>• Ismail – AR399738 – net pay in Aug’17 was RM2527 [deduction for insurance + union RM13, phone reimbursement RM5]. Salary in July’17 was RM2311 and in Sept’17 was RM2504.</li> </ul> <p>Based on interview with workers, they are aware regarding to the minimum wages which has been defined in the MAPA/NUPW based on Minimum Wage Order 2016 effectives 1st July 2016.</p>	<p>Complied</p>
<p>4.4.5.5</p>	<p>The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>There is a list of employees for mill consist of employee number, name, check roll type, joining date and status in the SAP system – Semua Employee Master Listing.</p>	<p>Complied</p>
<p>4.4.5.6</p>	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>All workers are provided with the copy of the agreement, with the original is kept in the personal file by Admin Clerk in the POM Office. As per bullet 3 in the contract, all workers are given the probation period for 3 months and as per bullet 6 stated that all works, salary, rewards, rules, and conditions based on the MAPA / NUPW and Workers Act 1955. Sampled, the Contract Agreement stressing on</p>	<p>Complied</p>

		pay, fringe benefits, salary slips, medical surveillance etc. Sampled contract of Agus Priyono [01/11/2016] and Ahmad [23/08/2016].	
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 -	Pay slip (Penyata Gaji Bulanan untuk Sep 2017), 3 persons were verified. Documented payment for basic pay, shift allowance, normal days overtime, holiday pay, phone reimbursement, defray expenses on accommodation and insurance reimbursement. Based on the visit to mill, there is available information regarding the working hours displayed at the Muster ground.	Comply
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 -	Working hours is 8 hours. From Monday to Saturday. Total monthly working hours is 208 hours. The overtime maximum is 104 hours according to Malaysian Law. All workers are provided with housing facilities at workers line site. Hospital Assistance is responsible to carry out the monitoring at workers quarters.	Comply
4.4.5.9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. - Major compliance -	Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made.	Comply
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 -	Workers will be paid overtime based on applicable rates in the Employment Act 1995, free medical examination, assistant by a qualified hospital or medical appointed by the company or medical officer in any government hospital or panel clinic. Sime Darby will bear the cost of return to their country of origin up to a maximum of RM 4,800 in the event of death or permanent disability. Compensation up to a maximum of RM 23,000 in the event of death or permanent disability due to accident outside working hours.	Comply

4.4.5.11	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.</p> <p>- Major compliance -</p>	<p>Based on field visit and interview with workers known that the adequate housing, clean water supplies, medical, mosque, temple, electricity and access to adequate, sufficient and affordable food has been provided. There is no complain, and grievance related to housing standard.</p> <p>Foreign workers are housed according to their ethnicity and religious beliefs and have adequate beds, clean running water from taps, kitchen and toilet facility. Workers are also provided with basic facilities such as bedsheet, pillows, pillowcases etc. for their living convenience. There is regular solid waste disposal system and routine maintenance for the upkeep of the line site/housing.</p> <p><b>Opportunity for improvement:</b></p> <p><b>During site visit to worker’s housing complex, the audit team has observed a few issues that needs management’s attention. There are few worker’s houses been extended with wooden poles from the original design, manholes to be properly guarded whereby walking near may inherits potential dangers and the domestic waste seen scattered around the sampled worker’s housing sites which are not handled in more control method.</b></p>	Complied
4.4.5.12	<p>The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.</p> <p>- Major compliance -</p>	<p>The “Social Policy” seen consist of information on non-discrimination and equal opportunities. Seen the policy displayed in the mill’s office and regularly communicated to all levels of the workforce through training programs.</p> <p>Interviewed with mill workers [female local staff, male foreign workers], resulted with no form discrimination based on race, caste, national origin, religion, disability, gender, etc. The interviewed workers are aware on the term of discrimination and how they to respond if such incidents happen to them. The 13<sup>th</sup></p>	Complied

		gender committee meeting was held on 12/07/2017 attended by 10 members.	
4.4.5.13	The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.  - Major compliance -	Interviewed the worker's union representative Mr. Bakri Hassna whom claimed the management well cooperate with the union members. Sighted the meeting minutes dated on 02/06/2017 attended by 6 members and chaired by mill manager. Among the key issues discussed was on worker's housing which ongoing of renovation, to increase the monthly advance limit and to organize family day.	Complied
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.  - Major compliance -	There is a Group Policy on Child Protection dated on Jan 2015 and due for review in 2018. During visit to mill operation, there was no evidence found of workers below 18 years old. During the stakeholder interview, it was asked to the participants on the company's standing on minimum age policy, that no children employed for mill operations. While on site interviewed with workers, they are aware the Minimum Age Policy is being strictly enforced by the management at which the age limit is above 18 years old.	Complied
<b>Criterion 4.4.6: Training and competency</b>			
4.4.6.1	All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.  - Major compliance -	Sighted the annual training plan cum matrix table for FY 17/18 approved by the mill manager. There are 26 programs available for all type of workers. As for contractors, there are 8 trainings such as	Complied



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		OHS, discipline and waste management incorporated, and it being briefed before starts any works and recorded in "Permit to Work".	
4.4.6.2	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p>- Major compliance -</p>	<p>Sampled a training needs for Ahmad Faiz [Asst. Engineer] for "MSPO Awareness Training" and for Mohd Amizal [Asst. Engineer] requesting for "Primary Health Care Service at Plantation". Both training needs form was approved by mill manager on 01/07/2017 and the trainings were done on 12/09/2017 and 27/07/2017 respectively. Both trainings were identified as new programs that not currently listed in the annual training plan.</p>	Complied
4.4.6.3	<p>A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.</p> <p>- Minor compliance –</p>	<p>The mill has training program which updated annually. The annual internal audit by PSQM and management review does review the effectiveness of the training plan and its execution.</p>	Complied
4.5 Principle 5: Environment, natural resources, biodiversity, and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	<p>An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be established, effectively communicated, and implemented.</p> <p>- Major compliance -</p>	<p>Environment Policy was established. The policy was signed by the Managing Director on January 2015. The environmental management plan has been established to monitor the identified significant activities that give impacts on environment. A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented.</p>	Complied

4.5.1.2	<p>The environmental management plan shall cover the following:</p> <ul style="list-style-type: none"> <li>a) An environmental policy and objectives;</li> <li>b) The aspects and impacts analysis of all operations</li> </ul> <p>- Major compliance -</p>	<p>An environmental improvement plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and is reviewed every year to reflect the results of monitoring operational changes that may have positive and negative environmental impacts. Last reviewed was done on 6/7/17. Continuous awareness training programme has been carried out on 11/10/17 by the company to its workers and other stakeholders.</p>	Complied
4.5.1.3	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.</p> <p>- Major compliance -</p>	<p>The continuous implementation of the improvements activities was checked during the field and document audit. The environmental management plan has been established to monitor the identified significant activities that give impacts on environment. Last reviewed was done on 6/7/17. A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented. Continuous awareness training programme has been carried out on 11/10/17 by the company to its workers and other stakeholders.</p>	Complied
4.5.1.4	<p>A programme to promote the positive impacts should be included in the continual improvement plan.</p> <p>- Minor compliance -</p>	<p>Environmental Management Programme also includes continual improvement plans. For example, reduction of BOD from 5000ppm to 3500ppm and to prevent overflow of POME and prevent non-compliance with DOE requirement.</p>	Complied
4.5.1.5	<p>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.</p> <p>- Major compliance -</p>	<p>Annual training programme of the mill includes environmental awareness and compliance related trainings to the executives, staffs and workers. Continuous awareness training programme has been carried out on 11/10/17 by the company to its workers and other stakeholders.</p>	Complied

4.5.1.6	<p>The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.</p> <p>- Major compliance -</p>	<p>Environmental related matters were discussed during toolbox briefing. Workers interview reveal that they are encouraged to discuss environmental issues with the management. Continuous awareness training programme has been carried out on 11/10/17 by the company to its workers and other stakeholders.</p>	Complied
<p>Criterion 4.5.2: Efficiency of energy use and use of renewable energy</p>			
4.5.2.1	<p>Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period</p> <p>- Major compliance -</p>	<p>The Mill maintains records of energy usage, which is reported monthly to head office through SAP system. The use of the steam turbine for electricity generation has been optimised in order to reduce the dependence on diesel fossil fuel. No electric supply from TNB for Bukit Benut POM and fully dependent on diesel powered generator and steam turbine. The diesel consumption for the FY16/17 was 1.66 ltr/FFB process.</p>	Complied
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>Bukit Benut POM has estimation of total energy required. This estimation was compared to the actual usage by monthly. Fossil fuel usage recorded at 1.66 ltr/FFB process for FY16/17.</p>	Complied
4.5.2.3	<p>The use of renewable energy should be applied where possible.</p> <p>- Minor compliance -</p>	<p>Monthly record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimize use of renewable energy. Data is being compiled for comparison and control for future improvement. Apart from use of diesel for electricity, palm fibre and shells were also used to generate electricity through steam turbine and boiler.</p> <p>The use of energy in palm oil mill and line site was monitored monthly to compare the energy usage against the production of CPO. Electricity generation was through steam turbine and boiler</p>	Complied

		where Palm fibre and PK shells were used as renewable energy/fuel. Monthly records of energy consumption of non-renewable and renewable fuel per metric ton of palm product at the Mill were available.	
Criterion 4.5.3: Waste management and disposal			
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	The documentation and identification of all the waste products such as scheduled waste, domestic waste and recyclable waste such as metal, plastic, mill waste and polluting materials e.g. EFB, POME, Stack emissions and Boiler ashes were maintained and monitored at the Mill.  Scheduled Waste identified included spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers/drums (SW 409), used filters (SW410) and Waste of non-halogenated organic solvents (Spent IPA) SW 322. Records on the usage and disposal were well recorded and documented. Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be maintained.	Complied
4.5.3.2	A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products. - Major compliance -	Documented waste management action plan was established where the site visit confirmed that the practice of reduce, reuse and recycle of materials has been implemented throughout the company mill. Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory in the POM. Proper storage areas were identified for the storage of the recyclable wastes at the estates.	Complied

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4.5.3.3	<p>The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005</p> <p>- Major compliance -</p>	<p>Procedure for Scheduled Waste (Hazardous Waste) Management was established (SD/SDP/PSQM (ESH)/203-EN1 dated 26/2/2016. The latest disposal was done on 5/10/2017 by Kualiti Alam Sdn Bhd for SW410, SW409, SW306, SW322, SW324, SW110, SW102, SW424. All the records were found adequate as per required by EQ (Scheduled Waste) Regulations 2005.</p>	Complied
4.5.3.4	<p>Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.</p> <p>- Major compliance -</p>	<p>All the empty containers were disposed as a scheduled waste.</p>	Complied
4.5.3.5	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.</p> <p>- Minor compliance -</p>	<p>The management used to segregate the waste, i.e. general wastes and scheduled wastes was verified to be satisfactory in the POM. Proper storage areas were identified for the storage of the recyclable wastes at the mill.</p>	Complied
<p><b>Criterion 4.5.4: Reduction of pollution and emission</b></p>			
4.5.4.1	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.</p> <p>- Major compliance -</p>	<p>Based on the assessment of all polluting activities as of the Environment Aspect and Impact assessment, identified source was boiler chimney. Current monitoring was through online boiler smoke density and alarm and six-monthly boiler stack monitoring of dust particulate. Latest stack monitoring done on 20/9/17 by Spectrum Laboratories (Johore) Sdn. Bhd. (Report ref: ETD/SE/BBPOM/2017/09/16894) for boiler chimney no. 3. Result</p>	Complied

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		shown the stack emissions are within approval limit. For effluent discharge. The latest effluent analysis test report for August 17 (EP471/2017) and September 17 (EP538/2017) was verified and found that POM is in compliance with the Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. Regular monitoring was conducted as per requirement. Monthly and quarterly report was submitted to DOE accordingly.	
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	Bukit Benut POM Waste Management Plan FY17/18 has been integrated into environmental improvement plan which is being reviewed on yearly basis. Based on action plan, main source of significant pollutants and greenhouse gas (GHG) identified was methane (CH <sub>4</sub> ) emission through POME treatment. The company are monitored POME application on daily basis. GHG emission calculated using RSPO approved calculator (version 3.0).	Complied
4.5.4.3	Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations. - Major compliance -	Scheduled of compliance for Bukit Benut POM from DOE (002208) will expire on 30/6/2018. The method for effluent discharge at Bukit Benut POM through land application at Bukit Benut Estate (150.28 Ha) area. The BOD limit for final discharge need to be not higher than 3500 mg/l. The latest effluent analysis test report for August 17 (EP471/2017) and September 17 (EP538/2017) was verified and found that POM is in compliance with the Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. For effluent discharge, regular monitoring was conducted as per requirement. Monthly and quarterly report was submitted to DOE accordingly.	Complied
<b>Criterion 4.5.5: Natural water resources</b>			
4.5.5.1	The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:	Water management plan FY17/18 dated 4/7/2017 was established which involved water catchment, water supply by SAJ and water sampling analysis from monsoon drains. Drinking water monitoring was done accordingly as per INWQS. The result for drinking water	Complied

	<p>a) Assessment of water usage and sources.</p> <p>b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.</p> <p>c) Ways to optimize water and nutrient usage and reduce wastage (<i>e.g.</i> having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>- Major compliance -</p>	<p>analysis which was done on 19/10/17 shown all the parameters were within the limits.</p> <p>Water consumption was monitored monthly basis. Average consumption for FY16/17 was 16.99 m<sup>3</sup>/FFB processes.</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>As per Scheduled of compliance for Bukit Benut POM from DOE (002208), the method for effluent discharge at Bukit Benut POM through land application at Bukit Benut Estate (150.28 Ha) area.</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>SOP available for the Palm Oil Mill and the Estates. Palm Mill holds two SOPs: Sustainability Plantation Management System (MQMS/SOM/08 v.1 dated 1/11/2008) includes mill SOP and Mill Quality Management Manual v.1 2008/MQMS/QMM/08 as a guidance document to operate the mill. The Internal Audit was planned to be conducted annually. The 1<sup>st</sup> Internal Consultative Assessment (IA) was conducted on 26<sup>th</sup> September 2017 by PSQM Team (Lead Auditor: Amir Afham Abdullah, Auditor: Hussamuddin Abd Raani, Observer: Nor Ezani Ahmad). During this audit, there are 1 major NC, 1 minor NC and 5 OFI's raised and all the findings were closed on 20/10/2017. The report was made available at mill office.</p>	Complied

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4.6.1.2	<p>All palm oil mills shall implement best practices.</p> <p>- Major compliance -</p>	<p>Mill Advisor and TQM department inspect and report on the operations on annual basis. Mill Advisory Report (SOU22/BBM/02/16-17) dated 23-24/2/17 was verified. The on-site managers develop Action Plans from the Advisory Reports for improvement of the operations. Review of Advisory Reports, Action Plans and site inspections confirmed consistent records of implementation of SOPs. This to ensure that performance is on track and best practices being consistently implemented.</p>	Complied
<p><b>Criterion 4.6.2: Economic and financial viability plan</b></p>			
4.6.2.1	<p>A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.</p> <p>- Major compliance -</p>	<p>Annual business plan in the form of annual budget and the projection for 5 years prepared as guidance for future planning. The business plan for FY17/18 contains FFB yield, CPO, OER, and KER, costs of production, milling utilisation, FFB pricing etc. It also includes environment, social (workers and staff's welfare), and health and safety component and associated capital expenditure for improvement of smallholder schemes.</p> <p>Sample of CAPEX for 17/18:</p> <ul style="list-style-type: none"> <li>i) supply 3 units of FFB cages (10mt)</li> <li>ii) expansion of holding pond</li> <li>iii) replacement for CB press</li> </ul>	Complied
<p><b>Criterion 4.6.3: Transparent and fair price dealing</b></p>			
4.6.3.1	<p>Pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p>- Major compliance -</p>	<p>There is no outside crop at Bukit Benut POM. The pricing method for CPO transportation has been clearly stated in the contract (scheduled of transportation rates) and agreed by the contractor on 13/4/2016.</p>	Complied
4.6.3.2	<p>All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.</p>	<p>There is no outside crop received by Bukit Benut POM. Bukit Benut POM has prepared a standard contract for the transportation contractor (CPO Transport). The signed copy of the contract was</p>	Complied



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	- Major compliance -	made available at the mill between Sime Darby Plantation Sdn Bhd and Teo Tuan Kwee Sdn Bhd. The Letter of Award dated 31/3/16 was verified.	
<b>Criterion 4.6.4: Contractor</b>			
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 -	Bukit Benut POM has initiated the MSPO awareness to all its contractors on 11/10/2017. Interview with the contractor, found that he has understood on the MSPO requirements.	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Bukit Benut POM has prepared a standard contract for the transportation contractor (CPO Transport). The signed copy of the contract was made available at the mill between Sime Darby Plantation Sdn Bhd and Teo Tuan Kwee Sdn Bhd. The Letter of Award dated 31/3/16 was verified.	Complied
4.6.4.3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required. - Minor compliance -	Bukit Benut POM has no objection to allow BSI auditors to verify the assessment through physical inspection if required.	Complied

**4.0 Assessment Conclusion and Recommendation:**

<b>Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings</b>	
Based on the findings during the assessment Bukit Benut Palm Oil Mill and Bukit Benut SOU 22 Estates Certification Unit complies with the MS 2530-3:2013 or MS 2530-4:2013. It is recommended that the certification of Bukit Benut Palm Oil Mill and Bukit Benut SOU 22 Estates Certification Unit is approved.	
<b>Acknowledgement of Assessment Findings</b>	<b>Report Prepared by</b>
<b>Name:</b> Anuar Bin Zakaria	<b>Name:</b> Mahaswaran Maliyapan
<b>Company name:</b> Bukit Benut Oil Mill	<b>Company name:</b> BSI Services Malaysia Sdn Bhd
<b>Title:</b> Mill Manager	<b>Title:</b> Lead Auditor
<b>Signature:</b> 	<b>Signature:</b> <i>Mahaswaran</i>
<b>Date:</b> 9 December 2017	<b>Date:</b> 7 December 2017

**SIME DARBY PLANTATION BERHAD**  
 (Company No: 647786-V)  
 GST ID NO: 000586907648  
 BUKIT BENUT OIL MILL  
 P.O. BOX 513  
 86009 KLUANG, JOHOR.

**Appendix A: Assessment Plan**

Date	Time	Subjects	(MM)	(MH)
Sunday 22/10/2017	15:00 – 21:00	Travel to Kluang, Johor	√	√
Monday, 23/10/2017	08:30 – 09:00	Opening Meeting (Bukit Benut Palm Oil Mill) <ul style="list-style-type: none"> <li>• Presentation by Sime Darby Team</li> <li>• Presentation by BSI Lead Auditor -introduction of team member and assessment agenda</li> <li>• Confirmation of assessment scope and finalizing audit scope</li> </ul>	√	√
	09:00 – 11:00	<b>Bukit Benut Palm Oil Mill</b> Field Assessment: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment. Laboratory, weighbridge and palm product storage area, staff, workers and contractor interview, housing and facility inspection, clinic, etc.	√	√
	11:00 – 12:30	Document Review (MS:2530 Part 4), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services, P6 : Best practices	√	√
	12:30 – 13:30	Lunch / Break	√	√
	13:30 – 16:30	Continue with Document review and site verification if deemed necessary.	√	√
	16:30 – 17:00	Interim closing meeting	√	√
	Tuesday, 24/10/2017	07:30 – 08:30	Travel to Lambak Estate	√
08:30- 11:00		<b>Lambak Estate</b> Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc.), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.	√	√
11:00 – 12:30		Document review (MS:2530 Part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting.	√	√
12:30 – 13:30		Lunch / Break	√	√
13:30 – 16:30		Continue with Document review and site verification if deemed necessary.	√	√
16:30 – 17:00		Interim closing meeting	√	√

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Wednesday, 25/10/2017	07:30 – 08:30	Travel to Bukit Benut Estate	√	√
	08:30-11:00	<b>Bukit Benut Estate</b> Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc.), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.	√	√
	11:00 – 12:30	Document review (MS:2530 Part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting	√	√
	12:30 – 13:30	Lunch / Break	√	√
	13:30 – 15:30	Continue with Document review and site verification if deemed necessary.	√	√
	15:30 – 16:30	Preparation for closing meeting	√	√
	16:30 – 17:30	Closing meeting	√	√

**Appendix B: List of Stakeholders Contacted**

**bsi.** Attendance Sheet

**RSP0 - Stakeholder Attendance / Consultation List**

Team Lead:	Mahsuman	Date:	25/10/17
Member(s):	Hafs	Report (SMO) No:	
Organisation:	SOU 22 (Bukit Benut)	Standard(s):	mso

No.	Name	Designation (Jawatan / Wakil)	Signature
	AHMAT ATAN	Harvester	[Signature]
	SUKRI	Harvester	[Signature]
	PARIAH & MISHAR	Mandor	[Signature]
	ADEM	Harvester	[Signature]
	ASHANUY	cat baiting	[Signature]
	Ajaj Ansari	"	[Signature]
	mitampay Yadar	"	[Signature]
	HOBIBULSK	"	HOBIBULSK
	SOHFL MIA	"	[Signature]
	DUBON	"	[Signature]
	Yusri, b. Yusof	"	[Signature]
	NUR SHAHIDAHUL AZAN bt shahri	stor clerk	[Signature]
	Laginah	stor premix	[Signature]
	Lim Kong Ong	chop nam bel	[Signature]
	Uth. MUKLITHIN MUST Bablo	medical Assistant	[Signature]
	Deepak Humis	P7/2011-116B	India
	Muht. Bilal Muht. Taymya Zangir	P7/2011-124A	Bangladesh

Headcount:

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bsi.

Attendance Sheet

RSPO - Stakeholder Attendance / Consultation List			
Team Lead:	Malamuan	Date:	24/10/17
Member(s):	Nafio	Report (SMO) No:	
Organisation:	SOU-22 (Lambak Estate)	Standard(s):	MSP0

No.	Name	Designation (Jawatan / Wakil)	Signature
1.	Fareilah Binti Kasran	mandor	[Signature]
2.	Mahalinggam	wakil Pekega	[Signature]
3.	Angalai JP municandy	"	M. Ay.
4.	RUSHAM	RES	[Signature]
5.	ZULKARNAEN		[Signature]
6.	Ridwan Iman	Mandor	[Signature]
7.	M. ALI BIN H. OTHMAN	IC/campuang/JICK	[Signature]
8.	Anuar Bin Mohamed	Sim Kim Huat (FPB)	[Signature]
9.	Maliga JP Parasuraman	P-9/2011 (10B)	Local
10.	Ridwan Iman	P-11/2011 (22B)	Indonesian
	Iman (Jhon)	P-11/2011 (27A)	Bangladesh.
11.	JANA DE-RIGAS ALI SUPPIAH	Health Care Assistant	[Signature]
12.	C. Huda kuar	Store Clerk	[Signature]
13.	MALEKI YAHYA	METARIK	[Signature]
14.	ROSLAN BIN MOHA SHARIP	J.K.K Bukit Serut	[Signature]
15.	Mirwan Aroun	Mandore harvesting	[Signature]

Headcount:

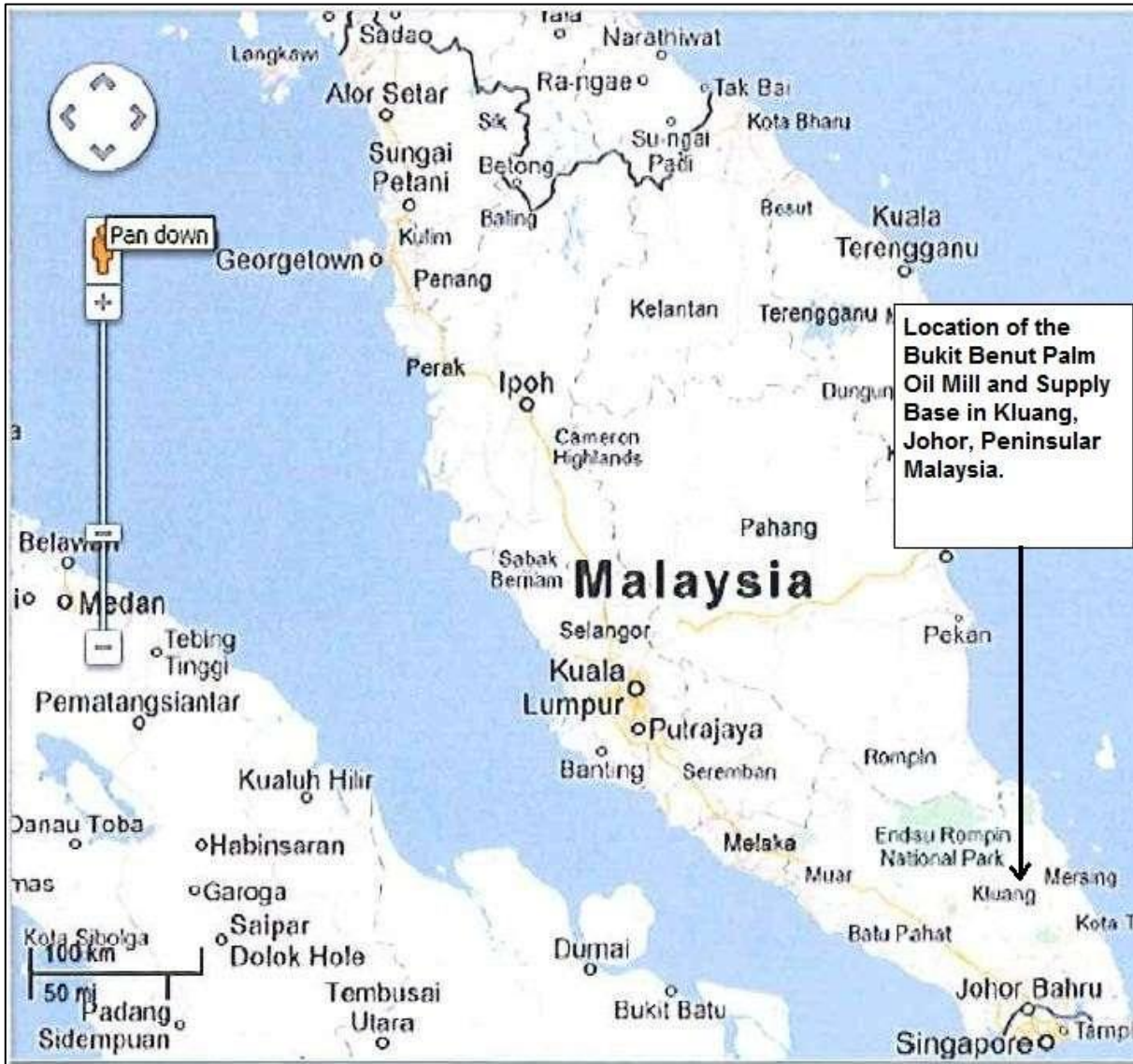
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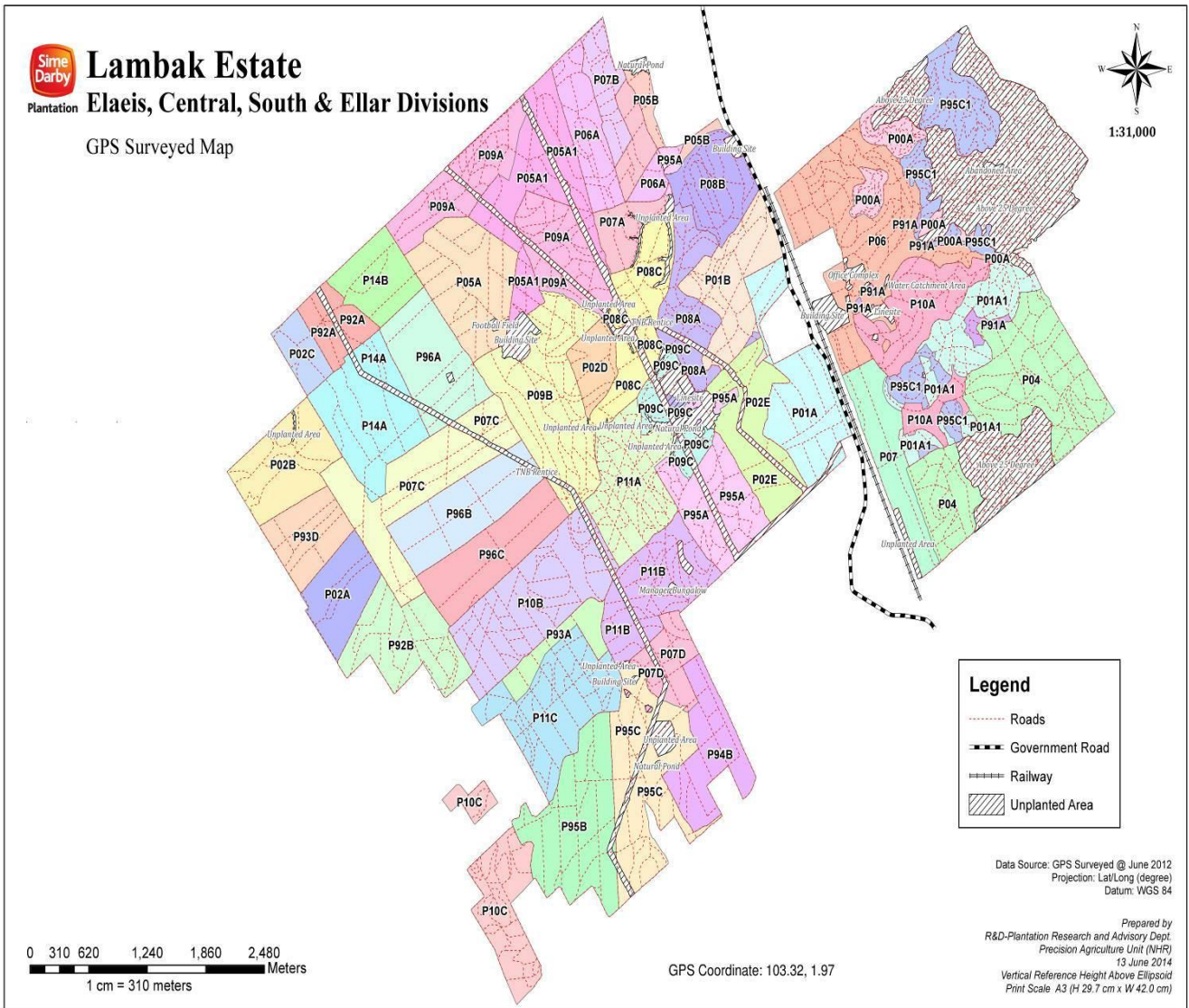
**Appendix C: Estates Sampled**

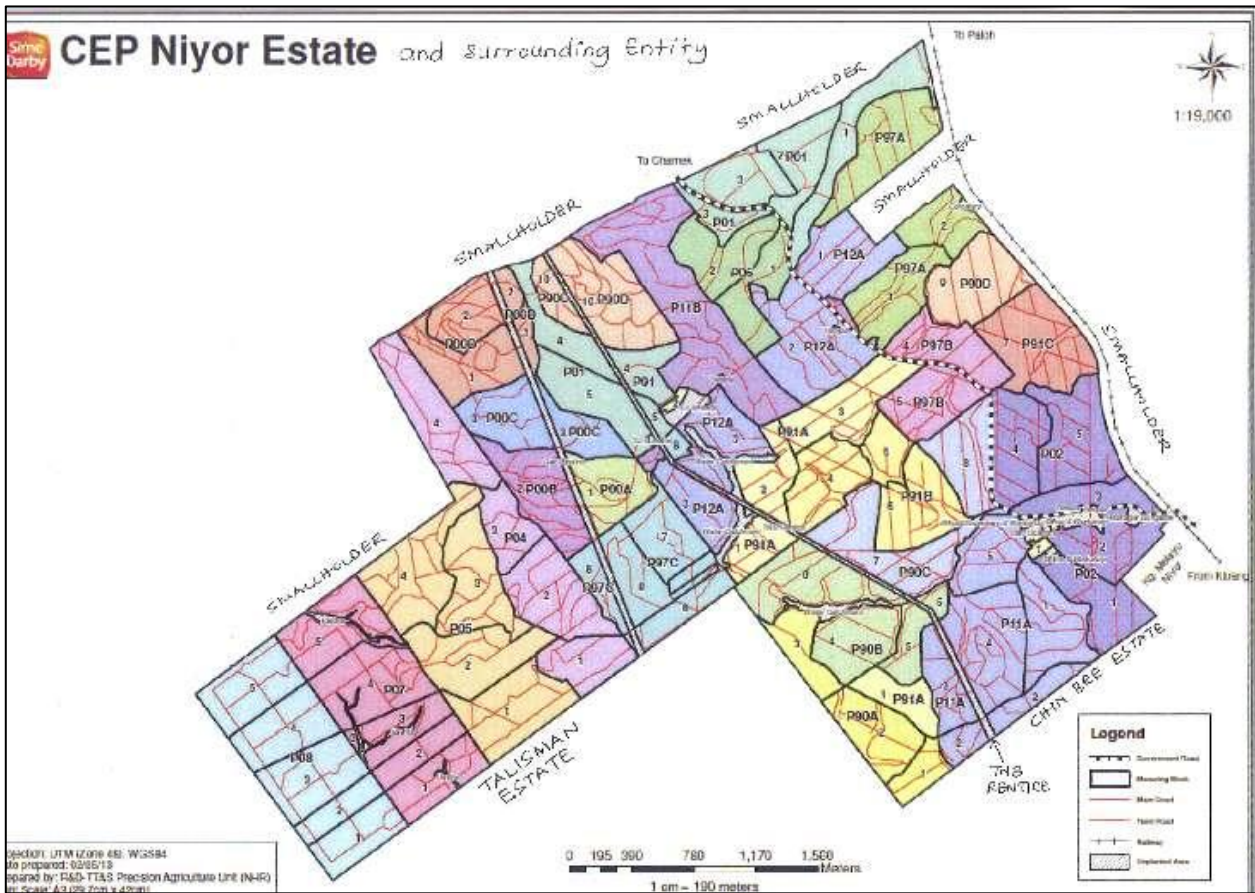
<b>1. Assessment Program</b>					
<b>Name (Mill / Plantation / Group smallholders)</b>	<b>Year 1 (Certification)</b>	<b>Year 2 (ASA 1)</b>	<b>Year 3 (ASA 2)</b>	<b>Year 4 (ASA 4)</b>	<b>Year 5 (ASA 5)</b>
Bukit Benut Palm Oil Mill	√	√	√	√	√
Bukit Benut Estate	√		√		√
CEP Nyior Estate		√		√	
Lambak Estate	√		√		√



**Appendix D: Location Map of Bukit Benut Palm Oil Mill and Supply Bases**







**Appendix E: List of Abbreviations**

AN	Ammoniacal Nitrogen
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
GMP	Good Manufacturing Practice
HCV	High Conservation Value
IAV	Initial Assessment Visit
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
MSDS	Material Safety Data Sheet
MSPO	Malaysian Sustainable Palm Oil
O&G	Oil and Grease
PK	Palm Kernel
PPE	Personal Protective Equipment
PSQM	Plantation Sustainability and Quality Management
PQR	Performance Quality Rating
RC	Re-Certification
RED	Renewable Energy Directive
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SOU	Strategic Operating Unit
SS	Suspended Solids
TN	Total Nitrogen
TS	Total Solids
VFA	Volatile Fatty Acids