



PF824

**MSPO Public Summary Report  
Revision 0 (Aug 2017)**

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

| <b>Sime Darby Plantation Berhad</b>   |
|---|
| Client company Address:<br>Level 3A, Main Block Plantation Tower, No. 2, Jalan P.J.U 1A/7 47301 Ara Damansara<br>Selangor, Malaysia                                 |
| Certification Unit:<br>Pagoh Palm Oil Mill (SOU 19)<br>&<br>Plantations of SOU 19 including<br>Pagoh Estate, Welch Estate, Lanadron Estate & Pengkalan Bukit Estate |
| Location of Certification Unit:<br>Lot 2159, Ladang Pagoh Mukim Jalan Bakri, 84309 Muar<br>Johor, Malaysia  |

**Report prepared by:**  
Nicholas Cheong (Lead Auditor)

**Report Number:** 8846745

**Assessment Conducted by:**  
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**Section 1: Executive Summary**

**1.1 Organizational Information and Contact Person**

|                               |  |           |                           |
|-------------------------------|--|-----------|---------------------------|
| MPOB License                  | Mill: 565809104000<br>Welch Estate: 5522499002000<br>Lanadron Estate: 522273002000<br>Pengkalan Bukit Estate: 508589902000<br>Pagoh Estate: 518941002000 |           |                           |
| Company Name                  | Sime Darby Plantation Berhad (Pagoh Palm Oil Mill (SOU 19))  |           |                           |
| 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.pagoh@simedary.com    |
| Telephone                     | 03-78484379 (Head Office)  | Facsimile | 03-78484356 (Head Office) |

**1.2 Certification Information**

|   |   |                       |             |
|---|---|-----------------------|-------------|
| Certificate Number                            | Mill: MSPO 682037<br>Plantations: MSPO 685822   |                       |             |
| Issue Date                                    |   | Expiry date           |             |
| Scope of Certification                        | Mill: Production of Sustainable Palm Oil and Palm Oil Products<br>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) | 11/10/2017 – 13/10/2017   |                       |             |
| 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   |                       |             |
| <b>Other Certifications</b>                   |   |                       |             |
| Certificate Number                            | Standard(s)   | Certificate Issued by | Expiry Date |
| RSPO 600305                                   | Roundtable Sustainable Palm Oil   | BSI Services Malaysia | 27/01/2019  |

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| <b>1.3 Location of Certification Unit</b>  |  |                                  |              |
|--|--|----------------------------------|--------------|
| Name of the Certification Unit<br>(Palm Oil Mill/ Estate/ Smallholder/<br>Independent Smallholder) | Site Address   | GPS Reference of the site office |              |
|  |  | Longitude                        | Latitude     |
| Pagoh Palm Oil Mill  | Lot 2159, Ladang Pagoh, Mukim Jalan Bakri, 84309 Muar, Johor, Malaysia | 2° 4' 58"                        | 102° 43' 15" |
| Lanadron Estate  | Panchor, 84500 Muar, Johor, Malaysia                                   | 2° 11' 00"                       | 102° 44' 00" |
| Pengkalan Bukit Estate   | Mukim Jalan Bakri, 84309 Muar, Johor, Malaysia.                        | 2° 08' 58"                       | 102° 42' 15" |
| Welch Estate   | Jalan Segamat – Jementah, 85200 Segamat, Johor, Malaysia               | 2° 27' 21"                       | 102° 39' 11" |
| Pagoh Estate   | Mukim Jalan Bakri, 84309 Muar, Johor, Malaysia.                        | 2° 07' 16"                       | 102° 41' 07" |

| <b>1.4 Plantings &amp; Cycle</b> |                  |         |         |         |         |
|----------------------------------|------------------|---------|---------|---------|---------|
| Estate                           | Age (Years) - ha |         |         |         |         |
|                                  | 0 - 3            | 4 - 10  | 11 - 20 | 21 - 25 | 26 - 30 |
| Lanadron Estate                  | 211.77           | 794.11  | 423.03  | 163.92  | 174.89  |
| Pengkalan Bukit Estate           | 491.70           | 1038.14 | 1190.06 | 259.51  | 0       |
| Welch Estate                     | 0                | 0       | 576.20  | 0       | 0       |
| Pagoh Estate                     | 555.11           | 664.36  | 246.87  | 595.18  | 0       |

| <b>1.5 FFB Production (Actual) and Projected (tonnage)</b> |                           |  |   |
|--|---------------------------|--|---|
| Producer Group   | Projected from last audit | Actual production Jan – Dec 2016 or last 12 months | Projected production for next 12 months (Jan – Dec' 2017) |
| Lanadron Estate  | N/A                       | N/A  | 37,119.81   |
| Pengkalan Bukit Estate                                     | N/A                       | N/A  | 57,352.15   |
| Welch Estate   | N/A                       | N/A  | 11,524.00   |
| Pagoh Estate   | N/A                       | N/A  | 36,564.45   |

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| <b>1.6 Certified CPO / PK Tonnage</b> |                                  |                           |  |
|---------------------------------------|----------------------------------|---------------------------|--|
| <b>Mill</b>                           | <b>Estimated (Previous Year)</b> | <b>Actual (This Year)</b> | <b>Forecast (Oct 2017 – Oct 2018)<br/><del>Next Year</del></b> |
| Pagoh Palm Oil Mill                   | <b>CPO (OER: %)</b>              | <b>CPO (OER: %)</b>       | <b>CPO (OER: 20.78%)</b>                                       |
|                                       | N/A                              | N/A                       | 29,022.47624.05mt  |
|                                       | <b>PK (KER: %)</b>               | <b>PK (KER: %)</b>        | <b>PK (KER: 5.50 %)</b>  |
|                                       | N/A                              | N/A                       | 7,679.67840.82mt   |

| <b>1.7 Details of Certification Assessment Scope and Certification Recommendation:</b>  |
|---|
| <p>BSI Services Malaysia Sdn Bhd has conducted the Initial Certification Assessment of Sime Darby Pagoh SOU19 located in Lot 2159, Ladang Pagoh Mukim Jalan Bakri, 84309 Muar Johor, Malaysia comprising 1 mill; 4 estates and infrastructures.</p> <p>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.</p> <p>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 Pagoh Palm Oil Mill SOU 19 and Pagoh SOU 19 Estates which acts as the group manager for Welch Estate, Pengkalan Bukit Estate, Pagoh Estate and Lanadron Estate. This report is the combine report for Pagoh Palm Oil Mill SOU 19 and Pagoh SOU 19 Estates.</p> <p><u>As part of the MSPO requirement, the Public Notification regarding this assessment was published in the BSI Services Malaysia Sdn Bhd website at <a href="https://www.bsigroup.com/en-MY/RSPO-MSPO-Certification/MSPO-clients-and-reports1/">https://www.bsigroup.com/en-MY/RSPO-MSPO-Certification/MSPO-clients-and-reports1/</a>. The 30 days period of notification was conducted from 11/09/2017 – 10/09/2017. The notification was also made available at the operating units.</u> The onsite assessment was conducted on 11/10/2017 – 13/10/2017.</p> <p>Based on the assessment result, Sime Darby Pagoh SOU19 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.</p> |

## Section 2: Assessment Process

### Certification Body:

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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 11/10/2017 – 13/10/2017. The audit programme is included as Appendix A. The approach to the audit was to treat the Pagoh Palm Oil Mill as a MSPO Certification Unit and Pagoh SOU 19 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 or smallholders sample were determined based on formula  $N = 1.0\sqrt{y}$  where  $y$  is the number of estates while when applicable, the smallholders sample were determined following the MSPO Certification Requirement. The sampling of smallholders 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 group members and where  $z$  is the multiplier defined by the risk assessment. The sampled smallholder listed in Appendix C.

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

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

All the previous nonconformities are remains closed. 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 MSP0 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<br/>(Mill / Plantation /<br/>Group smallholders)</b> | <b>Year 1<br/>(Certification)</b> | <b>Year 2<br/>(ASA 1)</b> | <b>Year 3<br/>(ASA 2)</b> | <b>Year 4<br/>(ASA 4)</b> | <b>Year 5<br/>(ASA 5)</b> |
| Pagoh Palm Oil Mill  | √                                 | √                         | √                         | √                         | √                         |
| Lanadron Estate  | √                                 |                           | √                         |                           | √                         |
| Pengkalan Bukit Estate                                       |                                   | √                         |                           | √                         |                           |
| Welch Estate   | √                                 |                           | √                         |                           | √                         |
| Pagoh Estate   |                                   | √                         |                           | √                         |                           |

**Tentative Date of Next Visit: December 11, 2017 - December 13, 2017**

**Total No. of Mandays: 6**

**BSI Assessment Team:**

**Nicholas Cheong - Lead Assessor**

He holds Master of Environmental Management from the University Putra Malaysia and Bachelor of Science (Food Science) from Charles Sturt University Australia. He has more than 5 years of working experience in sustainability auditing and carbon emissions accounting. He has also 2 years of working experience in wastewater treatment construction and operations. He has completed the ISO9001, ISO14001, RSPO P&C Lead Auditor and RSPO SCC Lead Auditor course and MSP0 Awareness Training (by MPOB). In his previous certification body experience, he was the Lead Assessor for Clean Development Mechanism, World Commission of Dam and ISCC. The CDM and WCD assessment focuses on social accountability. He had been involved in Sustainable Palm Oil auditing for more than 2 years. Able to communicate in Bahasa Malaysia and English.

**Amir Bin Bahari – Team Member**

He obtained qualification in B.Sc. (Hons) Chemistry USM 1985 & Diploma in Palm Oil Milling Tech/Management MPOB 1996. He has been in the plantations industry for 30 years, among others managing rubber factories, palm oil mills and estates. During the tenure of employment he has been trained as an auditor in ISO 9001, ISO 14001, OHSAS 18001 & also RSPO. He has accumulated 38 man-days in the auditing profession after ending career in the plantation industry. During the assessment he covered mills and estates best practices, workers consultation and occupational safety & health. He is fluent in both verbal/written in Bahasa Malaysia and English.

**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 4 Opportunity For Improvement was raised.

| Opportunity For Improvement |   |         |
|-----------------------------|---|---------|
| Ref                         | Area/Process  | Clause  |
| NC ID from eReport          | 1540280-201709-I1   | 4.5.3.3 |
| Requirements:               | 4.5.3.3 – Part 3 The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. |         |
| Objective Evidence:         | At Nordanal Division the premixed chemical are left at the premix area which is not properly locked.  |         |

| Opportunity For Improvement |   |         |
|-----------------------------|---|---------|
| Ref                         | Area/Process  | Clause  |
| NC ID from eReport          | 1540280-201709-I3   | 4.4.5.9 |
| Requirements:               | 4.4.5.9– Part 3 Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.         |         |
| Objective Evidence:         | It was found in Lanadron estate (a Bangladeshi worker) and in Welch estate (Indian worker) did not fully understand all the items in the payslip. |         |



| Opportunity For Improvement |  |          |
|-----------------------------|--|----------|
| Ref                         | Area/Process   | Clause   |
| NC ID from eReport          | 1540280-201709-I4  | 4.4.5.11 |
| Requirements:               | 4.4.5.11 – Part 3 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. |          |
| Objective Evidence:         | In Landaron Estate, housing inspection has been completed on weekly basis. However, some of the inspection items that are not meeting the requirements are not properly requested for action.  |          |

| Opportunity For Improvement |  |          |
|-----------------------------|--|----------|
| Ref                         | Area/Process   | Clause   |
| NC ID from eReport          | 1540280-201709-I2  | 4.4.5.11 |
| Requirements:               | 4.4.5.11 – Part 4 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. |          |
| Objective Evidence:         | At Pagoh Mill housing facilities, there are no fire extinguisher available during service interim period.  |          |

| Noteworthy Positive Comments |   |
|------------------------------|---|
| 1                            | Good relationship being maintained with surrounding smallholder and villages.   |
| 2                            | Mill has continued maximized the use of renewable enegy by consuming fibre and shell which produced through internal process. |
| 3                            | Alternative for class I chemical was used, Acephate under Class III chemical for bagworm treatment.                           |

**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    | <b>Issues:</b><br>Head Master of SK Panjang Sari Estate has given the assistance and contributions by providing the field for football match, donation, etc |
|      | <b>Management Responses:</b> Sime Darby-Pagoh POM will continue to give support and maintain a good relationship with them.                                 |
|      | <b>Audit Team Findings:</b> Managements effort is positive and satisfactory.  |

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|   |   |
|---|---|
| 2 | <b>Issues:</b><br><u>Contractors &amp; Suppliers</u><br>Payment was done in timely manner to the contractors/suppliers. No other issues raised.   |
|   | <b>Management Responses:</b> Sime Darby-Pagoh POM will continue to maintain a good relationship with them.  |
|   | <b>Audit Team Findings:</b> Managements effort is positive and satisfactory.  |
| 3 | <b>Issues:</b><br><u>Foreign Worker</u><br>There is no bed provided by employer, only mattress given. Therefore, they used the empty chemical containers to support the bed structure.  |
|   | <b>Management Responses:</b> As the current practice, Sime Darby only provide mattress and some other basic needs as per guideline, but not bed for workers. However, empty chemical containers shall be collected after used and should not be used for other purpose. Management will do necessary training and monitoring upon this matter to all workers. |
|   | <b>Audit Team Findings:</b> The safety training has been provided this year on the chemical handling and disposal. Will look into the next training effectiveness and monitoring for this issue.  |
| 4 | <b>Issues:</b><br><u>Medical Assistant</u><br>So far, no serious disease, accidents or dengue disease occurred inside the estate reported. Linesite inspection was conducted on weekly basis while VMO visit to linesite was conducted in every 2 weeks.  |
|   | <b>Management Responses:</b> Management will continue provide free and adequate medical care to employees.  |
|   | <b>Audit Team Findings:</b> Accepted  |
| 5 | <b>Issues:</b><br><u>Gender Committee</u><br>There is no any reported case of harassment in the operating units.  |
|   | <b>Management Responses:</b> Management will continue to maintain the mechanism in grievance and complaint regarding sexual harassment.   |
|   | <b>Audit Team Findings:</b> Managements effort is positive and satisfactory.  |

**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.<br>- Major compliance -   | The internal memo from Mr Tan Men Kon, Head of Plantation Sustainability & Quality Management documented the commitment Sime Darby towards MSPO implementation. The internal memo dated 8 <sup>th</sup> September 2017 was issued to all Estates and Mills. The commitment is to implement and certified with MSPO by December 2017.   | Yes |
| 4.1.1.2  | The policy shall also emphasize commitment to continual improvement.<br>- Major compliance -  | The continual improvement commitment is documented in the following Management & Operation Policies: <ul style="list-style-type: none"> <li>• Quality Management Policy dated January 2015</li> <li>• Lean Six Sigma Policy dated January 2015</li> <li>• Quality Policy dated January 2015</li> </ul> The commitments are made by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantations Berhad. | Yes |
| 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.<br>- Major compliance - | The Internal Audit Procedure (SD/SDP/PSQM/IAP) dated 01/05/2015 documented the process to conduct internal audit. The internal audit checklist is available to cover all the required MSPO requirements.   | Yes |

| Criterion / Indicator   | Assessment Findings   | Compliance |
|---|---|------------|
|   | <p>This is the initial certification of MSPO. The internal audit schedule for 2017 has been planned and communicated by Regional SQM to all central west region Estates and Mills.</p> <p><u>Welch</u></p> <p>The last internal audit for sustainable palm oil was conducted on 7<sup>th</sup> September 2017. The internal audit had covered all the MSPO MS2530 Part 3 elements.</p> <p><u>Lanadron</u></p> <p>The last internal audit for sustainable palm oil was conducted on 6<sup>th</sup> September 2017. The internal audit had covered all the MSPO MS2530 Part 3 elements.</p>   |            |
| <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>Welch</u></p> <p>The internal audit report dated 07/09/2017 had included root cause analysis and corrective action plan. One sample on the finding closure from the last internal audit was verified. The finding raised was on indicator 4.5.3.5 regarding appropriateness of landfill. The closing of the finding was to close the existing landfill and reopen a new landfill which is more than 2km from watercourse.</p> <p><u>Lanadron</u></p> <p>Sample of finding closure from the last internal audit was verified. The finding raised was on indicator 4.4.5.8 regarding employment contract according to Sime Darby Plantations format. The closing of the finding was to reissue the new contract using template.</p> | <p>Yes</p> |
| <p>4.1.2.3</p> <p>Reports shall be made available to the management for their review.</p>   | <p>The internal audit report has distributed to the POM management and Sime Darby Plantation HQ management. There is a month SQM meeting at HQ</p>  | <p>Yes</p> |

| Criterion / Indicator  | Assessment Findings  | Compliance |
|--|--|------------|
| - Major compliance -   | level to review the treading of findings raised in both internal and external audit.   |            |
| <b>Criterion 4.1.3 – Management Review</b>   |  |            |
| 4.1.3.1<br>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.<br><br>- Major compliance - | <p>Sime Darby is RSPO certified. On annual basis management review is conducted on Regional level. The last management review was conducted on 07/08/2017. The management review had included internal and external sustainable palm oil audit results review. The status of the correction and preventive actions are being discuss and reviewed.</p> <p>In Operating Unit level, the last management review was conducted on 29/08/2017. The meeting was chaired by the Mill Manager En Saiful Azrul b. Abdul Halim. The minutes of the meeting and review presentation was sighted.</p> <p>In Operating Unit level, the last management review was conducted on 10/10/2017. The meeting was chaired by the Mill Manager En Adenon b. Hajoo. The minutes of the meeting and review presentation was sighted.</p> | Yes        |
| <b>Criterion 4.1.4 – Continual Improvement</b>   |  |            |
| 4.1.4.1<br>The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.<br><br>- Major compliance -   | <p>The latest Continual Improvement Plan for FY 2017/2018 was adopting the RSPO CIP. The improvement plan includes occupational health and safety, operation improvement and training.</p> <p>The operating units also adopted the Lean Six Sigma continual improvement. The improvement projects for 2017 has sighted.</p>  | Yes        |
| 4.1.4.2<br>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.                               | The staff/workers competency training plan for FY 2017/2018 was established. The training identified including operations, understanding of MSPO/RSPO requirements, human rights, company policies, health and safety etc.   | Yes        |

| Criterion / Indicator   | Assessment Findings   | Compliance |
|---|---|------------|
| - Major compliance -  | The FY2017/2018 OPEX budget has include training budget and operations improvement including environmental improvement, worker welfare, OHS etc.<br><br>Interview with workers confirmed trainings are provided by company on regular basis.  |            |
| 4.1.4.3<br>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.<br>- Major compliance -  | The action plan is included in the CIP for FY 2017/2018 and the Lean Six Sigma.   | Yes        |
| <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<br>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.<br>- Major compliance - | The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The time frame to provide feedback to the stakeholder is documented to be 2 weeks of the date receiving the queries. The Estate Manager is responsible to address all communication and request for documentations that could be made available to public/stakeholders. | Yes        |
| 4.2.1.2<br>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.<br>- Major compliance -   | Sime Darby Plantations Bhd continued to use the group website for disseminating public information. The Sustainability Report and Group Annual report is available in website.<br><br>Information relating to land titles, safety and health plans, pollution prevention plans, and annual report are available at the estate.  | Yes        |

| Criterion / Indicator   |  | Assessment Findings  | Compliance |
|---|--|--|------------|
|   |  | <p>In addition to the website, the policies were also displayed at various locations including the main notice boards of the estates and muster ground notice boards for employees and visitors to view.</p> <p>Procedure for complaints and grievances were available through Sime Darby Plantations Bhd website at <a href="http://www.simedarbyplantation.com/Sustainability.aspx">http://www.simedarbyplantation.com/Sustainability.aspx</a></p> |            |
| <b>Criterion 4.2.2 – Transparent method of communication and consultation</b> |  |  |            |
| 4.2.2.1   | <p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>  | <p>The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2).</p> <p>The Sustainable Plantation Management System Appendix 5 (Flowchart and Procedures on handling Social Issues) dated 01/11/2008 documented the process for handling communication regarding social issues</p>  | Yes        |
| 4.2.2.2   | <p>A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.</p> <p>- Minor compliance -</p>   | The Estate Manager is responsible to deal with the external communication.   | Yes        |
| 4.2.2.3   | <p>List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.</p> <p>- Major compliance -</p> | <p>The latest stakeholders list was updated on 14/08/2017.</p> <p>The external stakeholder consultation is conduct once a year. The last meeting was conducted for Welch Estate on 28/08/2017. There were no issues raised with regards to the estate operation in the stakeholder consultation. Hence no action plan was required.</p>  | Yes        |
| <b>Criterion 4.2.3 – Traceability</b>   |  |  |            |

| Criterion / Indicator   | Assessment Findings  | Compliance |
|---|--|------------|
| 4.2.3.1<br>The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).<br>- Major compliance - | Welch Estate and Lanadron Estate is sending the FFB to Pagoh POM. <ul style="list-style-type: none"> <li>• The weighbridge ticket provided the following details:</li> <li>• Product (FFB or Loose fruit)</li> <li>• Delivery note from estates stating the weight and fruit grade (A or B).</li> <li>• D.O Number</li> <li>• Date of the shipment</li> </ul> The Sustainable Plantation Management System Appendix 15 dated March 2016 documented the procedure for traceability. The procedure requires validation of certificate of supplying estate.<br>The procedure had identified critical control points to prevent contamination of non-certified FFB.<br>The current traceability system is Sime Weigh System.<br>The responsible personal for the traceability is the Estate Manager. | Yes        |
| 4.2.3.2<br>The management shall conduct regular inspections on compliance with the established traceability system.<br>- Major compliance -   | The internal audit conducted on 07/09/217 for Welch and 06/09/2017 for Lanadron. The Internal audit conducted has included the traceability elements.<br>The internal audit schedule is available until 2017.  | Yes        |
| 4.2.3.3<br>The management should identify and assign suitable employees to implement and maintain the traceability system.<br>- Minor compliance -  | The overall personal in charge for the traceability is the Estate Manager. The responsibility is stated in the job description. Hence there is not required to have a formal letter of appointment.<br>The responsible person for traceability in Welch estate is the weighbridge clerk Ms Kausalya a/p Vasoo was appointed on 02/10/2017. The training on the traceability was provided by PSQM on 3 <sup>rd</sup> October 2017.  | Yes        |



| Criterion / Indicator                                    |  | Assessment Findings  | Compliance |
|--|--|--|------------|
|  |  | The responsible person for traceability in Lanadron estate is the weighbridge clerk Mr. Afiq Hakim b Husen was appointed on 07/08/2017. The training on the traceability was provided by PSQM on 3 <sup>rd</sup> October 2017.   |            |
| 4.2.3.4  | Records of sales, delivery or transportation of FFB shall be maintained.<br><br>- Major compliance -   | There is no sales of the FFB per say as Welch estate and Lanadron estate is the identified supply base to Pagoh Mill and Pagoh Mill, Welch estate and Lanadron estate belongs to the Sime Darby Plantation Bhd.<br><br>The delivery note of the FFB are kept at the operating units and will be retained for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents   | Yes        |
| <b>4.3 Principle 3: Compliance to legal requirements</b> |  |  |            |
| <b>Criterion 4.3.1 – Regulatory requirements</b>         |  |  |            |
| 4.3.1.1  | All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.<br><br>- Major compliance - | A mechanism to ensure compliance to legal and other requirement has been documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU4. 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.<br><br><u>Welch</u><br><br><ul style="list-style-type: none"> <li>• Sample of licenses or permit viewed were:</li> <li>• MPOB sell and transport FFB license: 5522499002000 (validity period 16/08/2017 – 31/07/2018).</li> <li>• Weighbridge License: B1230015 (validity of 1 year from 04/05/2017).</li> </ul> | Yes        |

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| Criterion / Indicator | Assessment Findings  | Compliance |
|-----------------------|--|------------|
|                       | <ul style="list-style-type: none"> <li>• Diesel Storage license: 80523 (validity of 1 year from 23/02/2017).</li> <li>• Diesel purchase license: J029295 (validity period 28/08/2017 – 27/08/2018).</li> <li>• Air compressor license for Air Receiver Tank: PMT-JH/17132206 (validity of 1 year from 28/05/2017)</li> </ul> <p><u>Lanadron</u></p> <ul style="list-style-type: none"> <li>• MPOB sell and transport FFB license: 522273002000 (validity period 28/08/2017 – 31/07/2018).</li> <li>• Weighbridge License: B1229989 (validity of 1 year from 17/07/2017).</li> <li>• Diesel Storage permit: J026456 (validity period 26/07/2017 – 25/07/2018).</li> <li>• Diesel Storage permit: J026457 (validity period 25/07/2017 – 24/07/2018).</li> <li>• Electricity generation license: 002634/2017 (validity of 1 year from 22/04/2017)</li> <li>• River water extraction license: 07/A/Muar/071 (validity until 31/12/2017)</li> </ul> |            |
| 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>   | Yes        |

| Criterion / Indicator                     | Assessment Findings   | Compliance |
|---|---|------------|
|   | The Legal & Other Requirements Register (LORR) covers all the necessary regulatory requirements. The LORR was reviewed on 16/08/2017 for Welch and 28/08/2017 for Lanadron.   |            |
| 4.3.1.3                                   | <p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p>- Major compliance -</p> <p>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. The latest change in regulation applicable to the POM operation is the Labour Law.</p> <p>The Legal &amp; Other Requirements Register (LORR) covers all the necessary regulatory requirements. The LORR for Welch was reviewed on 16/08/2017 for Welch and 28/08/2017 for Lanadron.</p> <p>The latest change in regulation applicable to the POM operation is the Labour Law.</p> | Yes        |
| 4.3.1.4                                   | <p>The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.</p> <p>- Minor compliance -</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.</p>   | Yes        |
| <b>Criterion 4.3.2 – Lands use rights</b> |   |            |
| 4.3.2.1                                   | <p>The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.</p> <p>- Major compliance -</p> <p><u>Welch</u></p> <p>There is no land dispute received in Welch estate. The land developed by under Welch operating unit was given by the Johor State Government.</p> <p>There are 6 land titles under Welch:</p>   | Yes        |

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| Criterion / Indicator |  | Assessment Findings  |                  |                       |                       | Compliance |
|-----------------------|--|--|------------------|-----------------------|-----------------------|------------|
|                       |  | <b>Lot Number</b>  | <b>Size (ha)</b> | <b>Approved Usage</b> | <b>Land grant no.</b> |            |
|                       |  | 439  | 43.1141          | Agriculture           | 82893                 |            |
|                       |  | 440  | 45.1002          | Agriculture           | 82895                 |            |
|                       |  | 971  | 254.4457         | Not specify           | 92574                 |            |
|                       |  | 2175   | 399.0194         | Not specify           | 121096                |            |
|                       |  | 2426   | 403.8762         | Not specify           | 84599                 |            |
|                       |  | 5068   | 304.1            | Not specify           | 43812                 |            |
|                       |  | <p>The quit rent for these land portions were made on 11/05/2017 to the Land Authority of Johor State.</p> <p>Landaron estate developed in on 2 type of land. 1) Is sub-leasing with Sime Darby Pagoh Development. The sub-leasing agreement dated 01/07/2014. 2) Directly owned land. The sample of land titles verified:</p> |                  |                       |                       |            |
|                       |  | <b>Lot Number</b>  | <b>Size (ha)</b> | <b>Approved Usage</b> | <b>Land grant no.</b> |            |
|                       |  | 11994  | 29.90            | Agriculture           | 25764                 |            |
|                       |  | 216  | 2.06             | Not specify           | 80779                 |            |
|                       |  | 217  | 1.81             | Not specify           | 80780                 |            |
|                       |  | 218  | 5.03             | Not specify           | 80781                 |            |
|                       |  | 748  | 27.82            | Not specify           | 83730                 |            |
|                       |  | 1007   | 409.54           | Not specify           | 89386                 |            |
|                       |  | <p>The quit rent for these land portions were made on 10/04/2017 to the Land Authority of Johor State.</p>   |                  |                       |                       |            |

| Criterion / Indicator                     |   | Assessment Findings  | Compliance |
|---|---|--|------------|
| 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.<br>- Major compliance -   | Refer to 4.3.2.1<br><br>The perimeter survey map of the land portion is provided together with the land title. The map is has provided the coordinated demarcation.  | Yes        |
| 4.3.2.3                                   | Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.<br>- Major compliance -   | The map of the land portion is provided together with the land title. The map has provided the coordinated demarcation.  | Yes        |
| 4.3.2.4                                   | Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).<br>- Minor compliance - | There is not land dispute recorded. This was verified with stakeholders' consultation.<br><br>In order to deal with future arising land dispute (if applicable), the Sustainable Plantation Management System (SPMS) Appendix 3 dated 01/11/2008 documented the process in handling boundaries disputes. | Yes        |
| <b>Criterion 4.3.3 – Customary rights</b> |   |  |            |
| 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.<br>- Major compliance -   | There is no customary land for the portion of land.  | Yes        |
| 4.3.3.2                                   | Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available.<br>- Minor compliance -   | There is no customary land for the portion of land.  | Yes        |
| 4.3.3.3                                   | Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.  | There is no customary land for the portion of land.  | Yes        |

| Criterion / Indicator  |   | Assessment Findings   | Compliance |
|--|---|---|------------|
|  | - Major compliance -  |   |            |
| <b>4.4 Principle 4: Social responsibility, health, safety and employment condition</b> |   |   |            |
| <b>Criterion 4.4.1: Social Impact Assessment (SIA)</b>                                 |   |   |            |
| 4.4.1.1  | <p>Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.</p> <p>- Minor compliance -</p> | <p>The Social assessment for SOU19 Pagoh for all operating units (Pagoh Estate, Landaron Estate, Pengkalan Bukit Estate and Welch Estate) was conducted internally by the Plantation Sustainable and Quality Management (PSQM) Team. The last SIA was conducted in May 2015.</p> <p>The recommendation from the SIA report was transferred to action plan. The latest action plan dated 16/08/2017. The action plan identified the issues &amp; strategies, action plan, responsible person and time frame.</p> | Yes        |
| <b>Criterion 4.4.2: Complaints and grievances</b>                                      |   |   |            |
| 4.4.2.1  | <p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>- Major compliance -</p>                                     | <p>Under the sustainable plantation management system Appendix 5, procedure on handling social issue (version 1; year 2008) has been implemented.</p> <p>Under Group policies and authorities GPA No 85 Whistleblowing provide an internal mechanism for reporting, investigating and remedying any wrongdoing.</p>   | Yes        |
| 4.4.2.2  | <p>The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.</p> <p>- Major compliance -</p> | <p>The complaint and grievances is open to effected parties including internal and external stakeholders. The time to process the complaints or grievances is 2 weeks.</p>  | Yes        |
| 4.4.2.3  | <p>A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.</p>                               | <p>The complaint form is made available in the mill office. In case the complainant would want to make an anonymity complaint it can be made through electronic Complaint form or email to Senior Director or</p>   | Yes        |

| Criterion / Indicator  | Assessment Findings  | Compliance |
|--|--|------------|
| - Minor compliance -   | Whistleblowing committee or toll free number or fax or by mail. This information is available in notice boards in the mill.  |            |
| 4.4.2.4<br>Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.<br>- Minor compliance -             | Interview conducted with workers to confirm their understanding of the complaint and grievance process.<br><br>There is no grievance recorded for the pass one year. Only request for maintenance housing are made by workers.   | Yes        |
| 4.4.2.5<br>Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.<br>- Major compliance - | The complaint record for request for maintenance are available and kept for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents.   | Yes        |
| <b>Criterion 4.4.3: Commitment to contribute to local sustainable development</b>  |  |            |
| 4.4.3.1<br>Growers should contribute to local development in consultation with the local communities.<br>- Minor compliance -                                      | Estate management have made contribution to the internal and external stakeholders. For example: The management has organized activities and seminar related to religion to the workers, Welch sport day, seminar related to safety, donation to school for school trip, donation of computer to school, donation for PIBG SK Kota Raja Panchor etc.   | Yes        |
| <b>Criterion 4.4.4: Employees safety and health</b>  |  |            |
| 4.4.4.1<br>An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.<br>- Major compliance -                | The Group Occupational Safety & Health Management Policy had been established and implemented for all mill and estates. The policy was signed by the Managing Director of Sime Darby Plantation on January 2015 and displayed prominently on notice boards in English and local language Bahasa Malaysia. The Policy is implemented through the OSH activities by the on-site Safety Officers and monitored by OSH Manager from Head Office. | Yes        |

| Criterion / Indicator  | Assessment Findings   | Compliance |
|--|---|------------|
|  | <p>Included in the policy is the commitment of the Company to provide and maintain a safe and healthy working environment of its employees &amp; contractors &amp; visitors.</p> <p>In interviews with the workers and staff during the site visit revealed that the employees has been briefed and has understood the policy.</p>  |            |
| <p>4.4.4.2</p> <p>The occupational safety and health plan shall cover the following:</p> <p>A safety and health policy, which is communicated and implemented.</p> <p>The risks of all operations shall be assessed and documented.</p> <p>An awareness and training programme which includes the following requirements for employees exposed to pesticides:</p> <p>all employees involved shall be adequately trained on safe working practices</p> <p>all precautions attached to products shall be properly observed and applied</p> <p>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>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)</p> | <p>a) Briefing to employees made through townhall session. Sighted Welch Estate training records for 2 sessions held on 18/1/17 involving and 20/7/16 attended 153 and 168 employees respectively. During the townhall session subject on safety policies, road safety, zero harm, accident history and precautionary measures, dialogue and 'ikrar pekerja' were briefed and shown in slides presentation to the employees. Similar session were held in Lanadron Estate by PSQM. The 'ikrar pekerja' was sighted. Content includes among others to prioritise safety, execute work safely, adhere all safety rules and regulations and to target zero accident.</p> <p>HIRARC for both estates are available and formalised in 2013. HIRARC revision (Welch) as sighted was made on 05/10/17 following an incidence involving a harvester with a bunch of FFB fell on him in the field. Another revision was made on 24/9/17 whereby a harvester was hit by padding spike. A refresher training was conducted to 9 harvesters on 06/10/17 arising from this incidence. Safe standing position was elaborated i.e no people standing 60 ft at nearby radius.</p> <p>Both estates provide training to the works and staff. Training related to pesticides exposure are held;</p> <p>10/7/17 spillage training attended by 8 employees in Welch.</p> <p>21/10/16 spraying &amp; chemical calibration training by My Crop attended by 11 people in Welch.</p> | <p>Yes</p> |



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| Criterion / Indicator  | Assessment Findings   | Compliance |
|--|---|------------|
| <p>Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>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>The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded.</p> <p>Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>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>Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p> | <p>Details of training is available 4.4.6.1 under training and competency.</p> <p>OSH programs are also implemented. Common programs were initiated from HQ level e.g. OSH meeting, workplace inspection, inspection on PPE, training on MSPO/RSPO etc.</p> <p>The estates provide PPE to the employees such as apron, safety helmets, safety shoes relevant to the work handled by the workers. Records of PPE issuance for both estates were sighted. During the site visit workers was observed to be in PPE.</p> <p>Both estates has established SOP for chemical handling. This is available PSQM – Operational Control Procedure under subject Chemical Safety Management. This includes compliance related to</p> <ul style="list-style-type: none"> <li>• Conduct/reassess CHRA</li> <li>• Review of chemical register</li> <li>• Chemical management assessment review</li> <li>• Conduct health surveillance.</li> <li>• The document was sighted.</li> </ul> <p>Welch Estate appointed person MR for ESH-JKKP for period of 2016-2018 is En Mansir Fazli (Assist Manager) through a letter dated 01/1/16. Lanadron estate similarly had En Mohd Syamsuddin Mahmood (Sr Assist Manager) in charge of the employees safety and health through an appointment letter dated 19/10/16</p> <p>Both estates management conduct regular two-way communication with their employees. There are made quarterly during the OSH meeting. Welch estate held meeting on on 18/08/17, 19/5/17, 21/2/17, 18/11/16. Lanadron estate organised safety meeting on 27/7/17, 26/4/17 7 26/1/17. The</p> |            |

| Criterion / Indicator                         | Assessment Findings   | Compliance |
|---|---|------------|
|   | <p>minutes of meeting Lanadron Estate on 26/1/17 was sighted. Workers during the meeting participated in the discussion mainly on line site and safety.</p> <p>Accident and emergency procedures are available. There is a formation of ERP Team &amp; ERP for all the identified incidences. The organisation chart for the ERP team was appointed and displayed for information of the employees ERT initiated for fire &amp; flood, chemical spillage &amp; motor vehicle, wild &amp; poisonous animal attack, first aid team, procedure from HQ. Records of evacuation exercise/drill was sighted. Lanadron Estate had a Latihan Kebakaran on 01/4/17 attended by 20 people. There was also training organised at SOU level by PQSM on 27/4/17, 'program ceramah &amp; latihan kebakaran' on 21/4/17 attended by 190 employees. Details of other training are available 4.4.6.1 under training and competency for both the estates.</p> <p>Both estates trained their nominated employees First Aid mainly those involved in the field operations. A First Aid Kit equipped with approved contents are available and checked during the site visit at both estates.</p> <p>First Aid training was held on 8/8/17 attended by 13 employees in Welch Estate. Appointment of Ist Aider for 8 people dated 01/8/17 for a period of 2 years was sighted for the SOU. In Welch estate there is a total of 11 Ist Aid boxes, distribution mandores 9 unit, 1 crehe, 1 tadika kemas. Lanadron similarly practised the same by evenly distributed the boxes for the supervisory personnel. A unit was sighted kept by a mandore during the harvesting field visit.</p> <p>Records of all accidents are kept. Accident incidences are reviewed during safety meetings. Accidents records were sighted as provided in the minutes ref Lanadron estate 26/1/2017.</p> |            |
| <p>Criterion 4.4.5: Employment conditions</p> |   |            |

| Criterion / Indicator   | Assessment Findings  | Compliance |
|---|--|------------|
| 4.4.5.1<br>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.<br>- Major compliance -  | SOU 19 has implemented Social Policy since January 2015. Human rights is one of the elements under the Social Policy. The management is treated the workers with respect and fair. Awareness training on human rights has been conducted on 13/10/2016 to all the workers.   | Yes        |
| 4.4.5.2<br>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.<br>- Major compliance -     | Migrant workers are recruited with 2+1 years contract. Local workers are on a long term employment. No any kind of discrimination was noted. Job opportunities and amenities such as free housing, water and electric supplier (connect to national water and electricity supply) and medical care are given to all employees without discrimination.  | Yes        |
| 4.4.5.3<br>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.<br>- Major compliance - | All the estates workers are under direct employment and estates consisted of direct and contract employment of workers. The payslip has included basic income, allowance pay, working days, medical leave, deduction of salary and etc. The payroll for the following sampled workers for June 2017 – September 2017 was verified to be consistent with the Minimum Wage Act 2012. <ul style="list-style-type: none"> <li>• Sunandar (ID 58206) – Welch</li> <li>• Lalu Saman b. Mamiq Zarah (ID 114511) – Welch</li> <li>• Jamal B. Mohamed Rahim (ID24016) – Lanadron</li> <li>• Siti Radziah (ID11481) – Lanadron</li> </ul> There was no records or complaint observed during the interview with workers. All the sampled workers for direct employment and contract workers were achieved the minimum wage accordance to Minimum Wage Order 2016 which achieved RM 1000/ month or RM 38.46/day. | Yes        |
| 4.4.5.4<br>Management should ensure employees of contractors are paid based on legal or industry minimum standards  | The payslip of the following worker was sighted:   | Yes        |

| Criterion / Indicator   | Assessment Findings   | Compliance |
|---|---|------------|
| <p>according to the employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>   | <ul style="list-style-type: none"> <li>• Sunandar (ID 58206) – Welch</li> <li>• Lalu Saman b. Mamiq Zarah (ID 114511) – Welch</li> <li>• Jamal B. Mohamed Rahim (ID24016) – Lanadron</li> <li>• Siti Radziah (ID11481) – Lanadron</li> </ul> <p>The payslip was verified with the Data input.</p>   |            |
| <p>4.4.5.5</p> <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>The management is keeping employee master list which provide names, gender, age, DOB etc.</p> <p>The wages list is in the Sime Darby SPA system and the entry of price is control by HQ.</p>   | Yes        |
| <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 is available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>  | <p>The employment contract for the following worker was sighted:</p> <ul style="list-style-type: none"> <li>• Sunandar (ID 58206) – Welch</li> <li>• Lalu Saman b. Mamiq Zarah (ID 114511) – Welch</li> <li>• Jamal B. Mohamed Rahim (ID24016) – Lanadron</li> <li>• Siti Radziah (ID11481) – Lanadron</li> </ul> <p>The terms of employment is as per MAPA/NUPW.</p> | Yes        |
| <p>4.4.5.7</p> <p>The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.</p> <p>- Major compliance -</p>   | <p>The recording of work attendance is being done during muster call. Any overtime will be monitored and recorded by mandos and will be verified by Estate Assistant Manager/Manager. During the muster call, the previous day overtime will be verified by asking workers if they have any dispute.</p>  | Yes        |
| <p>4.4.5.8</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>Overtime is paid 1.5 times; Rest day work is paid 2 times and Public Holiday is paid 3 times.</p> <p>The payslip and the inputs were reviewed to confirm the wages and overtime is in line with legal requirements the MAPA/NUPW regulations.</p>  | Yes        |

| Criterion / Indicator   | Assessment Findings  | Compliance |
|---|--|------------|
| - Major compliance -  |  |            |
| 4.4.5.9 Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.<br>- Major compliance -   | The payslip and the inputs were reviewed to confirm the wages and overtime is in line with legal requirements the MAPA/NUPW regulations.   | Yes        |
| 4.4.5.10 Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.<br>- Minor compliance -                      | The company provides: <ul style="list-style-type: none"> <li>• 5kg rice and 5kg cooking oil to all workers once every 2 months</li> <li>• RM5 mobile subsidy to all workers.</li> <li>• Free medical benefit to workers dependent at the estates clinics.</li> <li>• Renewal for driving license for local workers</li> <li>• Sending worker’s children to schools</li> <li>• Once a year festival token to all workers</li> <li>• Yearly schooling assistance</li> <li>• Sime Darby scholarship</li> </ul> The field workers are paid with Productivity Incentive. The more they work the higher the incentive. | Yes        |
| 4.4.5.11 In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers’ Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.<br>- Major compliance - | The basic amenities and facilities at the quarters provided by the company to it workers includes electricity, water and domestic waste disposal. Electricity and water is connected with the national infrastructure facilities. The usage of electricity and water is bared by the workers themselves.<br><br>During the field assessment, it was observed that the housing are in good conditions. For local workers with family, each will be given a house while  | Yes        |

| Criterion / Indicator | Assessment Findings  | Compliance   |
|-----------------------|--|--|
|                       | <p>for foreign workers for single workers, it will be given shared house of 2-3 each people per house.</p> <p>Linesite inspection is conducted on weekly basis as per the Workers' Minimum Standards Housing and Amenities Act 1990. The results of the inspection is being discussed with the estate manager for actions.</p> <p>For foreign workers, all foreign workers will be given a starter kit which includes basis amenities (e.g. mattress, cooking utilises).</p>   |  |
| 4.4.5.12              | <p>The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.</p> <p>- Major compliance -</p>   | <p>The Gender Policy was established since January 2015. The Policy covers the commitment to prevent sexual harassment and all forms of violence against women, workers and community. The signatory of the Policy is by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantation.</p>   |
| 4.4.5.13              | <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>- Major compliance -</p> | <p>During the interview with workers, there are no evidence received that there are restriction from the company to allow workers to join trade union. The workers have their freedom to join the NUPW/MAPA union.</p> <p>The Social Policy established since 2015 covers the commitment of the company towards respecting the rights of all personnel to form and join trade unions of their choice to bargain collectively.</p> <p>The workers union representative for the Holyrood is Ismail Hisham while for Kalumpang is Sahibol Fadilah.</p> <p>Yes</p> |
| 4.4.5.14              | <p><u>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education.</u></p>  | <p>The Social Policy and Social &amp; Humanity Management Policy was established since January 2015. The Policy covers the commitment to not condone forced labour or child labour. The signatory of the Policy is by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantation.</p> <p>Yes</p>   |

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| Criterion / Indicator  | Assessment Findings   | Compliance                    |                  |                 |         |                  |           |         |  |                               |          |                   |              |          |                  |                  |            |         |           |         |                      |                     |         |                        |             |            |
|--|---|-------------------------------|------------------|-----------------|---------|------------------|-----------|---------|--|-------------------------------|----------|-------------------|--------------|----------|------------------|------------------|------------|---------|-----------|---------|----------------------|---------------------|---------|------------------------|-------------|------------|
| <p><del>They shall not be exposed to hazardous working conditions. 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 be exposed to hazardous working conditions.</del></p> <p>- Major compliance -</p> | <p>Field observation, interviewing with workers and verification of workers master list confirmed that there is no child labor.</p>   |                               |                  |                 |         |                  |           |         |  |                               |          |                   |              |          |                  |                  |            |         |           |         |                      |                     |         |                        |             |            |
| <p><b>Criterion 4.4.6: Training and competency</b></p>   |   |                               |                  |                 |         |                  |           |         |  |                               |          |                   |              |          |                  |                  |            |         |           |         |                      |                     |         |                        |             |            |
| <p>4.4.6.1</p> <p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p> <p>- Major compliance -</p>   | <p>Both Estates have organised trainings for their employees. There were also sessions organised with presence of contractors and neighbouring community.</p> <p>In Welch Estate the following training records were sighted;</p> <table border="1" data-bbox="815 885 1462 1203"> <thead> <tr> <th>Date</th> <th>Training Subject</th> <th>No of attendees</th> </tr> </thead> <tbody> <tr> <td>20/9/17</td> <td>Backhoe operator</td> <td>10 people</td> </tr> <tr> <td>21/8/17</td> <td>Latihan kebakaran &amp; cara penggunaan alat pemadam api</td> <td>122 employees &amp; 5 contractors</td> </tr> <tr> <td>01/04/17</td> <td>Latihan kebakaran</td> <td>20 employees</td> </tr> <tr> <td>10/10/17</td> <td>Ist Aid training</td> <td>10 workers/staff</td> </tr> <tr> <td>10-13/4/17</td> <td>Fogging</td> <td>5 workers</td> </tr> <tr> <td>27/4/17</td> <td>Emergency evacuation</td> <td>3 exec/staff/worker</td> </tr> <tr> <td>14/7/17</td> <td>Inter pump maintenance</td> <td>12 sprayers</td> </tr> </tbody> </table> | Date                          | Training Subject | No of attendees | 20/9/17 | Backhoe operator | 10 people | 21/8/17 | Latihan kebakaran & cara penggunaan alat pemadam api | 122 employees & 5 contractors | 01/04/17 | Latihan kebakaran | 20 employees | 10/10/17 | Ist Aid training | 10 workers/staff | 10-13/4/17 | Fogging | 5 workers | 27/4/17 | Emergency evacuation | 3 exec/staff/worker | 14/7/17 | Inter pump maintenance | 12 sprayers | <p>Yes</p> |
| Date   | Training Subject  | No of attendees               |                  |                 |         |                  |           |         |  |                               |          |                   |              |          |                  |                  |            |         |           |         |                      |                     |         |                        |             |            |
| 20/9/17  | Backhoe operator  | 10 people                     |                  |                 |         |                  |           |         |  |                               |          |                   |              |          |                  |                  |            |         |           |         |                      |                     |         |                        |             |            |
| 21/8/17  | Latihan kebakaran & cara penggunaan alat pemadam api  | 122 employees & 5 contractors |                  |                 |         |                  |           |         |  |                               |          |                   |              |          |                  |                  |            |         |           |         |                      |                     |         |                        |             |            |
| 01/04/17   | Latihan kebakaran   | 20 employees                  |                  |                 |         |                  |           |         |  |                               |          |                   |              |          |                  |                  |            |         |           |         |                      |                     |         |                        |             |            |
| 10/10/17   | Ist Aid training  | 10 workers/staff              |                  |                 |         |                  |           |         |  |                               |          |                   |              |          |                  |                  |            |         |           |         |                      |                     |         |                        |             |            |
| 10-13/4/17   | Fogging   | 5 workers                     |                  |                 |         |                  |           |         |  |                               |          |                   |              |          |                  |                  |            |         |           |         |                      |                     |         |                        |             |            |
| 27/4/17  | Emergency evacuation  | 3 exec/staff/worker           |                  |                 |         |                  |           |         |  |                               |          |                   |              |          |                  |                  |            |         |           |         |                      |                     |         |                        |             |            |
| 14/7/17  | Inter pump maintenance  | 12 sprayers                   |                  |                 |         |                  |           |         |  |                               |          |                   |              |          |                  |                  |            |         |           |         |                      |                     |         |                        |             |            |

| Criterion / Indicator | Assessment Findings   | Compliance      |                  |                 |         |                |              |         |                     |             |         |                      |            |        |                                 |               |         |                       |            |         |                 |            |         |                        |           |         |                        |                 |          |                         |           |          |                               |           |  |
|-----------------------|---|-----------------|------------------|-----------------|---------|----------------|--------------|---------|---------------------|-------------|---------|----------------------|------------|--------|---------------------------------|---------------|---------|-----------------------|------------|---------|-----------------|------------|---------|------------------------|-----------|---------|------------------------|-----------------|----------|-------------------------|-----------|----------|-------------------------------|-----------|--|
|                       | <p>Landron Estate organised similar training as follows;</p> <table border="1" data-bbox="815 608 1462 1015"> <thead> <tr> <th>Date</th> <th>Training Subject</th> <th>No of attendees</th> </tr> </thead> <tbody> <tr> <td>09/5/17</td> <td>Frond stacking</td> <td>9 harvesters</td> </tr> <tr> <td>11/4/17</td> <td>Inter pump handling</td> <td>12 sprayers</td> </tr> <tr> <td>20/2/17</td> <td>PSQM chemical safety</td> <td>5 sprayers</td> </tr> <tr> <td>3/3/17</td> <td>Harvesting standard/FFB quality</td> <td>11 harvesters</td> </tr> <tr> <td>15/2/17</td> <td>Manuring PPE &amp; dosage</td> <td>11 workers</td> </tr> <tr> <td>27/2/17</td> <td>Chemical mixing</td> <td>9 sprayers</td> </tr> <tr> <td>15/8/17</td> <td>Scheduled waste at MTC</td> <td>3 workers</td> </tr> <tr> <td>13/9/17</td> <td>Trunk injection at MTC</td> <td>6 Workers/staff</td> </tr> <tr> <td>03/10/17</td> <td>MSPO briefing awareness</td> <td>17 people</td> </tr> <tr> <td>02/10/17</td> <td>RSPO supply chain - SOU basis</td> <td>22 people</td> </tr> </tbody> </table> <p>Training for the SOU both estates and the mill is an on-going activities and held along with the annual program.</p> | Date            | Training Subject | No of attendees | 09/5/17 | Frond stacking | 9 harvesters | 11/4/17 | Inter pump handling | 12 sprayers | 20/2/17 | PSQM chemical safety | 5 sprayers | 3/3/17 | Harvesting standard/FFB quality | 11 harvesters | 15/2/17 | Manuring PPE & dosage | 11 workers | 27/2/17 | Chemical mixing | 9 sprayers | 15/8/17 | Scheduled waste at MTC | 3 workers | 13/9/17 | Trunk injection at MTC | 6 Workers/staff | 03/10/17 | MSPO briefing awareness | 17 people | 02/10/17 | RSPO supply chain - SOU basis | 22 people |  |
| Date                  | Training Subject  | No of attendees |                  |                 |         |                |              |         |                     |             |         |                      |            |        |                                 |               |         |                       |            |         |                 |            |         |                        |           |         |                        |                 |          |                         |           |          |                               |           |  |
| 09/5/17               | Frond stacking  | 9 harvesters    |                  |                 |         |                |              |         |                     |             |         |                      |            |        |                                 |               |         |                       |            |         |                 |            |         |                        |           |         |                        |                 |          |                         |           |          |                               |           |  |
| 11/4/17               | Inter pump handling   | 12 sprayers     |                  |                 |         |                |              |         |                     |             |         |                      |            |        |                                 |               |         |                       |            |         |                 |            |         |                        |           |         |                        |                 |          |                         |           |          |                               |           |  |
| 20/2/17               | PSQM chemical safety  | 5 sprayers      |                  |                 |         |                |              |         |                     |             |         |                      |            |        |                                 |               |         |                       |            |         |                 |            |         |                        |           |         |                        |                 |          |                         |           |          |                               |           |  |
| 3/3/17                | Harvesting standard/FFB quality   | 11 harvesters   |                  |                 |         |                |              |         |                     |             |         |                      |            |        |                                 |               |         |                       |            |         |                 |            |         |                        |           |         |                        |                 |          |                         |           |          |                               |           |  |
| 15/2/17               | Manuring PPE & dosage   | 11 workers      |                  |                 |         |                |              |         |                     |             |         |                      |            |        |                                 |               |         |                       |            |         |                 |            |         |                        |           |         |                        |                 |          |                         |           |          |                               |           |  |
| 27/2/17               | Chemical mixing   | 9 sprayers      |                  |                 |         |                |              |         |                     |             |         |                      |            |        |                                 |               |         |                       |            |         |                 |            |         |                        |           |         |                        |                 |          |                         |           |          |                               |           |  |
| 15/8/17               | Scheduled waste at MTC  | 3 workers       |                  |                 |         |                |              |         |                     |             |         |                      |            |        |                                 |               |         |                       |            |         |                 |            |         |                        |           |         |                        |                 |          |                         |           |          |                               |           |  |
| 13/9/17               | Trunk injection at MTC  | 6 Workers/staff |                  |                 |         |                |              |         |                     |             |         |                      |            |        |                                 |               |         |                       |            |         |                 |            |         |                        |           |         |                        |                 |          |                         |           |          |                               |           |  |
| 03/10/17              | MSPO briefing awareness   | 17 people       |                  |                 |         |                |              |         |                     |             |         |                      |            |        |                                 |               |         |                       |            |         |                 |            |         |                        |           |         |                        |                 |          |                         |           |          |                               |           |  |
| 02/10/17              | RSPO supply chain - SOU basis   | 22 people       |                  |                 |         |                |              |         |                     |             |         |                      |            |        |                                 |               |         |                       |            |         |                 |            |         |                        |           |         |                        |                 |          |                         |           |          |                               |           |  |
| 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>Similar method for identifying the training needs are used in SOU operating units both estates and the mill. The training needs for both Welch &amp; Lanadron Estates for the FY 2017/18 training program has been established. The details of the training needs include categories of job descriptions, sections, and employees group.</p>   | Yes             |                  |                 |         |                |              |         |                     |             |         |                      |            |        |                                 |               |         |                       |            |         |                 |            |         |                        |           |         |                        |                 |          |                         |           |          |                               |           |  |



| Criterion / Indicator   | Assessment Findings   | Compliance |
|---|---|------------|
| - Major compliance -  | Included in this program are subjects related to environment e.g. environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training, field activities, equipment handling, vehicles maintenance etc.   |            |
| 4.4.6.3<br>- Minor compliance -   | 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.<br>Training details are planned and summarised in the OSH program. This is in compliance and detailed in 4.4.6.1 above. Training program are made on annual basis. In addition it is subject for a review during the financial year should need arises.   | Yes        |
| <b>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</b> |   |            |
| <b>Criterion 4.5.1: Environmental Management Plan</b>                                       |   |            |
| 4.5.1.1<br>- Major compliance -   | An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.<br>There is an environmental management policy issued on Group level signed by the Managing Director in Jan 2015. Communications to the employees were through training session and briefing at muster grounds. Sighted training dated 03/10/17 in Lanadron Estate on MSPO briefing which includes the environmental attended by 17 employees. Subjects on environmental are included the annual training program titled "environmental responsibility 7 biodiversity-environmental aspect impact assessment". | Yes        |
| 4.5.1.2<br>- Major compliance -   | The environmental management plan shall cover the following:<br>An environmental policy and objectives;<br>The aspects and impacts analysis of all operations.<br>The EMP policy is available as specified in 4.5.1.1 above.<br>Objectives, target and duration are shown in the Environmental Management program (EMP) incorporating the action plan to be initiated by the estates. The EMP for both Lanadron & Welch were sighted. Details of the objectives were also mentioned in 4.5.4.1.<br>The estates identified the aspects and impacts analysis of its operations. Areas are activities at main entrance / compound / petrol / dispensary /  | Yes        |

| Criterion / Indicator |  | Assessment Findings   | Compliance |
|-----------------------|--|---|------------|
|                       |  | store / scheduled waste / workshop / weeding / spraying / FFB transportation / manuring / harvesting and collection. Findings were discussed in OSH meetings.   |            |
| 4.5.1.3               | An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.<br><br>- Major compliance -  | The improvement plans were sighted. The estates identified the following activities and areas for Improvement plan;<br><br>Reduce water usage - washing bay, mixing chemical bay. Consumption of water vs mt/FFB for Welch Estate July 2016-June 2017 was sighted. Ratio ranges from lowest 1.47 to 3.51 . Target is set at ratio 2.50.<br><br>Reduce diesel usage at refill bay, PMV planned maintenance vehicle.<br><br>Reduce herbicide & pesticide usage through nepholepis establishment, LCC establishment and growth of beneficial plant.<br><br>Monitoring is made through data analysis and the daily field supervision. | Yes        |
| 4.5.1.4               | A programme to promote the positive impacts should be included in the continual improvement plan.<br><br>- Minor compliance -  | This is available in the SIA action plan. Activities/areas identified at working area, induction program for new workers & housing facilities.  | Yes        |
| 4.5.1.5               | An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.<br><br>- Major compliance - | A training program is available in the SOU Training Program updated on a yearly basis or revised as per the management requirement. Included in this programme are subjects related to environment e.g environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training.  | Yes        |
| 4.5.1.6               | Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.  | Similar forum are used by the mill and the estates in discussing concerns on environmental quality A management review meeting is held annually to discuss issues on water management plan, electricity use, diesel consumption, waste management, SIA plan, renewable energy,  | Yes        |

| Criterion / Indicator  | Assessment Findings   | Compliance |
|--|---|------------|
| - Major compliance -   | aspect/impact, HIRARC. Minutes of meeting for Welch Estate held on 29/08/17 was sighted and verified.   |            |
| <b>Criterion 4.5.2: Efficiency of energy use and use of renewable energy</b> |   |            |
| 4.5.2.1<br>- Major compliance -  | 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.<br>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.<br>Monitored diesel/mt FFB, commentary given target 1.5 ratio. | Yes        |
| 4.5.2.2<br>- Major compliance -  | 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.<br>The estimate for the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations inclusive of fuel use by contractors, including all transport and machinery operations was available in the respective estate yearly budgets.                                     | Yes        |
| 4.5.2.3<br>- Minor compliance -  | The use of renewable energy should be applied where possible.<br>There was no opportunity to use renewable energy in both Estates.  | Yes        |
| <b>Criterion 4.5.3: Waste management and disposal</b>                        |   |            |
| 4.5.3.1<br>- Major compliance -  | All waste products and sources of pollution shall be identified and documented.<br>All waste and pollution are identified and documented in the Waste Management Action Plan. The compilation for Financial Year 2017/2018 was made at SOU level. Details of waste generated from the estates and mill operations among others are shown below;   | Yes        |

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|---|-------------------------------------|--|---------------|----------|--------------------|------------------------|-------------------------------------|--|----------------------------------|------------------|--|-------------|----------|---|-----------------------|--------|--|----------------------------|----------|---|---------------------------------|----------|---|---|-----------------------|---|--|--|
|   |                                     | <table border="1"> <thead> <tr> <th>Type of waste</th> <th>Location</th> <th>Action to be taken</th> </tr> </thead> <tbody> <tr> <td>Domestic waste rubbish</td> <td>Linesites, office, workshop, store,</td> <td>Collection/disposal 2 to 3x /week at designated landfill</td> </tr> <tr> <td>Industrial waste-fertiliser bags</td> <td>Empty bags store</td> <td>Inventory of bags, reuse for LF collection, sell to appointed contractor</td> </tr> <tr> <td>Scrap metal</td> <td>workshop</td> <td>Inventory maintained, tender at zone level for sale to licensed contractor.</td> </tr> <tr> <td>SW 404 Clinical waste</td> <td>clinic</td> <td>Inventory maintained. Storage in sharp bin in clinic. Disposal through VMO clinic.</td> </tr> <tr> <td>SW rags, plastics, filters</td> <td>workshop</td> <td>Inventory maintained. Storage in scheduled waste store. Disposal through licensed contractor.</td> </tr> <tr> <td>Spent lubricant &amp; hydraulic oil</td> <td>workshop</td> <td>Collection by SDI upon completion of maintenance.</td> </tr> <tr> <td>Disposed containers, bags, equipment contaminated with chemicals, pesticides, SW,</td> <td>Scheduled waste store</td> <td>Inventory maintained. Storage in SW store. All containers are labeled. Empty containers collected by authorized vendor.</td> </tr> </tbody> </table> | Type of waste | Location | Action to be taken | Domestic waste rubbish | Linesites, office, workshop, store, | Collection/disposal 2 to 3x /week at designated landfill | Industrial waste-fertiliser bags | Empty bags store | Inventory of bags, reuse for LF collection, sell to appointed contractor | Scrap metal | workshop | Inventory maintained, tender at zone level for sale to licensed contractor. | SW 404 Clinical waste | clinic | Inventory maintained. Storage in sharp bin in clinic. Disposal through VMO clinic. | SW rags, plastics, filters | workshop | Inventory maintained. Storage in scheduled waste store. Disposal through licensed contractor. | Spent lubricant & hydraulic oil | workshop | Collection by SDI upon completion of maintenance. | Disposed containers, bags, equipment contaminated with chemicals, pesticides, SW, | Scheduled waste store | Inventory maintained. Storage in SW store. All containers are labeled. Empty containers collected by authorized vendor. |  |  |
| Type of waste   | Location                            | Action to be taken   |               |          |                    |                        |                                     |  |                                  |                  |  |             |          |   |                       |        |  |                            |          |   |                                 |          |   |   |                       |   |  |  |
| Domestic waste rubbish  | Linesites, office, workshop, store, | Collection/disposal 2 to 3x /week at designated landfill   |               |          |                    |                        |                                     |  |                                  |                  |  |             |          |   |                       |        |  |                            |          |   |                                 |          |   |   |                       |   |  |  |
| Industrial waste-fertiliser bags  | Empty bags store                    | Inventory of bags, reuse for LF collection, sell to appointed contractor   |               |          |                    |                        |                                     |  |                                  |                  |  |             |          |   |                       |        |  |                            |          |   |                                 |          |   |   |                       |   |  |  |
| Scrap metal   | workshop                            | Inventory maintained, tender at zone level for sale to licensed contractor.  |               |          |                    |                        |                                     |  |                                  |                  |  |             |          |   |                       |        |  |                            |          |   |                                 |          |   |   |                       |   |  |  |
| SW 404 Clinical waste   | clinic                              | Inventory maintained. Storage in sharp bin in clinic. Disposal through VMO clinic.   |               |          |                    |                        |                                     |  |                                  |                  |  |             |          |   |                       |        |  |                            |          |   |                                 |          |   |   |                       |   |  |  |
| SW rags, plastics, filters  | workshop                            | Inventory maintained. Storage in scheduled waste store. Disposal through licensed contractor.  |               |          |                    |                        |                                     |  |                                  |                  |  |             |          |   |                       |        |  |                            |          |   |                                 |          |   |   |                       |   |  |  |
| Spent lubricant & hydraulic oil   | workshop                            | Collection by SDI upon completion of maintenance.  |               |          |                    |                        |                                     |  |                                  |                  |  |             |          |   |                       |        |  |                            |          |   |                                 |          |   |   |                       |   |  |  |
| Disposed containers, bags, equipment contaminated with chemicals, pesticides, SW, | Scheduled waste store               | Inventory maintained. Storage in SW store. All containers are labeled. Empty containers collected by authorized vendor.  |               |          |                    |                        |                                     |  |                                  |                  |  |             |          |   |                       |        |  |                            |          |   |                                 |          |   |   |                       |   |  |  |

| Criterion / Indicator   | Assessment Findings   | Compliance |
|---|---|------------|
| <p>4.5.3.2</p> <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>Identifying and monitoring sources of waste and pollution</p> <p>Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products</p> <p>- Major compliance -</p> | <p>Details of the types and management plan is shown in 4.5.3.1 above.</p>  | <p>Yes</p> |
| <p>4.5.3.3</p> <p>The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.</p> <p>- Major compliance -</p>  | <p>The procedures for handling used chemicals classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 are available prepared on Group level by PSQM and implemented in all estates and mills for all the applicable practices. The operational control procedures for the scheduled wastes management provides guidelines as follows;</p> <p>Management of class 1 chemical containers</p> <p>Management of class 2 (and higher) chemical containers.</p> <p>Management of fertiliser bags</p> <p>This document was established on 28/2/2015 and remain effective for practice in all estates and mills.</p> | <p>Yes</p> |
| <p>4.5.3.4</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>Under the operational control procedure established as given in 4.5.3.3 above the guideline and practice for handling empty pesticides are as follows;</p> <p>All class 2 and above containers are tripled rinsed and holes punctured at the bottom only if the waste generator is to dispose as non-scheduled waste.</p>  | <p>Yes</p> |

| Criterion / Indicator   | Assessment Findings   | Compliance                 |              |  |   |  |                        |  |                      |  |  |     |
|---|---|----------------------------|--------------|--|---|--|------------------------|--|----------------------|--|--|-----|
| - Major compliance -  | Containers to be disposed as scheduled waste need not go the triple rinsing and hole punctured process.<br><br>These guidelines are based on Dept Of Agriculture ref 91/120/038/014 dated 7/11/2002. During the site visit this has been adhered mainly containers are tripled rinsed and holes punctured at the container base.  |                            |              |  |   |  |                        |  |                      |  |  |     |
| 4.5.3.5<br>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.<br>- Minor compliance -                           | Under the action plan of the waste management plan, the site of landfill is identified at min 3 km away from water course and housing complex. Collection is 2 to 3x/week. Monitoring is made by an Executive/staff. The estate manages the mill domestic disposal.   | Yes                        |              |  |   |  |                        |  |                      |  |  |     |
| <b>Criterion 4.5.4: Reduction of pollution and emission</b>   |   |                            |              |  |   |  |                        |  |                      |  |  |     |
| 4.5.4.1<br>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.<br>- Major compliance - | Both estates assessed their polluting activities. It is tabulated under the environmental management program. Therein is given potential sources of pollutants, objective & targets and action to be taken. Sighted targeted area assessed among other as follows;<br><br><table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Sources/objective &amp; target</th> <th style="text-align: center;">Action steps</th> </tr> </thead> <tbody> <tr> <td>Management of HCV river reserve (Sg Muar) &amp; buffer zone conservation</td> <td>To train/retrain sprayers/manuring gang to avoid any chemical-related works at the area</td> </tr> <tr> <td>To monitor waste management plan for its suitability</td> <td>SW disposal monitoring</td> </tr> <tr> <td>To improve employees awareness on pollution prevention at housing complex including zero burning policy.</td> <td>Continuous reminders</td> </tr> <tr> <td>To minimise spillage of oil/chemical onto the ground</td> <td>Continuous training and use of spill trays</td> </tr> </tbody> </table> | Sources/objective & target | Action steps | Management of HCV river reserve (Sg Muar) & buffer zone conservation | To train/retrain sprayers/manuring gang to avoid any chemical-related works at the area | To monitor waste management plan for its suitability | SW disposal monitoring | To improve employees awareness on pollution prevention at housing complex including zero burning policy. | Continuous reminders | To minimise spillage of oil/chemical onto the ground | Continuous training and use of spill trays | Yes |
| Sources/objective & target  | Action steps  |                            |              |  |   |  |                        |  |                      |  |  |     |
| Management of HCV river reserve (Sg Muar) & buffer zone conservation  | To train/retrain sprayers/manuring gang to avoid any chemical-related works at the area   |                            |              |  |   |  |                        |  |                      |  |  |     |
| To monitor waste management plan for its suitability  | SW disposal monitoring  |                            |              |  |   |  |                        |  |                      |  |  |     |
| To improve employees awareness on pollution prevention at housing complex including zero burning policy.  | Continuous reminders  |                            |              |  |   |  |                        |  |                      |  |  |     |
| To minimise spillage of oil/chemical onto the ground  | Continuous training and use of spill trays  |                            |              |  |   |  |                        |  |                      |  |  |     |

| Criterion / Indicator                           |   | Assessment Findings   |   | Compliance |
|---|---|---|---|------------|
|   |   | To review aspect identification & impact evaluation to identify significant critical points for control.  | Review through EA/EIE   |            |
|   |   | Maintenance of sentang trees  | Ensure signage & demarcation are visible to avoid chemical intervention. To monitor pollution/erosion |            |
| 4.5.4.2   | An action plan to reduce identified significant pollutants and emissions shall be established and implemented.<br>- Major compliance -  | Details of action plan for identified pollutants are shown in 4.5.4.1 above   |   | Yes        |
| <b>Criterion 4.5.5: Natural water resources</b> |   |   |   |            |
| 4.5.5.1   | The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:<br><br>Assessment of water usage and sources of supply.<br><br>Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.<br><br>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.).<br><br>Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones | The Water Management Plan for the estates has been established. This is compiled on Group basis and amended to meet demands of specific issue in an operating units. It was last reviewed on 11/7/2016 for the 2016/2017 plan. Included therein are inspection of reservoir, water treatment, monitoring of processed water, water leakages/overflow, run-off and ETP monitoring in estates where effluent are land applied.<br><br>The estate management has provided contingency plans in event of water crisis for financial year 2016/2017.<br><br>Steps/options to be adopted taken are;<br>- to purchase water from SAJ<br>- to train/educate staff/workers to conserve water<br>- to revise demand and supply volume / conditions<br>- to monitor water supply |   | Yes        |

| Criterion / Indicator  | Assessment Findings   | Compliance  |             |            |           |                |           |                |           |               |           |            |          |  |
|--|---|-------------|-------------|------------|-----------|----------------|-----------|----------------|-----------|---------------|-----------|------------|----------|--|
| <p>at or before planting or replanting, along all natural waterways within the estate.</p> <p>Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p>- Major compliance -</p> | <p>In event of a severe water pollution situation:</p> <ul style="list-style-type: none"> <li>- to purchase water from SAJ</li> <li>- to perform treatment of polluted water</li> <li>- to reusing/recycling/rationing</li> </ul> <p>Water courses and wetlands are protected including maintaining and restoring appropriate riparian buffer zones. The guidelines are detailed in the River Reserve Management (Management of River Reserve in Sime Darby Plantation dated April 2014). The buffer zones established are as following:</p> <table border="1" data-bbox="846 786 1395 1018"> <thead> <tr> <th>River width</th> <th>Buffer zone</th> </tr> </thead> <tbody> <tr> <td>&gt;40 meters</td> <td>50 meters</td> </tr> <tr> <td>20 - 40 meters</td> <td>40 meters</td> </tr> <tr> <td>10 - 20 meters</td> <td>20 meters</td> </tr> <tr> <td>5 - 10 meters</td> <td>10 meters</td> </tr> <tr> <td>&lt; 5 meters</td> <td>5 meters</td> </tr> </tbody> </table> <p>Lanadron Estate monitors the water quality through water sampling:</p> <p>Monitoring of upstream, midstream and downstream of Sg Muar, report ref IE980/2016 dated 5/10/16 was sighted.</p> <p>The domestic water monitoring was also made. Sighted monitoring dated 5/10/16, test report IE998/2016. 3 sampling points were selected at raw water, water tank and linesite. The results comply with DWQS Microbiology water sample i.e no E.Coli and total coliform detected.</p> | River width | Buffer zone | >40 meters | 50 meters | 20 - 40 meters | 40 meters | 10 - 20 meters | 20 meters | 5 - 10 meters | 10 meters | < 5 meters | 5 meters |  |
| River width  | Buffer zone   |             |             |            |           |                |           |                |           |               |           |            |          |  |
| >40 meters   | 50 meters   |             |             |            |           |                |           |                |           |               |           |            |          |  |
| 20 - 40 meters   | 40 meters   |             |             |            |           |                |           |                |           |               |           |            |          |  |
| 10 - 20 meters   | 20 meters   |             |             |            |           |                |           |                |           |               |           |            |          |  |
| 5 - 10 meters  | 10 meters   |             |             |            |           |                |           |                |           |               |           |            |          |  |
| < 5 meters   | 5 meters  |             |             |            |           |                |           |                |           |               |           |            |          |  |



| Criterion / Indicator   |  | Assessment Findings  | Compliance |
|---|--|--|------------|
| 4.5.5.2   | No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.<br><br>- Minor compliance -  | This is in compliance by the estates. This requirement is also audited internally by the PQSM personnel. During the field visit no construction of such was observed.  | Yes        |
| 4.5.5.3   | Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).<br><br>- Minor compliance -   | During the site visit practices of water harvesting are noted mainly in the Lanadron Estate. There were construction of MCP = Moisture Conservation Pit at interval of every 40 ft & every 2 palms. Road side pits were also available at every 3 palm rows, to divert in event of water overflowing and also to benefit the nearest palm at the pit end to obtain additional moisture.  | Yes        |
| <b>Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value</b> |  |  |            |
| 4.5.6.1   | Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:<br><br>Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.<br><br>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.<br><br>- Major compliance - | The high biodiversity is included in the HCV assessment report dated August 2016.<br><br>Birds, mammals, reptiles, insect (least concern and vulnerable) and totally protected and protected wildlife were identified based on the latest HCV report. For example vulnerable animal; bearded pig (mammals) under category totally protected. The established management plan has been incorporated the action plan for those identified animals (IUCN and WCA 2010) for proper monitoring. | Yes        |
| 4.5.6.2   | If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:  | There is no RTE recorded. Evidence to continuously prevent and discourage illegal or hunting, fishing or collecting activities were maintained and   | Yes        |

| Criterion / Indicator   | Assessment Findings  | Compliance |
|---|--|------------|
| <p>Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</p> <p>- Major compliance -</p> | <p>implemented. Signage as well as routine patrolling activities were utilised as part of creating awareness among employees and maintain HCVs.</p>  |            |
| <p>4.5.6.3</p> <p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p>- Major compliance -</p>   | <p>All operating units have developed Management Plan for the HCV and conservation area to protect from any encroachment. Habitat protection includes prevention of disturbance by workers through awareness campaigns and regular patrols of the area. The estates have installed signboards at prominent areas to prohibit hunting, disturbance of protected areas and the lighting of fires. Inspection of housing areas and interview of residents confirmed workers were aware of the company policy that prohibits hunting and collecting activities. Monitoring is carried out by the security and staff in charge for the respective area.</p>   | <p>Yes</p> |
| <p><b>Criterion 4.5.7: Zero burning practices</b></p>   |  |            |
| <p>4.5.7.1</p> <p>Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.</p> <p>- Major compliance -</p>   | <p>The Group policy of "Zero open burning" is enforced since July 2008. The operating units adhered to the policy of "Zero open burning" for any replanting. From field visits and interviews with the workers there is no open burning being practiced in the estates. Welch Estate has a replanting program OP conversion to rubber as per the management crop program. Lanadron Estate had a remaining of 205 ha as properties development are being made involving the estate land. Furthermore Sime Darby Plantation assigned 1 person based in HQ being in charge to detect any open fire in the Companys' fields using the Global Spot Watch.</p> | <p>Yes</p> |
| <p>4.5.7.2</p> <p>A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased</p>  | <p>N/A. Details in 4.5.7.1 above</p>   | <p>Yes</p> |

| Criterion / Indicator                   |   | Assessment Findings   | Compliance |
|---|---|---|------------|
|   | and where there is a significant risk of disease spread or continuation into the next crop.<br>- Major compliance -   |   |            |
| 4.5.7.3                                 | Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.<br>- Major compliance - | N/A. Details in 4.5.7.1 above   | Yes        |
| 4.5.7.4                                 | Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.<br>- Minor compliance -   | No replanting of OP. Details in 4.5.7.1 above   | Yes        |
| <b>4.6 Principle 6: Best Practices</b>  |   |   |            |
| <b>Criterion 4.6.1: Site Management</b> |   |   |            |
| 4.6.1.1                                 | Standard operating procedures shall be appropriately documented and consistently implemented and monitored.<br>- Major compliance -   | The SOP for the estates and mill operations are available which is prepared on Group basis. There are levels of the documentation identified as follows;<br>Level 1 Estate quality management system std operation manual<br>Level 2 EQMS quality management manual<br>Level 3 standard operating procedure<br>Level 4 work instruction<br>Level 5 records. | Yes        |
| 4.6.1.2                                 | Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be  | The estates construct terraces at slope area of more than 6 degree. Planting of cover crop are made to retain the soil structure and conservation. Road   | Yes        |

| Criterion / Indicator   |  | Assessment Findings   | Compliance |
|---|--|---|------------|
|   | 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.<br><br>- Major compliance - | side pit are made to divert water at slope areas to prevent road erosion and surface damage. Terraces are constructed inclined towards the terrace wall.  |            |
| 4.6.1.3   | A visual identification or reference system shall be established for each field.<br><br>- Major compliance -   | All fields are marked and identified. Information like year planting (field no) and the total hectare is shown in all markers. There are both stencilled at the palm trees and also displayed in signages at the boundary/corners of every fields. This is observed during the field visit in both Welch & Lanadron Estates.  | Yes        |
| <b>Criterion 4.6.2: Economic and financial viability plan</b> |  |   |            |
| 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.<br><br>- Major compliance -  | The annual business plan is available. Both estates and the mill had a similar format i.e in the form of annual budget with a 5 year projection. (Budget year,PY2,PY3,PY4,PY5) This business plan is prepared as guidance for future planning. The budget contains palm year of planting, age categories, and FFB production.<br><br>Component of operating expenditure includes Administration, harvesting & collection, field upkeep, transportation, road and bridges, labour overhead, EVIT (running accounts for engines, vehicles, implements & tractors. Inclusive in the business plan is also Capital Expenditure (CAPEX) among others replacement / upgrading of building, vehicles replacement, workers amenities etc. the budget for 2017/18 for both the estates was sighted and verified. | Yes        |
| 4.6.2.2   | Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.   | There is no replanting program for both the estates for the forthcoming 5 years. Details as per item 4.5.7.1 above.   | Yes        |

| Criterion / Indicator   | Assessment Findings   | Compliance |
|---|---|------------|
| - Major compliance -  |   |            |
| 4.6.2.3<br>The business or management plan may contain:<br>Attention to quality of planting materials and FFB<br>Crop projection: site yield potential, age profile, FFB yield trends<br>Cost of production : cost per tonne of FFB<br>Price forecast<br>e) Financial indicators : cost benefit, discounted cash flow, return on investment<br>- Major compliance - | This requirement i.e crop material, crop projection, yield, production cost are available. It is provided in the business management plan shown in item 4.6.2.1 above.<br><br>The estates had a format and guideline to calculate the returns on the field operations i.e Income=sale of FFB (with award of CPO/CPK from the mill) less the expenditure (fixed and direct cost). This format is sighted.  | Yes        |
| 4.6.2.4<br>The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.<br>- Major compliance -   | The estates performance is recorded in the monthly progress report. Details on the actual vs budget i.e crop production, fixed and direct cost are shown therein. The management also provides variance report on the performance and reviewed on a monthly basis. The supervisory personnel maintained a daily cost for the field operations. The SOU meeting involving the Managers sits monthly with the Head Zone for the performance review. | Yes        |
| <b>Criterion 4.6.3: Transparent and fair price dealing</b>  |   |            |
| 4.6.3.1<br>Pricing mechanisms for the products and other services shall be documented and effectively implemented.<br>- Major compliance -  | This is available in the guidelines LOA (limit of authority) and revised sourcing method for plantation upstream Malaysia dated 11/7/2017. All tender and pricing exercises are handled by the HQ management. Projects are tendered from the approved vendors registered with HQ. Payments are processed and made by HQ through system named MEX. This is made upon job verification by the mill personnel  | Yes        |

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| Criterion / Indicator                               |   | Assessment Findings   | Compliance |
|---|---|---|------------|
| 4.6.3.2   | All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.<br>- Major compliance -  | This requirement is in compliance. All contracts and purchases are documented i.e in the form of purchase orders, invoices, contracts for the larger transaction. All documents are signed by both vendor and estates.  | Yes        |
| <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.<br>- Major compliance -  | This requirement has been specified in a letter dated 01/7/2017 on RSPO/ISCC/MSPO awareness on to all the contractors, vendors of the estates. This letter was sighted and has stated that all Contractors need to follow RSPO/ISCC/MSPO guideline in accordance with the Sime Darby Plantation of Estate Quality Management System | Yes        |
| 4.6.4.2   | The management shall provide evidence of agreed contracts with the contractor.<br>- Major compliance -  | This is in compliance. All estates maintain contract with the vendors as specified in the financial procedure. A contract was sighted. Transaction between M/S CVM Transport Sdn Bhd and Welch Estate dated 18/7/2016. Inclusive in the contract is a clause for compliance with all the relevant governing law.                    | Yes        |
| 4.6.4.3   | The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.<br>- Minor compliance -   | This is specified in the letter dated 01/7/2017 as shown in item 4.6.4.1 above.   | Yes        |
| 4.6.4.4   | The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted.<br>- Major compliance - | All works performed at the estates are checked and verified by the estates personnel. Projects where tenders are issued by HQ are checked by representative from HQ usually from the Engineering Dept.  | Yes        |
| <b>4.7 Principle 7: Development of new planting</b> |   |   |            |
| <b>Criterion 4.7.1: High biodiversity value</b>     |   |   |            |

| Criterion / Indicator   |   | Assessment Findings                                   | Compliance |
|---|---|---|------------|
| 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.<br>- Major compliance -  | There is no new planting in both the estates visited. | Yes        |
| 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.<br>- Major compliance - | N/A   | Yes        |
| <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.<br>- Major compliance -  | N/A   | Yes        |
| <b>Criterion 4.7.3: Social and Environmental Impact Assessment (SEIA)</b> |   |   |            |
| 4.7.3.1   | A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.<br>- Major compliance -  | N/A   | Yes        |
| 4.7.3.2   | SEIAs shall include previous land use or history and involve independent consultation as per national and   | N/A   | Yes        |

| Criterion / Indicator   |   | Assessment Findings | Compliance |
|---|---|---------------------|------------|
|   | state regulations, via participatory methodology which includes external stakeholders.<br>- Major compliance -  |                     |            |
| 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.<br>- Major compliance -  | N/A                 | Yes        |
| 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.<br>- Minor compliance - | N/A                 | Yes        |
| <b>Criterion 4.7.4: Soil and topographic information</b>                      |   |                     |            |
| 4.7.4.1   | Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.<br>- Major compliance -  | N/A                 | Yes        |
| 4.7.4.2   | Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.<br>- Major compliance -  | N/A                 | Yes        |
| <b>Criterion 4.7.5: Planting on steep terrain, marginal and fragile soils</b> |   |                     |            |



| Criterion / Indicator                  |  | Assessment Findings | Compliance |
|--|--|---------------------|------------|
| 4.7.5.1                                | Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.<br>- Major compliance -   | N/A                 | Yes        |
| 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.<br>- Major compliance -  | N/A                 | Yes        |
| 4.7.5.3                                | Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.<br>- Major compliance -   | N/A                 | Yes        |
| <b>Criterion 4.7.6: Customary land</b> |  |                     |            |
| 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.<br>- Major compliance - | N/A                 | Yes        |
| 4.7.6.2                                | Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.<br>- Minor compliance -  | N/A                 | Yes        |

| Criterion / Indicator | Assessment Findings   | Compliance |
|-----------------------|---|------------|
| 4.7.6.3               | Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.<br>- Major compliance - | Yes        |
| 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.<br>- Major compliance -   | Yes        |
| 4.7.6.5               | Identification and assessment of legal and recognised customary rights shall be documented.<br>- Major compliance -   | Yes        |
| 4.7.6.6               | A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.<br>- Major compliance -   | Yes        |
| 4.7.6.7               | The process and outcome of any compensation claims shall be documented and made publicly available.<br>- Major compliance -   | Yes        |
| 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.<br>- Minor compliance -   | Yes        |

**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  | <p>Policy for the implementation of MSPO shall be established.</p> <p>- Major compliance -</p>   | <p>The internal memo from Mr Tan Men Kon, Head of Plantation Sustainability &amp; Quality Management documented the commitment Sime Darby towards MSPO implementation. The internal memo dated 8<sup>th</sup> September 2017 was issued to all Estates and Mills. The commitment is to implement and certified with MSPO by December 2017.</p>  | Yes |
| 4.1.1.2  | <p>The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation.</p> <p>- Major compliance -</p>           | <p>The continual improvement commitment is documented in the following Management &amp; Operation Policies:</p> <ul style="list-style-type: none"> <li>• Quality Management Policy dated January 2015</li> <li>• Lean Six Sigma Policy dated January 2015</li> <li>• Quality Policy dated January 2015</li> </ul> <p>The commitments are made by Datu Franki Anthony Dass the Managing Director of Sime Darby Plantations Berhad.</p> | Yes |
| Criterion 4.1.2 – Internal Audit                               |  |   |     |
| 4.1.2.1  | <p>Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.</p> <p>- Major compliance -</p> | <p>The Internal Audit Procedure (SD/SDP/PSQM/IAP) dated 01/05/2015 documented the process to conduct internal audit.</p> <p>This is the initial certification of MSPO. The internal audit schedule for 2017 has been planned and communicated by Regional SQM to all central west region Estates and Mills.</p>   | Yes |

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|--|---|---|------------|
|  |   | The last internal audit for sustainable palm oil was conducted on 8 <sup>th</sup> September 2017. The internal audit had covered all the MSPO MS2530 elements.  |            |
| 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.<br><br>- Major compliance - | The internal audit report dated 8 <sup>th</sup> September had included root cause analysis and corrective action plan. One sample on the finding closure from the last internal audit was verified. The finding raised was on indicator 4.4.4.1 regarding worker audiometric medical examination. The closing of the finding was to remove the worker to other temporary workstation and arranged for examination. The examination was scheduled on 16 <sup>th</sup> Oct 2017 at Pantai Hospital. The letter of removal to temporary workstation was sited.             | Yes        |
| 4.1.2.3  | Reports shall be made available to the management for their review.<br><br>- Major compliance -   | The internal audit report has distributed to the POM management and Sime Darby Plantation HQ management. There is a monthly SQM meeting at HQ level to review the treading of findings raised in both internal and external audit.  | Yes        |
| <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.<br><br>- Major compliance -         | Sime Darby is RSPO certified. On annual basis management review is conducted on regional level. The last management review was conducted on 7 <sup>th</sup> Aug 2017. The management review had included internal and external sustainable palm oil audit results review. The status of the correction and preventive actions are being discuss and reviewed.<br><br>The management review was conducted on Operating Unit level. The meeting was chaired by the Mill Manager En Ahmad Fauzi Hj Jantan. The minutes of the meeting and review presentation was sighted. | Yes        |
| <b>Criterion 4.1.4 – Continual Improvement</b> |   |   |            |

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|--|---|--|------------|
| 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.<br>- Major compliance -                                  | The latest Continual Improvement Plan for FY 2017/2018 was adopting the RSPO CIP. The improvement plan includes workers welfare, waste management occupational health and safety and operation improvement.  | Yes        |
| 4.1.4.2  | The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.<br>- Major compliance -                    | The staff/workers competency training plan for FY 2017/2018 was established. The training identified including operations, understanding of MSPO/RSPO requirements, human rights, company policies, health and safety etc.<br><br>The FY2017/2018 OPEX budget has include training budget and operations improvement including environmental improvement, worker welfare, OHS etc.<br><br>Interview with workers confirmed trainings are provided by company on regular basis. | Yes        |
| <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 adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.<br>- Major compliance - | The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2). The time frame to provide feedback to the stakeholder is documented to be 2 weeks of the date receiving the queries. The Mill Manager is responsible to address all communication and request for documentations that could be made available to public/stakeholders.  | Yes        |
| 4.2.1.2  | <u>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.</u> | Sime Darby Plantations Bhd continued to use the group website for disseminating public information. The Sustainability Report and Group Annual report is available in website.   | Yes        |

| Criterion / Indicator  | Assessment Findings  | Compliance |
|--|--|------------|
| <p><del>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.</del></p> <p>- Major compliance -</p> | <p>Information relating to land titles, safety and health plans, pollution prevention plans, and annual report are available at the mill.</p> <p>In addition to the website, the policies were also displayed at various locations including the main notice boards of the estates, mill offices and muster ground notice boards for employees and visitors to view.</p> <p>Procedure for complaints and grievances were available through Sime Darby Plantations Bhd website at <a href="http://www.simedarbyplantation.com/Sustainability.aspx">http://www.simedarbyplantation.com/Sustainability.aspx</a></p> |            |
| <b>Criterion 4.2.2 – Transparent method of communication and consultation</b>  |  |            |
| <p>4.2.2.1</p> <p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>   | <p>The Standard Operation Manual dated 01/11/2008 documented the process for Procedure for External Communication (sub-section 5.5, Appendix 5.5.3.2).</p> <p>The Sustainable Plantation Management System Appendix 5 (Flowchart and Procedures on handling Social Issues) dated 01/11/2008 documented the process for handling communication regarding social issues</p>  | Yes        |
| <p>4.2.2.2</p> <p>The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i>.</p> <p>- Minor compliance -</p>   | <p>The Mill Manager is responsible to deal with the external communication.</p>  | Yes        |
| <p>4.2.2.3</p> <p>A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.</p> <p>- Major compliance -</p>                                       | <p>The latest stakeholders list was updated on 3<sup>rd</sup> July 2017.</p> <p>Pagoh POM will conduct once a year external stakeholder consultation. The last meeting was conducted on 3<sup>rd</sup> August 2017. There were no issues raised in the stakeholder consultation. Hence no action plan was required.</p>  | Yes        |
| <b>Criterion 4.2.3 – Traceability</b>  |  |            |

| Criterion / Indicator   | Assessment Findings   | Compliance |
|---|---|------------|
| <p>4.2.3.1</p> <p>The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability.</p> <p>- Major compliance -</p> | <p>Pagoh POM is receiving FFB mainly from it supply base - Welch Estate, Pengkalan Bukit Estate, Pagoh Estate and Lanadron Estate. However, Pagoh POM also received crop from its POM supply base including Kempas Estate, Tangkak Estate, Serkam Estate, Merlimau Estate, Sungai Gemas Estate, Sungai Senarut Estate and Muar River Estate.</p> <p>The weighbridge ticket provided the following details:</p> <ul style="list-style-type: none"> <li>• Supplied from which estate</li> <li>• Product (FFB or Loose fruit)</li> <li>• Delivery note from estates stating the weight and fruit grade (A or B).</li> <li>• D.O Number</li> <li>• Weight of the shipment</li> <li>• Date of the shipment</li> </ul> <p>During the MSPO assessment, the estates supplying to Pagoh POM are not yet MSPO certified.</p> <p>For despatch of CPO, the weigh bridge ticket includes the following information to enable the customer to trace the CPO source:</p> <ul style="list-style-type: none"> <li>• Customer Name</li> <li>• Destination of the CPO</li> <li>• Product</li> <li>• DO number</li> <li>• PO number</li> <li>• Weigh of the product.</li> </ul> | <p>Yes</p> |

| Criterion / Indicator                             |  | Assessment Findings  | Compliance |
|---|--|--|------------|
|   |  | There is no external FFB processed in the POM. All FFB received are from Sime Darby's estates.   |            |
| 4.2.3.2   | The management shall conduct regular inspections on compliance with the established traceability system.<br>- Major compliance -   | The Sustainable Plantation Management System Appendix 15 dated March 2016 documented the procedure for traceability. The procedure requires validation of certificate of supplying estate.<br><br>The procedure had identified critical control points to prevent contamination of non-certified FFB.<br><br>The current traceability system is Sime Weigh System.<br><br>The responsible personal for the traceability is the Mill Manager. | Yes        |
| 4.2.3.3   | <del>The management shall identify and assign suitable employees to implement and maintain the traceability system.</del><br><del>The management shall identified and assign suitable employees to implement and maintain traceability system.</del><br>- Minor compliance - | The overall personal in charge for the traceability is the Mill Manager. The responsibility is stated in the job description. Hence there is no required to have a formal letter of appointment.<br><br>The responsible person for traceability is Ms Umah D/O Sandakumaran appointed on 07/08/2017. The training on the traceability was provided by PSQM on 3 <sup>rd</sup> October 2017.  | Yes        |
| 4.2.3.4   | Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.<br>- Major compliance -   | The records of CPO sales has been verified. The dispatch of the CPO are determine by HQ Sales & Marketing and will be entered into the Sime Weigh System. The weigh bridge operator will check the system before releasing the dispatch.<br><br>The sample dispatch documentation sighted was – ticket 009177 dispatch to Nuri Edible Oil (NEO Complex) dated 11/10/2017.  | Yes        |
| 4.3 Principle 3: Compliance to legal requirements |  |  |            |
| Criterion 4.3.1 – Regulatory requirements         |  |  |            |

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|---|--|------------|
| <p>4.3.1.1</p> <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 SOU 19. 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>Sample of licenses or permit viewed were:</p> <p>MPOB license: 565809104000 (validity period 1/11/2017 - 31/10/2018) for 180,000MT.</p> <p>DOE License: JPKKS 002366 (validity period 1/7/2017 - 30/6/2018) for 45MT/hr and method of POME discharge is water course.</p> <p>Energy commission license; Installation no.: ST(SJB)P/SJHR/01967; serial no.: 5987/2017 (validity period for 1 year from 22/07/2017) for 1600 kW installation capacity.</p> | <p>Yes</p> |
| <p>4.3.1.2</p> <p>The management shall list all relevant laws related to their operations in a legal requirements register.</p> <p>- Major compliance -</p>                     | <p>The Legal &amp; Other Requirements Register (LORR) covers all the necessary regulatory requirements. The LORR for was reviewed on 20/7/2017.</p> <p>List of applicable legal and other requirements was made available during the assessment and complied in the QSHE/04/5.2.4 folder. 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>Yes</p> |

| Criterion / Indicator                     |   | Assessment Findings  | Compliance |
|---|---|--|------------|
| 4.3.1.3                                   | The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.<br>- Major compliance -   | The Legal & Other Requirements Register (LORR) covers all the necessary regulatory requirements. The LORR for was reviewed on 20/7/2017.<br><br>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. The latest change in regulation applicable to the POM operation is the Labour Law.   | Yes        |
| 4.3.1.4                                   | The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements.<br>- Minor compliance -   | 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.  | Yes        |
| <b>Criterion 4.3.2 – Lands use rights</b> |   |  |            |
| 4.3.2.1                                   | The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.<br>- Major compliance -                | The Pagoh POM is sited on Pagoh Estate. The Pagoh estate has been established since 1963/1964.<br><br>The land title applicable to Pagoh POM with Grant number 93881 (lot 2159) registered to Sime Darby Plantation Sdn Bhd (now Sime Darby Plantation Berhad) on 03/07/2013. The usage of land is not stated. The land was granted by the Johor State. Hence it is applicable for any usage. The original land title was registered on 25/11/2002.<br><br>The quit rent for this portion was made on 23/05/2017 to the Land Authority of Johor State. | Yes        |
| 4.3.2.2                                   | The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.<br>- Major compliance - | Refer to 4.3.2.1<br><br>The perimeter survey map of the land portion is provided together with the land title. The map is has provided the coordinated demarcation.  | Yes        |

| Criterion / Indicator  |  | Assessment Findings   | Compliance |
|--|--|---|------------|
| 4.3.2.3  | Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.<br>- Major compliance -  | The map of the land portion is provided together with the land title. The map has provided the coordinated demarcation.   | Yes        |
| 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).<br>- Minor compliance - | There is no land dispute recorded. This was verified with stakeholders' consultation.<br><br>In order to deal with future arising land dispute (if applicable), the Sustainable Plantation Management System (SPMS) Appendix 3 dated 01/11/2008 documented the process in handling boundaries disputes. | Yes        |
| <b>Criterion 4.3.3 – Customary rights</b>  |  |   |            |
| 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.<br>- Major compliance -  | There is no customary land for the portion of land.   | Yes        |
| 4.3.3.2  | Maps of an appropriate scale showing extent of recognized customary rights shall be made available.<br>- Minor compliance -  | There is no customary land for the portion of land.   | Yes        |
| 4.3.3.3  | Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.<br>- Major compliance -   | There is no customary land for the portion of land.   | Yes        |
| <b>4.4 Principle 4: Social responsibility, health, safety and employment condition</b> |  |   |            |
| <b>Criterion 4.4.1: Social Impact Assessment (SIA)</b>                                 |  |   |            |

| Criterion / Indicator                             |  | Assessment Findings   | Compliance |
|---|--|---|------------|
| 4.4.1.1   | <p>Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.</p> <p>- Minor compliance -</p> | <p>The Social assessment for SOU19 Pagoh Oil Mill was conducted internally by the Plantation Sustainable and Quality Management (PSQM) Team. The last SIA was conducted in June 2013.</p> <p>The recommendation from the SIA report was transferred to action plan. The action plan identified the issues &amp; strategies, action plan, responsible person and time frame.</p> | Yes        |
| <b>Criterion 4.4.2: Complaints and grievances</b> |  |   |            |
| 4.4.2.1   | <p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>- Major compliance -</p>  | <p>Under the sustainable plantation management system Appendix 5, procedure on handling social issue (version 1; year 2008) has been implemented.</p> <p>Under Group policies and authorities GPA No 85 Whistleblowing provide an internal mechanism for reporting, investigating and remedying any wrongdoing.</p>   | Yes        |
| 4.4.2.2   | <p>The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties.</p> <p>- Major compliance -</p>       | <p>The complaint and grievances is open to effected parties including internal and external stakeholders. The time to process the complaints or grievances is 2 weeks.</p>  | Yes        |
| 4.4.2.3   | <p>A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.</p> <p>- Minor compliance -</p>           | <p>The complaint form is made available in the mill office. In case the complainant would want to make an anonymity complaint it can be made through electronic Complaint form or email to Senior Director or Whistleblowing committee or toll free number or fax or by mail. This information is available in notice boards in the mill.</p>                                   | Yes        |
| 4.4.2.4   | <p>Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.</p>                         | <p>Interview conducted with workers to confirm their understanding of the complaint and grievance process.</p>  | Yes        |

| Criterion / Indicator  | Assessment Findings  | Compliance |
|--|--|------------|
| - Minor compliance -   | There is no grievance recorded for the pass one year. Only request for maintenance housing are made by workers.  |            |
| 4.4.2.5<br>Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.<br>- Major compliance -   | The complaint record for request for maintenance are available and kept for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents.   | Yes        |
| <b>Criterion 4.4.3: Commitment to contribute to local sustainable development</b>  |  |            |
| 4.4.3.1<br>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.<br>- Minor compliance - | Mill management have made contribution to the internal and external stakeholders. For example: The management has organized activities and seminar related to religion to the workers, Welch sport day, seminar related to safety, donation to school for school trip, donation of computer to school, donation for PIBG SK Kota Raja Panchor etc.   | Yes        |
| <b>Criterion 4.4.4: Employees safety and health</b>  |  |            |
| 4.4.4.1<br>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.<br>- Major compliance -   | The Group Occupational Safety & Health Management Policy had been established and implemented. The policy was signed by the Managing Director of Sime Darby Plantation on January 2015 and displayed prominently on notice boards in English and local language Bahasa Malaysia. The Policy is implemented through the OSH activities by the on-site Safety Officers and monitored by OSH Manager from Head Office.<br><br>Included in the policy is the commitment of the Company to provide and maintain a safe and healthy working environment of its employees & contractors & visitors.<br><br>In Interviews with the workers and staff during the site visit revealed that the employees has been briefed and has understood the policy. | Yes        |

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|---|---|------------|
| <p>4.4.4.2</p> <p>The occupational safety and health plan should cover the following:</p> <p>A safety and health policy, which is communicated and implemented.</p> <p>The risk of all operations shall be assessed and documented.</p> <p>An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:</p> <p>All employees involved are adequately trained on safe working practices;</p> <p>All precautions attached to products should be properly observed and applied;</p> <p>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>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.</p> <p>The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust</p> | <p>The policy has been established and elaborated in item 4.4.4.1 above.</p> <p>The risk of all operations were assessed and documented under HIRARC. The HIRARC for the mill operations was last reviewed on 29/9/2017. HIRARC for the following stations/activities were sighted;</p> <p>Steriliser/security checking tanks/boilers/storage tanks/nut silos/kernel silo/kernel storage/kernel station/oil room/workshop operation.</p> <p>Following an accident involving an operator at the steriliser station a HIRARC was reviewed on 29/9/17 for the procedure of dismantling the rubber hose from the steriliser tale hole.</p> <p>Another HIRARC was revised on 10/7/17 for working procedure at height &amp; training for employees are provided. The training includes for the employees handling chemicals and other safe working procedures. Extracted at random from the training are the following session;</p> <p>Date: 14/2/2017 "chemical spill drill" training by PSQM attended by 14 workers.</p> <p>Date: 01/2/2017 "oil spill drill" attended by 21 people by PSQM.</p> <p>Date: 29/9/17 "Safety training steriliser operation" attended by 11 workers.</p> <p>Date: 20/9/2017 "Environmental" training attended by 47 people.</p> <p>Date 23/08/17 "Training at height" attended by 50 employees</p> <p>Date 10/08/17 "first Aid" Training attended by 9 workers.</p> <p>Date 02/8/17 "Safety briefing use of PPE at workplace" attended by 47 employees. PPE issued to the workers is safety helmets, safety shoes. Special PPE for workers assigned to height, confined space. Safety shoes issued on a 6 monthly basis and recorded.</p> | <p>Yes</p> |

| Criterion / Indicator  | Assessment Findings   | Compliance |
|--|---|------------|
| <p>shall have knowledge and access to latest national regulations and collective agreements.</p> <p>The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept and the concerns of employees and any remedial actions taken shall be recorded.</p> <p>Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p> | <p>SOP of handling of chemicals is available. The document was dated 26/02/17 titled "chemical safety management" 17 pages. Therein is shown requirement &amp; selection of chemicals, assessment of chemicals hazards, selection of supplier and transportation of chemicals. Storage, handling and training of such is also stated therein.</p> <p>The management appointed En Asrul Ajib Jaafar through a letter dated 13/7/2017 as the secretary of safety &amp; health secretary/ESH MR. He was trained at NIOSH as an authorised entrant and standby person for confined space (ref serial no NW-HQ-AE-3122-P expiring in 16/05/2019)</p> <p>Communications are made through safety meeting /site supervision/dialogue/briefing during the weekly muster;</p> <p>The safety meeting was held 3 monthly having a total of 4 meeting in a year. The dates of meeting organised in 2017 are on 21/9/2017, 05/7/2017, 05/04/2017, 06/1/2017. There were standard agenda discussed as provided by PSQM. Additional issue where deemed important by the committee will be included in the discussion. Minutes of 2 meeting 21/9/17 &amp; 05/04/17 was sighted. Among others the agenda discussed in the safety meeting are:</p> <p>Workplace inspection<br/>Line site visit report<br/>Accident statistics/report<br/>Unsafe act<br/>Legislative requirement / update<br/>GCAD/PSQM Audit highlight</p> |            |

| Criterion / Indicator                         |   | Assessment Findings   | Compliance |
|---|---|---|------------|
|   |   | <p>Accident and emergency procedures are available. There is a formation of ERP Team &amp; ERP for all the identified incidences. The organisation chart for the ERP team was appointed and displayed for information of the employees - Drill for fire ERP was organised on 6/7/17, Drill for chemical spillage, working at height (3m) explosion, effluent spillage was conducted on 20/3/17, fire fighting equipment, chemical spill drill 14/2/17, emergency evacuation drill held on 20/3/17, Oil spill drill on 1/2/17.</p> <p>An in-house first aid training was conducted on 10/8/17 attended by 9 employees. In addition the management has trained En Izanuddin Jailani and Puan Siti Rabellah in First Aid. Both were sent for a 2 day training on 19-20/1/17 at Pantai Hospital.</p> <p>Records of all accidents are kept. Accident incidences are reviewed during safety meetings. Accidents records were sighted 26/9/17 at steriliser / 14/7/17 estate area travelling / 01/6/17 slippery A/P.</p> |            |
| <b>Criterion 4.4.5: Employment conditions</b> |   |   |            |
| 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>SOU 19 has implemented Social Policy since January 2015. Human rights is one of the elements under the Social Policy. The management is treated the workers with respect and fair. Awareness training on human rights has been conducted on 13/10/2016 to all the workers</p>  | Yes        |
| 4.4.5.2                                       | <p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>- Major compliance -</p> | <p>Migrant workers are recruited with 2+1 years contract. Local workers are on a long term employment. No any kind of discrimination was noted. Job opportunities and amenities such as free housing, water and electric supplier (connect to national water and electricity supply) and medical care are given to all employees without discrimination.</p>  | Yes        |



| Criterion / Indicator   | Assessment Findings   | Compliance |
|---|---|------------|
| 4.4.5.3<br>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.<br><br>- Major compliance -  | All the workers are under direct employment. The payslip has included basic income, allowance pay, working days, medical leave, deduction of salary and etc. The payroll for the following sampled workers for June 2017 – September 2017 was verified to be consistent with the Minimum Wage Act 2012.<br><br>There was no records or complaint observed during the interview with workers. All the sampled workers for direct employment and contract workers were achieved the minimum wage accordance to Minimum Wage Order 2016 which achieved RM 1000/ month or RM 38.46/day. | Yes        |
| 4.4.5.4<br>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.<br><br>- Minor compliance -   | There is no contract workers in the mill. There is only transporter workers.  | Yes        |
| 4.4.5.5<br>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.<br><br>- Major compliance - | The workers master list was reviewed. The list includes date of birth, date joined, gender etc.<br><br>The wages list is in the Sime Darby SPA system and the entry of price is control by HQ.  | Yes        |
| 4.4.5.6<br>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.<br><br>- Major compliance -  | The following contracts has been verified to confirm that workers have binding working agreement with the company:<br><br>Hasanudin (ID 108211)<br><br>Musri b Ali (ID 86341)   | Yes        |

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| Criterion / Indicator | Assessment Findings   | Compliance   |
|-----------------------|---|--|
|                       | <p>Kumaruvai a/I Rudran (ID 86602)</p> <p>Interview with the workers confirms that they have a copy of the employment contract and they understood the conditions stated in the contract.</p>   |  |
| <p>4.4.5.7</p>        | <p>The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.</p> <p>- Major compliance -</p>   | <p>The employment contract for the following worker was sighted:</p> <p>Hasanudin (ID 108211)</p> <p>Musri b Ali (ID 86341)</p> <p>Kumaruvai a/I Rudran (ID 86602)</p> <p>The terms of employment is as per MAPA/NUPW.</p>   |
| <p>4.4.5.8</p>        | <p>The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable.</p> <p>- Major compliance -</p>      | <p>The working hours are recorded using "punch card" system. The punch card will be verified by supervisor daily. The supervisor will input the code in the "Daily Input Form" (e.g. Normal Full Day, rest day work, paid holiday work etc) for the payroll clerk to compile the monthly salary.</p> <p>In case the worker is on leave or absence, it is recorded in the "Daily Input Form".</p> |
| <p>4.4.5.9</p>        | <p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p>- Major compliance -</p>  | <p>Overtime is paid 1.5 times; Rest day work is paid 2 times and Public Holiday is paid 3 times.</p> <p>The payslip and the inputs were reviewed to confirm the wages and overtime is in line with legal requirements the MAPA/NUPW regulations.</p>   |
| <p>4.4.5.10</p>       | <p>Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings.</p> | <p>The company provides:</p> <p>5kg rice and 5kg cooking oil to all workers once every 2 months</p> <p>RM5 mobile subsidy to all workers.</p>  |

| Criterion / Indicator            | Assessment Findings   | Compliance |
|----------------------------------|---|------------|
| - Minor compliance -             | <p>Free medical benefit to workers dependent at the estates clinics.</p> <p>Renewal for driving license for local workers</p> <p>Sending worker's children to schools</p> <p>Once a year festival token to all workers</p> <p>Yearly schooling assistance</p> <p>Sime Darby scholarship</p> <p>The field workers are paid with Productivity Incentive. The more they work the higher the incentive.</p>   |            |
| 4.4.5.11<br>- Major compliance - | <p>The basic amenities and facilities at the quarters provided by the company to it workers includes electricity, water and domestic waste disposal. Electricity and water is connected with the national infrastructure facilities. The usage of electricity and water is bared by the workers themselves.</p> <p>During the field assessment, it was observed that the housing are in good conditions. For local workers with family, each will be given a house while for foreign workers for single workers, it will be given shared house of 3 each per house.</p> <p>For foreign workers, all foreign workers will be given a starter kit which includes basis amenities (e.g. mattress, cooking utilises).</p> | Yes        |
| 4.4.5.12<br>- Major compliance - | <p>The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.</p> <p>The Gender Policy was established since January 2015. The Policy covers the commitment to prevent sexual harassment and all forms of violence against women, workers and community. The signatory of the Policy is by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantation.</p>  | Yes        |

| Criterion / Indicator   | Assessment Findings  | Compliance |
|---|--|------------|
| <p>4.4.5.13</p> <p>The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p>- Major compliance -</p> | <p>During the interview with workers, there are no evidence received that there are restriction from the company to allow workers to join trade union. The workers have their freedom to join the NUPW/MAPA union.</p> <p>The Social Policy established since 2015 covers the commitment of the company towards respecting the rights of all personnel to form and join trade unions of their choice to bargain collectively.</p> <p>The workers union representative for the mill is Mohd Ridzuan Saat.</p>                       | <p>Yes</p> |
| <p>4.4.5.14</p> <p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.</p> <p>- Major compliance -</p>  | <p>The Social Policy and Social &amp; Humanity Management Policy was established since January 2015. The Policy covers the commitment to not condone forced labour or child labour. The signatory of the Policy is by Datuk Franki Anthony Dass the Managing Director of Sime Darby Plantation.</p> <p>Field observation, interviewing with workers and verification of workers master list confirmed that there is no child labor.</p>  | <p>Yes</p> |
| <p><b>Criterion 4.4.6: Training and competency</b></p>  |  |            |
| <p>4.4.6.1</p> <p>All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.</p> <p>- Major compliance -</p>   | <p>The annual training program has been established and significantly covers all aspects of the RSPO Principles and Criteria. Additional subjects include mill operating procedures, parameters of mill produce, machinery maintenance etc. The training program also specified the target group of employees to be trained under the allocated subjects.</p> <p>The program mainly covers both requirement of the estates and mill in the SOU 19. The subject for the training are issued and assisted by the PSQM personnel.</p> | <p>Yes</p> |

| Criterion / Indicator | Assessment Findings   | Compliance |
|-----------------------|---|------------|
|                       | <p>The following topics included in the annual training program 2017/18 among others are extracted below;</p> <p>OSH Act 7 regulations 1994.<br/>           Environmental Quality Act 1974<br/>           USECHH 2000<br/>           OSH Committee and function.<br/>           First Aid Training<br/>           Scheduled waste training<br/>           RSPO/MSPO training<br/>           Water treatment<br/>           HCV &amp; Biodiversity training.</p> <p>Records of training for Pagoh Mill sighted during this audit is shown in item 4.4.4.2 above.</p>   |            |
| 4.4.6.2               | <p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p>- Major compliance -</p> <p>The training needs for the mill 2017/18 training program has been established. The details of the training needs include categories of stations, subjects, and employees group.</p> <p>Included in this program are subjects related to environment e.g. environmental, safety &amp; health policy, scheduled waste management, environmental responsibility, HCV &amp; Biodiversity training, machine handling, mill stations operations, control of process parameters, workshop management. etc</p> | Yes        |

| Criterion / Indicator   |   | Assessment Findings  | Compliance |
|---|---|--|------------|
| 4.4.6.3   | A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.<br>- Minor compliance - | This is in compliance and detailed in 4.4.6.1 above. Training program are made on annual basis. In addition it is subject for a review during the financial year should need arises.   | Yes        |
| <b>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</b> |   |  |            |
| <b>Criterion 4.5.1: Environmental Management Plan</b>                                       |   |  |            |
| 4.5.1.1   | An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.<br>- Major compliance -                         | There is an Environmental Management Policy for the mill issued and endorsed in Jan 2015 by the Managing Director. Inside the policy among others has stated that the Company is committed to protecting the environment and conserving biodiversity through sustainable development.  | Yes        |
| 4.5.1.2   | The environmental management plan shall cover the following:<br>An environmental policy and objectives;<br>The aspects and impacts analysis of all operations<br>- Major compliance -   | Policy is available and objectives stated therein.<br>The environmental impact evaluation for boiler operation, power generation, crude palm oil storage leakage and spillage, ruptured, effluent pond ruptured, anaerobic process pong release of gas to atmosphere.  | Yes        |
| 4.5.1.3   | An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.<br>- Major compliance -   | This plan is available and updated on 11/7/2017. The environmental issues for improvement outlined by the mill are sampled as follows;<br>Spillage of leachate at EFB disposal area.<br>Actions are to fabricate & install gutter at surrounding EFB yard. Also to transfer pump at the gutter pit to transfer leachate to raw effluent pond.<br>Rupture of scheduled waste tank | Yes        |

| Criterion / Indicator  |   | Assessment Findings   | Compliance |
|--|---|---|------------|
|  |   | <p>Actions are to ensure containment wall well maintained.</p> <p>CPO overflow from storage tank.</p> <p>Actions are to ensure containment wall maintained and to ensure level indicator in working order.</p> <p>All action are to be monitored on the indicated frequency shown in the plan.</p>  |            |
| 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>This is available as per item 4.5.1.3 above. All programme for improvement are shown in the 'action to be taken' column</p>  | Yes        |
| 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>A training program is available in the SOU Training Program updated on a yearly basis or revised as per the management requirement. Included in this programme are subjects related to environment e.g environmental, safety &amp; health policy, scheduled waste management, environmental responsibility, HCV &amp; Biodiversity training.</p>   | Yes        |
| 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>The Environmental Performance Monitoring Committee is setup to comply with the DOE requirement of Guidance Self-Regulation (GSR). The meeting it to review environmental performance within the POM. The last meeting was conducted on 21/09/2017.</p>   | Yes        |
| <b>Criterion 4.5.2: Efficiency of energy use and use of renewable energy</b> |   |   |            |
| 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>The monitoring is recorded in environment performance indicator-electricity generated by steam turbine tabulated for the financial year 2017/18. It is calculated as electricity generated from turbine that produces power for the mill entire complex operation unit in kwh/mt FFB.</p> <p>A monthly record on energy consumption for both renewable and non-renewable sources were also maintained documented. It is monitored to</p> | Yes        |

| Criterion / Indicator   | Assessment Findings  | Compliance |
|---|--|------------|
| - Major compliance -  | <p>optimise use of renewable energy. The data is compiled for comparison and control for future improvement with aim of gradual reduction particularly diesel. A target as set by the mill was sighted in the FY 2015/16. e.g usage: 4.86 mt/CPO, kWh turbine (3,929,700) at ratio of 24.87 kWh/FFB (FY 15/16)</p> <p>Under the energy management plan 2017/18 the mill aimed for reduction plan among others;</p> <ul style="list-style-type: none"> <li>- educate workers on fuel saving practice</li> <li>- avoid leakages during vehicles maintenance.</li> </ul>  |            |
| <p>4.5.2.2</p> <p><del>Palm oil millers shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations.</del></p> <p><del>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.</del></p> <p>- Major compliance -</p> | <p>The mill records the following data and tabulated the ratio against the FFB processed and CPO produced to determine the efficiency of their operations;</p> <p>all the diesel used (non-renewable) for the mill operations</p> <p>fibre/shell used (renewable)</p> <p>In this relation the following data were sighted and verified</p> <p>Non renewable energy usage for 2017/18 for month of July – Sept. and the entire 2016/17. Ratio mt diesel/mt CPO produced ranges from 0.00017 to 0.00077.</p> <p>Renewable energy usage for 2017/18 July-Sept. ratio shell/fibre mt /mt CPO varies from 5.13 to 5.25.</p> | Yes        |
| <p>4.5.2.3</p> <p>The use of renewable energy should be applied where possible.</p> <p>- Minor compliance -</p>   | <p>The fibre and shell are used in the boiler for fuel recycled in the process system. Surplus quantity of shell/fibre are delivered to estates for multi purposes or sold to outside buyers. EFB is used in the estates for mulching. Details of renewable energy fibre/shell used in the mill is shown in 4.5.2.2 above.</p>   | Yes        |

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| Criterion / Indicator                                 |   | Assessment Findings  | Compliance |
|---|---|--|------------|
|   |   | The long term planning for biogas implementation was reviewed. The recovered biogas will be used for energy generation (e.g. steam & electricity)  |            |
| <b>Criterion 4.5.3: Waste management and disposal</b> |   |  |            |
| 4.5.3.1   | All waste products and sources of pollution shall be identified and documented.<br>- Major compliance -   | All waste and pollution are identified and documented in the Waste Management Plan for Financial Year 2017/2018. The waste generated from the mill operations as shown below;<br><br>Domestic waste – rubbish from the mill complex and employees quarters (disposed by estate management).<br><br>Recycled waste – Fibre, palm kernel shell, boiler ash, scrap iron<br><br>Scheduled waste – Spent IPA, hexane, filter, lubricants, hydraulic oil, grease, used batteries<br><br>The source of mill pollution generated from the mill is the smoke from the boiler are monitored from the stack emission during the entire operations. These reports are reviewed by the mill and submitted to DOE. There was no major issue. | Yes        |
| 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:<br><br>Identifying and monitoring sources of waste and pollution.<br><br>Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.<br>- Major compliance - | The Waste Management Plan for Financial Year 2017/2018 is available and sighted. The plan listed the waste generated from the mill operations as shown below;<br><br>Domestic waste – rubbish from the mill complex and employees quarters (disposed by estate management)<br><br>Action to be taken;<br><br>Allocate landfill area 3 km min away from residential area/watercourse<br><br>To provide adequate dustbins at mill & linesites.   | Yes        |

| Criterion / Indicator | Assessment Findings  | Compliance   |
|-----------------------|--|--|
|                       | <p>Establish collection SOP &amp; schedule</p> <p>Create awareness on hygiene</p> <p>Regular monitoring on cleanliness &amp; hygiene.</p><br><p>Recycled waste – Fibre, palm kernel shell, boiler ash, scrap iron</p> <p>Shell &amp; fibre - Sell through registered customer</p> <p>Scrap iron – sell through registered buyers</p> <p>SW – Dispose through DOE appointed Contractor (Kualiti Alam)</p><br><p>Scheduled waste – Spent IPA, hexane, filter, lubricants, hydraulic oil, grease, used batteries.</p> <p>Action to be taken;</p> <p>Comply to procedure stipulated MQMS SOP Handling of scheduled waste.</p> <p>Comply to Environmental Quality Regulations 2005</p> <p>Establish list of SW/Notify DOE for all SW generated/appropriate SW labelling</p> |  |
| 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>The SOP on Scheduled Waste disposal is established and implemented. The inventory of the waste generated is recorded using the "eswis" inventory system. The last update on the eswis was on September 2017.</p> <p>Yes</p> |

| Criterion / Indicator  | Assessment Findings  | Compliance     |
|--|--|----------------|
| - Major compliance -   |  |                |
| <del>4.5.3.4</del>   | <del>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.</del>   | <del>Yes</del> |
| <del>- Major compliance -</del>  | <del>Pesticide containers are also reused as premix containers. Any of the pesticide containers that are to be disposed are triple rinsed and punctured.</del>   |                |
| 4.5.3.45   | Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.  | Yes            |
| - Minor compliance -   | Domestic waste is disposed via the city council collection.  |                |
| Criterion 4.5.4: Reduction of pollution and emission <u>including greenhouse gas</u> |  |                |
| 4.5.4.1  | An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.   | Yes            |
| - Major compliance -   | The polluting activities are identified and documented in the Environmental Aspect & Impact Identification. From the EAI, it will be evaluated for the impact and any impact will be included in the management plan. The evaluation is documented in the Environmental Impact Evaluation.   |                |
| 4.5.4.2  | An action plan to reduce identified significant pollutants and emissions shall be established and implemented.   | Yes            |
| - Major compliance -   | The pollution prevention plan dated 11/07/2017 has been reviewed. Mitigation plan, actions and time frame has been identified. On top of that the Environmental Management Plan for FY2017/2018 is available. The monitoring of the plan is available.<br><br>The action plan to reduce emission from POME is to install a biogas plant for co-firing in boiler. The plan is expected to be executed in Q3 of 2018. This plan is documented in the Biogas Masterplan dated March 2016. |                |

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|---|--|--|------------|
| 4.5.4.3   | <p>Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.</p> <p>- Major compliance -</p>   | <p>The POME is treated with open anaerobic, aerobic and stabilization lagoon. Monthly monitoring on the final discharge is conducted. The effluent at the final discharge is tested to ensure it compliance to the DOE Licence discharge limits. The POME lab analysis record (EP484/2017 for August 2017, EP-170816-022055 for July 2017 EP341/2017 for June 2017).</p> <p>The records shows the BOD level for final discharge for Aug is 30mg/l, for July is 11mg/l and for June is 16mg/l). However the pH level does not meet the final discharge limit (Aug 9.2, July 9.5 and June 9.1) allowed by the DOE license. A corrective action dated 25/07/2017 has been submitted by Pagoh POM to DOE. The corrective action dated 08/09/2017 was reviewed. The results for September 2017 after the corrective action is reduced to pH 8.7 from 9.2)</p> | Yes        |
| <b>Criterion 4.5.5: Natural water resources</b> |  |  |            |
| 4.5.5.1   | <p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <p>Assessment of water usage and sources.</p> <p>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>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>The Water Management Plan for the mill has been established. It was last reviewed on 11/7/2016 for the 2016/2017 plan. Included therein are inspection of reservoir, water treatment, monitoring of processed water, water leakages/overflow, run-off and ETP monitoring.</p> <p>The mill management has provided contingency plans in event of water crisis for financial year 2016/2017.</p> <p>Steps/options to be adopted taken are;</p> <ul style="list-style-type: none"> <li>- to purchase water from SAJ</li> <li>- to train/educate staff/workers to conserve water</li> <li>- to revise demand and supply volume / conditions</li> <li>- to monitor water supply</li> </ul>   | Yes        |

| Criterion / Indicator                   |  | Assessment Findings  | Compliance |
|---|--|--|------------|
|   |  | In event of a severe water pollution situation:<br>- to purchase water from SAJ<br>- to perform treatment of polluted water<br>- to reusing/recycling/rationing  |            |
| 4.5.5.2                                 | Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.<br>- Major compliance - | Details of effluent treatment and report as per item 4.5.4.3 above.<br><br>The effluent are retained for treatment in a flow through 14 ponds before being discharged into the watercourse. The compliance requirement is provided in the DOE 'Jadual Pematuhan' licensed to the mill. The final BOD is max 100 mg/l for the water discharge. The mill performs regular /scheduled desilting of ponds to sustain the designed capacity to maintain good efficiency of pond treatment.  | Yes        |
| <b>4.6 Principle 6: Best Practices</b>  |  |  |            |
| <b>Criterion 4.6.1: Mill Management</b> |  |  |            |
| 4.6.1.1                                 | Standard operating procedures shall be appropriately documented and consistently implemented and monitored.<br>- Major compliance -  | The mill processing system is documented in the Sustainability Plantation Management System MQMS/SQM/08 v 1 dated 01/11/2008 which includes the mill SOP, and Mill Quality Management Manual v.1 2008/MQMS/QMM/08. These documents provides guidelines and standards in the mill operations. The Standard Operating procedure (SOP) described details from the reception, sterilisation, threshing, pressing, clarification, depericarping (nut polishing) station, effluent, laboratory, workshop, despatches etc. In addition there are also manuals available within the industry and MPOB that are used as guidelines. | Yes        |
| 4.6.1.2                                 | All palm oil mills shall implement best practices.<br>- Major compliance -   | The monitoring of the mill process is made through the shift supervision headed by An Engineer. All process parameters are documented and summarized in a daily report. The external monitoring is made through  | Yes        |

| Criterion / Indicator   |   | Assessment Findings  | Compliance |
|---|---|--|------------|
|   |   | visits by the Mill Advisor scheduled on a 6 monthly basis. In addition there are audits by PSQM and GCAD. This is to ensure compliance to Policies, procedures in relation mill operations, financial, OSH, welfare among others.  |            |
| <b>Criterion 4.6.2: Economic and financial viability plan</b> |   |  |            |
| 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.<br>- Major compliance - | The annual business plan is available. The document is in the form of annual budget and the projection for 5 years (Budget year,PY2,PY3,PY4,PY5) prepared as guidance for future planning. The business plan contains FFB processed, production of CPO & CPK. Component of operating expenditure includes process labour, maintenance external, maintenance parts, consumable, EVIT, admin cost, labour overhead. Inclusive in the business plan is also Capital Expenditure (CAPEX) among others replacement / upgrading of building/machinery, workers amenities for the mill. | Yes        |
| <b>Criterion 4.6.3: Transparent and fair price dealing</b>    |   |  |            |
| 4.6.3.1   | Pricing mechanisms for the products and other services shall be documented and effectively implemented.<br>- Major compliance -   | This is available in the guidelines LOA (limit of authority) and revised sourcing method for plantation upstream Malaysia dated 11/7/2017. All tender and pricing exercises are handled by the HQ management. Projects are tendered from the approved vendors registered with HQ. Payments are processed and made by HQ through system named MEX. This is made upon job verification by the mill personnel   | Yes        |
| 4.6.3.2   | All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.<br>- Major compliance -  | This requirement is in compliance. All contracts and purchases are documented i.e in the form of purchase orders, invoices, contracts for the larger transaction. All documents are signed by both vendor and mill. Sample of contract sighted MS Teo Tuan Kwee Sdn Bhd dated 31.3.2016 letter of award LOA. Inclusive is clause on compliance with law 2.2 compliance to occupational safety and health act 1994 and EQA 1974. And also compliance to governing law item 7.19.  | Yes        |

| Criterion / Indicator       | Assessment Findings   | Compliance  |     |
|-----------------------------|---|---|-----|
| Criterion 4.6.4: Contractor |   |   |     |
| 4.6.4.1                     | <p>In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.</p> <p>- Major compliance -</p> | <p>Pagoh POM had informed its contractors regarding the need to follow the MSPO requirements. A formal letter and brief terms has been sent to the contractors. The letters were sent on 11/09/2017 to all contractors and the reply from the contractors to agree to and understand the legal obligations requirements by MSPO are being met are kept.</p> <p>Sample reviewer:</p> <p>AZM Multiwork Enterprise dated 19/09/2017</p> <p>Tuckho Engineering Works S/B dated 22/09/2017</p> <p>Lotus Two Enterprise dated 12/09/2017</p> <p>NS Industry Supply S/B dated 13/09/2017</p> <p>Temis (M) S/B dated 12/09/2017</p> | Yes |
| 4.6.4.2                     | <p>The management shall provide evidence of agreed contracts with the contractor.</p> <p>- Major compliance -</p>   | <p>The formal letter issued by the Mill Manager En Ahmad Fauzi served as the "revision" to the available contract agreement with the contractors to agree on the obligations of MSPO requirements.</p>  | Yes |
| 4.6.4.3                     | <p>The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.</p> <p>- Minor compliance -</p>                                       | <p>The requirement of accepting MSPO accredited auditors to audit against the contractors are being stated in the formal letter attachment to the contractors.</p>  | Yes |



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**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 Pagoh Palm Oil Mill and Pagoh SOU 19 Estates Certification Unit complies with the MS 2530-3:2013 or MS 2530-4:2013. It is recommended that the certification of Pagoh Palm Oil Mill and Pagoh SOU 19 Estates Certification Unit is approved. |  |
| <b>Acknowledgement of Assessment Findings</b>  | <b>Report Prepared by</b>  |
| <b>Name:</b><br>Syahrul Bin Saramlah   | <b>Name:</b><br>Nicholas Cheong  |
| <b>Company name:</b><br>Sime Darby Plantation Berhad   | <b>Company name:</b><br>BSI Services Malaysia Sdn Bhd  |
| <b>Title:</b>  | <b>Title:</b><br>Lead Auditor  |
| <b>Signature:</b><br><br>Sime Darby Plantation Berhad<br>(Co. No: 647166-V)<br>Pagoh Estate<br>SYAHRUL BIN SARAMLAH<br>MANAGER<br>21/11/17   | <b>Signature:</b><br> |
| <b>Date:</b> xx/11/2017  | <b>Date:</b> 21/11/2017  |

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**Appendix A: Assessment Plan**

| Date                     | Time                    | Subjects  | (NC)                        | (AB) |
|--------------------------|-------------------------|---|-----------------------------|------|
| Tuesday<br>10/10/2017    | 23:20<br>06:00          | - Travel to Muar, Johor   | √                           | √    |
| Wednesday,<br>11/10/2017 | 08:30<br>09:00          | - Opening Meeting (Pagoh Palm Oil Mill)<br><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<br>11:00          | - <b>Pagoh Palm Oil Mill</b><br>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<br>12:30          | - Document Review (MS2530 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<br>13:30          | - Lunch / Break   | √                           | √    |
|                          | 13:30<br>16:30          | - Continue with Document review and site verification if deemed necessary.  | √                           | √    |
|                          | 16:30<br>17:00          | - Interim closing meeting   | √                           | √    |
|                          | Thursday,<br>12/10/2017 | 07:30<br>08:30  | - Travel to Welch Estate    | √    |
| 08:30-<br>11:00          |                         | - <b>Welch Estate</b><br>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<br>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<br>13:30           |                         | - Lunch / Break   | √                           | √    |
| 13:30<br>16:30           |                         | - Continue with Document review and site verification if deemed necessary.  | √                           | √    |
| 16:30<br>17:00           |                         | - Interim closing meeting   | √                           | √    |
| Friday,<br>13/10/2017    |                         | 07:30<br>08:30  | - Travel to Lanadron Estate | √    |

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|------|-------------|--|------|------|
|      | 08:30-11:00 | <b>Lanadron Estate</b><br>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**

| <b>Internal Stakeholders</b>  | <b>External Stakeholders</b>   |
|---|--|
| <ol style="list-style-type: none"><li>1. Medical Assistant</li><li>2. Workers</li><li>3. Gender Committee</li></ol> | <ol style="list-style-type: none"><li>1. Headmaster for SK Panjang Sari</li><li>2. Contractors &amp; Suppliers</li></ol> |



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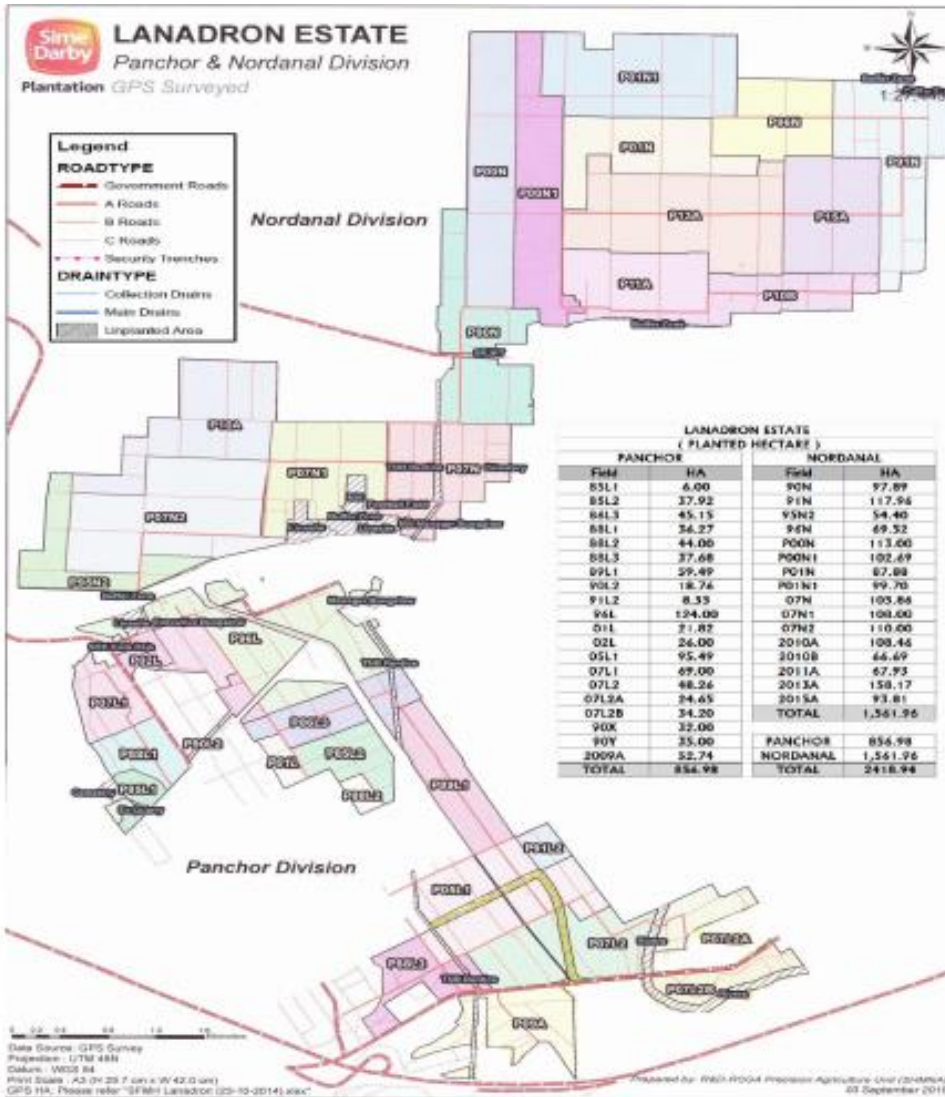
**Appendix C: Smallholder Member Details**

N/A

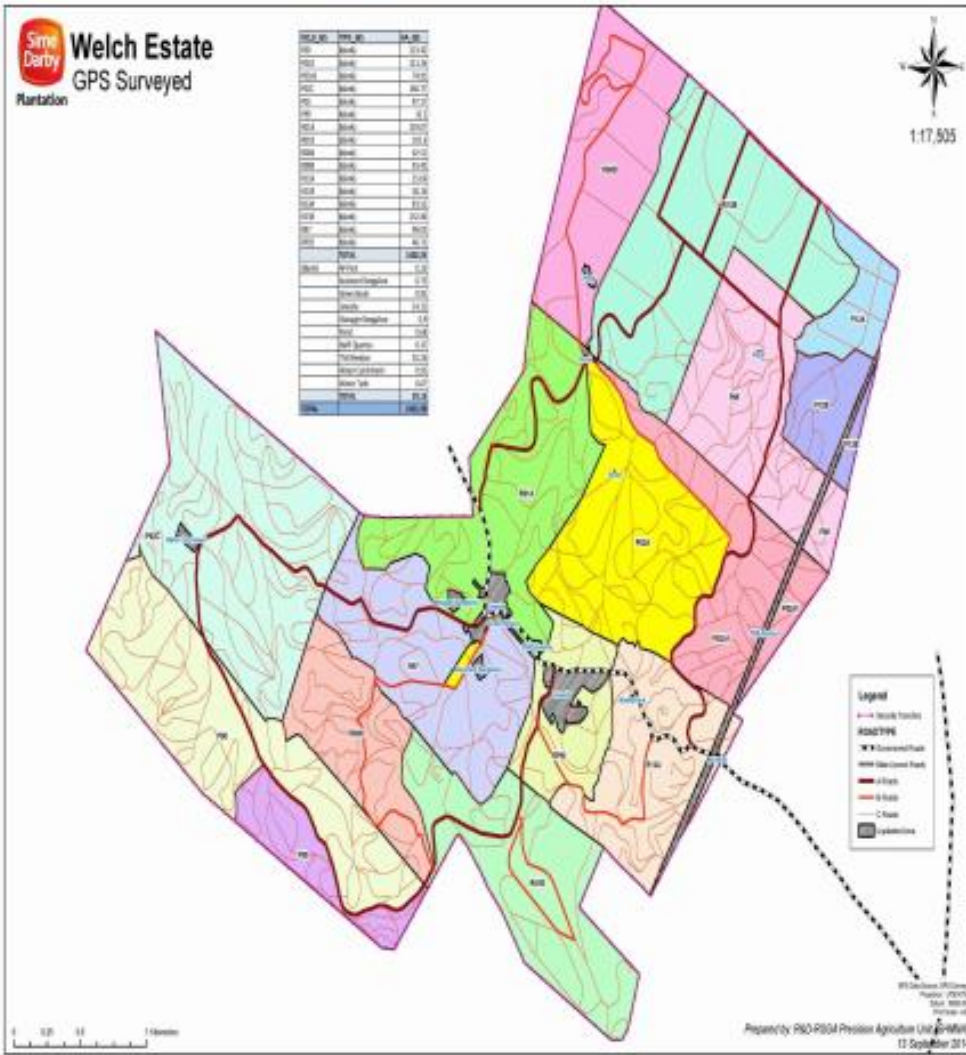
Appendix D: Location and Field Map



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**Appendix E: List of Abbreviations**

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