

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

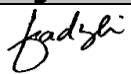
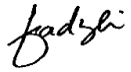
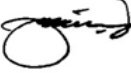
CERTIFICATION AUDIT REPORT


Part 4 : General Principles for Palm Oil Mills

Sime Darby Plantation Berhad
Kok Foh Palm Oil Mill

-Group Certification-

ANNUAL SURVEILANCE AUDIT 2
10th October 2019

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	19/11/2019	Issued as Draft Report	Mohd Fadzli bin Bistamam	Lead Auditor	
B	29/11/2019	Issued as Final Report	Mohd Fadzli bin Bistamam	Lead Auditor	
B	20/12/2019	Final Report Approved	Muhammad Syafiq bin Abd Razak	Certifier	

Acknowledgment by Sime Darby Plantation Berhad – Kok Foh Palm Oil Mill					
Rev	Date	Description	Management Representative	Role	Signature
B	20/12/2019	Acceptance of the contents	Abdul Halim Bin Shahor	Mill Manager	

Declaration

The auditor(s) has (had) no personal, business or other ties to the client and the assessment is carried out objectively and independently.

WITH INTEGRITY WE SERVE



Confidentiality clause: This audit report is confidential and limited in distribution to Global Gateway Certifications Sdn. Bhd. and to the organisation audited. It remains the exclusive property of the certification body, therefore it is forbidden to reproduce either partially or in totality without the formal authorization of the certification body.

Table of Contents

SECTION I : PUBLIC SUMMARY REPORT	3
1.1 Certification Scope	3
1.2 Company details and Contact information.....	3
1.3 Certification Unit.....	3
1.4 Map Showing Geographical Location	4
1.5 Production Area, Actual and Projected FFB Production (MT)	5
1.6 Certificate Details.....	5
1.7 Qualification of the Lead Assessor and Assessment Team.....	6
1.8 Audit Methodology	7
1.9 Audit Plan Information	7
1.10 Audit Result Summary Findings	8
1.11 Stakeholder Consultation.....	8
1.12 Recommendation	9
1.13 Date of Next Surveillance Audit.....	9
1.14 Confidentiality	10
1.15 Abbreviations Used	10
SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA.....	11
2.1 Principle 1 : Management commitment and responsibility.....	11
2.2 Principle 2: Transparency	13
2.3 Principle 3 : Compliance to legal requirements.....	15
2.4 Principle 4: Social responsibility, health, safety and employment condition.....	17
2.5 Principle 5: Environment, natural resources, biodiversity, and ecosystem services	25
2.6 Principle 6: Best practices	30
2.7 Details of Audit Findings	33

Note: Section II of this report contain confidential information and been protected from public disclosure.

SECTION I : PUBLIC SUMMARY REPORT

1.1 Certification Scope

Global Gateway Certifications Sdn. Bhd. [hereafter known as GGC] has conducted the Certification Assessment of Sime Darby Plantation Berhad – Kok Foh Palm Oil Mill. During this Annual Surveillance Assessment 2, the audit team were briefed by Mill Manager, of the supply base disposition. The source of FFB supplies to Kok Foh POM are from own Sime Darby Estates and other smallholders.

This assessment was conducted onsite on 10th October 2019 by 3 auditors to assess the compliance of the certification unit against the MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles for Palm Oil Mills. The scope of certification is "Production of Sustainable Crude Palm Oil and Palm Kernel".

1.2 Company details and Contact information

Company Name	Sime Darby Plantation Berhad
Business Address	Sustainability Unit, Group Sustainability & Quality Management, Level 3A, Main Block, Plantation Tower, No 2 Jalan P.J.U 1A/7, 47301 Ara Damansara, Selangor, Malaysia.
Contact Person	Madam Shylaja Devi Vasudevan Nair
Office Telephone	+603 7848 4379
E-Mail	shylaja.vasudevan@simedarby.com

1.3 Certification Unit

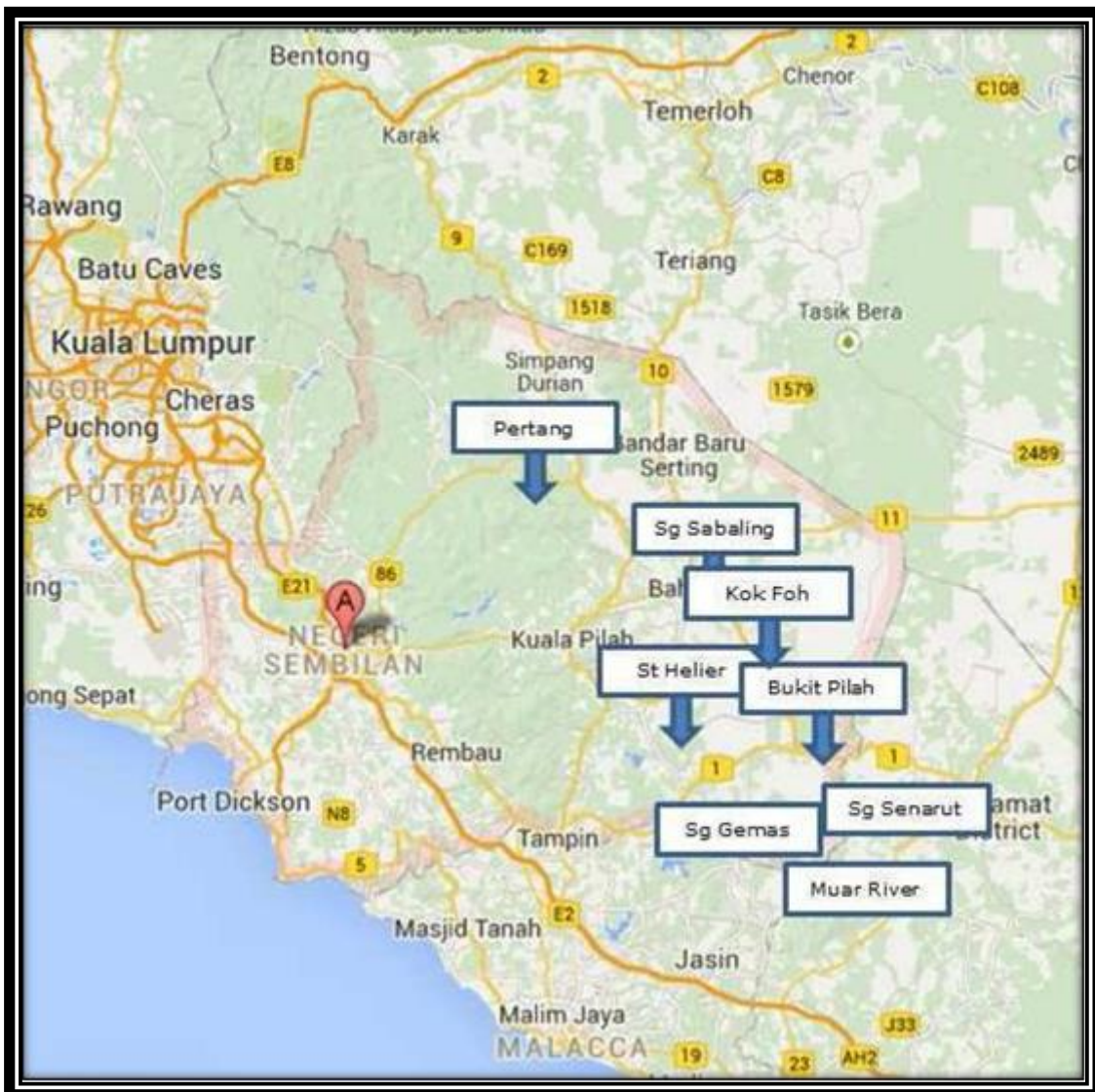
Name of the Certification Unit	Kok Foh Palm Oil Mill	
Mill Capacity (MT/HR)	60	
Site Address	Kilang Kelapa Sawit Kok Foh, 72109 Bahau, Negeri Sembilan.	
GPS Reference of the site office	Longitude	E 102° 23' 30.25"
	Latitude	N 2° 47.08' 31"
MPOB License Information	License No.	543656004000



	Scope of Activity Expiry Date	1. Menjual dan Mengalih PK, CPO, SPO 2. Membeli dan Mengalih FFB 3. Menyimpan PK, CPO, SPO 4. Mengilang FFB 31 st October 2019
Others Sustainability Certification	MSPO Principles and Criteria (P&C) RSPO	

1.4 Map Showing Geographical Location

1) Location Map of Kok Foh Mill and SOU16 Kok Foh



1.5 Production Area, Actual and Projected FFB Production (MT)

Production for Certified Unit

KOK FOH POM	Projected from last audit	Actual Production for 12 Months [Oct 2018-Sept 2019]	Projected Production for next 12 Months [Oct 2019-Sept 2020]
FFB Summary (MT)	178,340	172,425.72	24,000.00
CPO Summary (MT)	41,575.32	41,400.90	50,400.00
PK Summary (MT)	10,169.84	11,086.34	13,200.00

FFB's Own Estate & Certified Estates

Production for Uncertified Unit

KOK FOH POM	Projected from last audit	Actual Production for 12 Months [Oct 2018-Sept 2019]	Projected Production for next 12 Months [Oct 2018-Sept 2019]
FFB Summary (MT)	NIL	NIL	NIL
CPO Summary (MT)	NIL	NIL	NIL
PK Summary (MT)	NIL	NIL	NIL

1.6 Certificate Details

Certification body

Global Gateway Certifications Sdn. Bhd.,
No. 10 Jalan Rasmi 7, Taman Rasmi Jaya,
68000 Ampang,
Selangor Darul Ehsan, Malaysia.
Tel.: +603 4256 2689; Fax: +603 4256 2687
Website: www.ggc.my

Assessment standard

(MSPO) Part 4: General Principles for Palm Oil Mills

Certificate number

GGC-SDP002-MSPO-00-2018

Initial certificate issued date

20th December 2017

Certificate expiry date

19th December 2022

Stage 1 assessment date	Not applicable as client certified for RSPO
Stage 2 / Main Assessment	6 th November 2017
Annual Surveillance 1 [ASA 1]	20 th November 2018
Annual Surveillance 2 [ASA 2]	10 th October 2019
Annual Surveillance 3 [ASA 3]	October 2020
Annual Surveillance 4 [ASA 4]	October 2021

1.7 Qualification of the Lead Assessor and Assessment Team

Lead Auditor

Name: Mohd Fadzli Bin Bistamam

Post graduate qualification in Agricultural Engineering with more than 7 years working experience in Oil Palm Plantation Industry. More than 7 years of working experience in Oil Palm Plantation Industry with skills in Good Agricultural Practices (GAP) and Integrated Pest Management (IPM). Experience in managing estate workers, handling of mineral and peat soil and knowledgeable in chemical control of weeds and Pest & Diseases in Oil Palm Plantation Sector.

Fully trained in similar agriculture certification programs such as RSPO, MSPO and ISCC. Completed and certified in ISO 9001:2015, RSPO Lead Auditor Course, MSPO Training and ISCC Basic Training. Thus, became qualified Lead Auditor for the above programs.

Involved in Oil Palm Sustainability Audit since year 2016. Involved in audits conducted in Malaysia, Indonesia, Papua New Guinea, Ivory Coast, India and Singapore. Able to write and speak in Bahasa Malaysia and English.

Auditor

Name: Baskaran Sankaran

Master of Occupational Safety & Health Risk Management from Open University Malaysia, Diploma in Mechanical Engineering and Management Programme. More than 20 years of working experience in various industries. Involved in RSPO and MSPO assessment since 2014. Involved in audits conducted in for many different companies in Malaysia and Indonesia. Completed ISO 9001:2008 and ISO 14001:2004 lead auditor course in 2006 & 2010. Also completed RSPO Lead Auditor training in December 2014. Qualified as Lead Auditor/Auditor in several certification programme such as RSPO, MSPO, ISO and etc. Member of GGC RSPO audit team. Able to speak and understand Bahasa Malaysia and English.

Auditor

Name: Mahaswaran Maliyapan

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

1.8 Audit Methodology

The audit was conducted based on sampling following the method as specified in the MSPO requirements (MSPO-Questionnaire Self-Assessment – RA). The sampling was calculated and determined prior to the audit assessment. In the case of this certification unit, sampling calculation was not applied as there is only one palm oil mill, namely "Kok Foh Palm Oil Mill".

The assessment activities include of documents review and site inspection. The documents that had been reviewed among others were company policy, internal procedures, management system procedures, waste management procedures, legal documents etc. Significant issues that would impact to the environmental and social were also been verified.

The methodology for collection of objective evidence was established during physical site inspections, observation of tasks and processes, interviews of stakeholders, interview of officers, review of documents and data. Checklists and questionnaires were used to guide the collection of information and the comments made by external stakeholders were also been taken into consideration in this assessment.

Appendix A (Audit Plan) details the actual assessment plan. Stakeholders were consulted randomly during the assessment to obtain feedback on the management compliance and performance (Appendix C) of MSPO.

1.9 Audit Plan Information

Audit Date	10 th October 2019
Name of site(s) visited	Kok Foh Palm Oil Mill
Total number of man-days spent	3 man-days

1.10 Audit Result Summary Findings

Findings category		
Category	Numbers	Status (Closed/Open/Not Applicable/No Action Requires)
Major Nonconformities	0	No action requires
Minor Nonconformities	0	No action requires
Area of Concern	0	No action requires
Noteworthy /Positive Comments	3	No action requires

1.11 Stakeholder Consultation

During this ASA 2 audit, the audit team has conducted stakeholder consultations involving both internal and external stakeholders as to understand the practices in relation to environmental, social performance and their performance with respect to the MSPO requirements. The meeting was conducted without the present of mill management.

At the start of meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholders before discussions continued. The auditor recorded comments made by stakeholders and verified with the mill management before incorporating into the assessment findings. There was no negative complaint or feedback received during the audit or during the field assessment when interviewing with the external and internal stakeholders. The details is as per table below:

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	Stakeholder A (Mill worker)	<ul style="list-style-type: none"> MSPO awareness, company policy and SOP are briefed among workers during muster call. Personal Protective Equipment are distributed free of charged by management He has good understanding about complaint and grievance mechanism	No action requires	Positive findings
2.	Stakeholders B (Mill Workers)	<ul style="list-style-type: none"> Company well managing the welfare, health and safety of their workers Housing facilities is provided with water and electrical supply 	No action requires	Positive findings

3.	Stakeholders C (Mill Workers)	<ul style="list-style-type: none"> • They have good understanding about MSPO. • They have good understanding about complaint and grievance mechanism. • PPE given by company – free. 	No action requires	Positive findings
4.	Stakeholders D (Mill Workers)	<ul style="list-style-type: none"> • Good understanding about MSPO. • They are very happy with the management and hopes to continue their contract for a long time. 	No action requires	Positive findings
5.	Stakeholders E (Mill workers)	<ul style="list-style-type: none"> • They have been treated equally without any discrimination. Their salary was according to Minimum Wage Order 2018. • Free housing was provided to them with subsidized of water and electricity. 	No action requires	Positive findings

1.12 Recommendation

The company has established sustainability policy, objectives and procedures that define an effective system for the administration and control of sustainability management system throughout all operation activities of Kok Foh Palm Oil Mill. Mill Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual.

The management is committed to comply with MSPO system by giving awareness training to all personnel involved in this standard to make them understand the procedures and implementation of the standard. The employees are aware of the requirements of MSPO. There was no complaint or feedback received during this Annual Surveillance Audit 2.

During this audit (based on MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for palm oil mills), no major non-conformity and minor non-conformity have been raised to the facilities that being audited.

Since the audit objectives as mentioned in the audit plan have been achieved and assessment resulted was no major non-conformity findings. Therefore, the Lead Auditor recommends a certificate of compliance “MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles For Palm Oil Mills” is awarded to Sime Darby Plantation Berhad – Kok Foh Palm Oil Mill.

1.13 Date of Next Surveillance Audit

The third annual surveillance assessment visit will be scheduled after 12 months of the MSPO Certificate being issued.

1.14 Confidentiality

GGC auditors will not discuss or reveal any of the confidential information seen during the audit to any third party. Any public summary of the main assessment will be approved by the client prior to publication.

1.15 Abbreviations Used

BOD	Biological Oxygen Demand
CHRA	Chemical Health & Risk Assessment
CIP	Continuous Improvement Plan
COD	Chemical Oxygen Demand
CoP	Code of Practise
CSPO	Certified Sustainable Palm Oil
CPO	Crude Palm Oil
CSPK	Certified Sustainable Palm Kernel
DOE	Department of Environmental
DOSH	Department of Occupational Safety and Health Malaysia
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FFB	Fresh Fruit Bunch
FGS	Finished Good Stock
GAP	Good Agriculture Practise
GHG	Greenhouse Gas
GGC	Global Gateway Certifications Sdn Bhd
HIRARC	Hazard Identification, Risk Assessment and Risk Control
ISCC	International Sustainability & Carbon Certification
IPM	Integrated Pest Management
MPOB	Malaysian Palm Oil Board
MSPO	Malaysian Sustainable Palm Oil
NCR	Non-Conformance Report
NGO	Non-Government Organization
OHS	Occupational Health & Safety
OHSAS	Occupational Health and Safety Assessment Series
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social Environmental Impact Assessment
SOP	Standard Operating
SPO	Sludge Palm Oil

SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA

2.1 Principle 1 : Management commitment and responsibility

Criterion 1 Malaysian Sustainable Palm Oil (MSPO) Policy

Indicator 1 Policy for the implementation of MSPO shall be established.

Summary

The "Sustainable Plantation Management System" manual dated 01/11/08 seen incorporated with policies on various management systems such as Quality, Environment, OHS and other sustainability schemes with commitment towards No Child Labour, No Deforestation, No Forced Labour & Contract Substitution, Meeting the Minimum Wages Standard, etc.

In Compliance **Yes** No Not Applicable

Indicator 2 The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation.

Summary

There is an annual training plan that contribute the development of continuous improvement. Aside, verified training records of individual workers that align with annual training program. The quarterly OSH meeting was sighted with discussion on awareness needed for PPE usage and ear protection.

In Compliance **Yes** No Not Applicable

Criterion 2 Internal audit

Indicator 1 Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.

Summary

There is annual MSPO/RSPO Internal Audit Assessment by the PSQM and latest audit was done on 4-8/03/19. The assessment was conducted by PSQM which was led by Tharani Malar David and supported by 4 auditors. The assessment resulted with 4 major, 3 minor and 5 observations.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary

Internal audit procedure [SD/SDP/PSQM/IAP] dated on 01/09/17 is currently being revised by the PSQM team for the clarity of requirements of various sustainability programs. The internal audit findings seen effectively addressed of the root causes with corrective actions plan in the NCR format.

In Compliance **Yes** No Not Applicable

Indicator 3 Reports shall be made available to the management for their review.

Summary The findings from internal audit was responded by the mill management from time to time to the PSQM. Sighted there are no outstanding issues that needed longer time [more than 40 days from closing meeting of internal audit] or issues needed commitment from HQ level. This was communicated in the management review dated on 23/07/19.

In Compliance **Yes** No Not Applicable

Criterion 3 Management review

Indicator 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.

Summary Management review meeting was done on 23/07/19 attended by operation and office staff, such as foreman, laboratory supervisor, charge man and the mill manager chaired the meeting. Seen the meeting discuss on status of cost saving programmes, overtime issues, outside crop supplier's details, the operation of compost plant and etc.

In Compliance **Yes** No Not Applicable

Criterion 4 Continual improvement

Indicator 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.

Summary Among the LSS [Lean Six Sigma] and Kaizen to continuously improve operational process sighted were to increase kernel productivity from 4.87% to 5.32% by repairing kernel silo inlet door and setting timer for kernel silo discharging to kernel bunker. Other CIP includes of reducing maintenance cost of ripple mill.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary The mill practicing LSS [Lean Six Sigma] and Kaizen to continuously improve operational process. Since 2016, there were 4 projects been started and records are maintained for verification.

In Compliance **Yes** No Not Applicable



2.2 Principle 2: Transparency

Criterion 1 Transparency of information and documents relevant to MSPO requirements

Indicator 1 The management shall communicate adequate information to other stakeholders on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.

Summary The company has established SOP for external communication as documented in EQMS Standard Operation Manual Sub-Section 5.5 Appendix 5.5.3.2. This document was issued on 01.11.2008. The Manager of the estates are to receive all external communications from external interested parties, review, and respond to them.

Sighted logbook for JKKP visit in the mill. Latest JKKP visit was on 19.08.2019. On monthly basis, the mill management is providing several data to MPOB as per MPOB requirement.

In Compliance **Yes** No Not Applicable

Indicator 2 Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes

Summary Management documents that publicly available is published in company's website <http://www.simedarbyplantation.com/> including all policies and statements by top management. The website also contains other information such as Annual Report for sustainability (The report is supplementary to Sime Darby Plantation Berhad's (SDP or the Group) Annual Report for the financial period ended 31 December 2018 (FPE 31 December 2018) and Press Release.

In Compliance **Yes** No Not Applicable

Criterion 2 Transparent method of communication and consultation

Indicator 1 Procedures shall be established for consultation and communication with the relevant stakeholders.

Summary The company has established SOP for external communication as documented in EQMS Standard Operation Manual Sub-Section 5.5 Appendix 5.5.3.2. This document was issued on 01.11.2008. All procedures and company policies has been explained during stakeholder meeting which was conducted on 10.04.2019. The meeting was attended by 17 personnel.

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1 (4.2.2.1).

Summary The mill manager is the person responsible in handling issues related to stakeholders as highlighted in EQMS Standard Operation Manual Sub-Section 5.5 Appendix 5.5.3.2 (Item No. 4: Responsibilities).

In Compliance **Yes** No Not Applicable

Indicator 3 A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.

Summary List of stakeholders for Kok Foh POM has been established and updated for FY2019. The document has listed stakeholder categorized into contractors, vendors/suppliers, other interested parties (Government agencies, schools, hospitals, police station, etc), and supplying estates. Communication records sighted during the audit. Example communication record maintained by the mill management such as:

1. Communication with JKKP
2. MPOB
3. Sime Darby HQ
4. CPO and PK buyers
5. Other government agencies
6. Workers Union (NUPW)
7. Internal complain records mainly on repair for workers housings.

In Compliance **Yes** No Not Applicable

Criterion 3 Traceability

Indicator 1 The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.

Summary The company has established Standard Operating Procedure (SOP) for Sustainable Supply Chain and Traceability version 2 Issue # 5 dated April 2019. The objective of the SOP is to provide guidelines for estates and POM to establish and ensure effective implementation on sustainable supply chain and traceability of certified sustainable materials (FFB, CPO & PK).

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall conduct regular inspections on compliance with the established traceability system.

Summary Internal audit is conducted on annual basis to check on implementation of Supply Chain Procedure. For daily operations, the mill is recording all deliveries of FFB to the mill and outgoing products such as CPO and Palm Kernel. Sighted records such as Mill Weighbridge Ticket and daily summary of mill production. Each consignment going in (FFB) and going out (CPO, PK, etc) will be checked by Mill Auxiliary Police (AP) for compliance of the mill SOP and requirement.

In Compliance **Yes** No Not Applicable



Indicator 3 The management shall identify and assign suitable employees to implement and maintain the traceability system.

Summary The mill manager is responsible person assigned to implement and maintain the traceability system, as stated in Supply Chain Procedure item No. 4 (Responsibilities).

In Compliance **Yes** No Not Applicable

Indicator 4 Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.

Summary Sales records for CPO and PK well maintained in the mill. Sighted daily logbook which records mill daily outgoing products. Weighbridge ticket for outgoing CPO sighted during the audit.

In Compliance **Yes** No Not Applicable

2.3 Principle 3 : Compliance to legal requirements

Criterion 1 Regulatory requirements

Indicator 1 All operations shall be in compliance with applicable local, national and ratified international laws and regulations.

Summary The mill's compliance with legal requirement is evident from licenses and permits that sighted which are renewed and kept valid. Example sighted include:

- MPOB License No. 543656004000 for sell, store and distribution of PK, CPO, SPO valid from 01/11/2019 to 31/10/2019
- Air Compressor Fitness certificate NS PMT 3062 from DOSH dated 22/08/2019 which is valid until 07/10/2020
- Boiler Fitness certificate NS PMD 80060 from DOSH dated 23/04/2019 which is valid until 07/07/2020.

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall list all relevant laws related to their operations in a legal requirement register.

Summary The company has established legal register identifying laws and regulations that applicable to mill's operations Some of the laws and regulations identified in the mill's legal register includes:

- Occupational Safety & Health Act 1994 and 8 Regulations related to the act.
- Factory and Machinery Act 1967 and 11 Regulations related to the act.
- Fire Service Act 1988 (ACT 341) Amendment 2018 and 2 Regulations related to the act.

In Compliance **Yes** No Not Applicable

Indicator 3 The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.

Summary Changes to legal requirements are monitored and updated by company's Group Sustainability & Quality Management (GSQM). The legal register titled "Legal and Other requirement Register (LORR)" is been last updated by Group Sustainability & Quality Management (GSQM) in July 2019 for the revocation of 'Noise Exposure 1989' and replace with 'Noise regulation 2019' while evaluation of legal compliance for the mill was last carried out on 05/08/2019 by Mill Assistant Mr Mohd Khairi Abdul Kudus and approved by Mill Senior Manager Mr Abdul Halim Shahor.

In Compliance **Yes** No Not Applicable

Indicator 4 The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.

Summary Changes to legal requirements are monitored and updated by company's Group Sustainability & Quality Management (GSQM).

In Compliance **Yes** No Not Applicable

Criterion 2 Land use rights

Indicator 1 The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.

Summary The mill is located within Kok Foh Estate land under Lot No. PT 3400, Grand title No. 17795.

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.

Summary The mill is located within Kok Foh Estate land under Lot No. PT 3400, Grand title No. 17795. The land title Austral Enterprises Berhad, which is a subsidiary.

In Compliance **Yes** No Not Applicable

Indicator 3 Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground, where practicable.

Summary The mill is located within Kok Foh Estate land under Lot No. PT 3400, Grand title No. 17795. The mill has license form DOE for its operation. Sighted DOE license No.002079 dated 15/11/2010 issued for KOK Foh Palm Oil Mill sited on lot no. 82,83 & 88.

In Compliance **Yes** No Not Applicable

Indicator 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).

Summary There is no dispute as the land has legal land title.

In Compliance **Yes** No Not Applicable

Criterion 3 Customary land rights

Indicator 1 Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.

Summary No customary right involved as the land has proper legal land title.

In Compliance **Yes** No Not Applicable

Indicator 2 Maps of an appropriate scale showing extent of recognized customary rights shall be made available.

Summary No customary right involved as the land has proper legal land title.

In Compliance **Yes** No Not Applicable

Indicator 3 Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.

Summary No customary right involved as the land has proper legal land title.

In Compliance **Yes** No Not Applicable

2.4 Principle 4: Social responsibility, health, safety and employment condition

Criterion 1 Social impact assessment (SIA)

Indicator 1 Social impacts should be identified, and plans should be implemented to mitigate the negative impacts and promote the positive ones.

Summary Social Impact Assessment for SOU 16 – Kok Foh Complex held on 1-13 February 2016 by Sustainable Strategy Unit, PSQM Department. It was conducted by means of field interviews (contractors and suppliers contacted via phone calls), consultation with estate and mill management, site observation and documentation review.

The assessment focus on sampled group of workers, local communities and smallholders as well as contractors and its workers. The final assessment report seen with findings and recommendation of action plan for each unit.

In Compliance **Yes** No Not Applicable

Criterion 2 Complaints and grievances	
Indicator 1	A system for dealing with complaints and grievances shall be established and documented.
Summary	Procedures for handling social issues explained in Sustainable Plantation Management System document appendix 5.
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Indicator 2	The system shall be able to resolves disputes in an effective, timely and appropriate manner, which is accepted by all parties.
Summary	The complaint and grievance mechanism has been briefed to the internal and external stakeholders such as workers and contractors. Based on training attendance list, there was 08 stakeholders participated and among attended was Ponvel Enterprise and Oceanic Chemicals & Instrument S/B.
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Indicator 3	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.
Summary	The form titled "Borang Laporan Kerosakan Bangunan" is used for complaints received on house maintenance. As for the external stakeholders, they are able to register their complaints in a logbook provided or in written form either by email or letter. Sighted various complaints form from mill workers in regards to their living quarter's maintenance works.
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Indicator 4	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.
Summary	Confirmed during the interview with workers in process station (for e.g. workshop personnel, laborator, operator) that they have been aware and understand regarding the complaint and grievance mechanism and / or to submit the suggestions. The workers agreed that their complaint / grievance has been addressed in timely manner.
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Indicator 5	Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.
Summary	All the complaint and grievance has been recorded in the communication and complaint log book (for internal and external), where the complaint submitted to the mill which has been addressed well and accepted by the parties.
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable



Criterion 3 Commitment to contribute to local sustainable development

Indicator 1 Palm oil millers should contribute to local development in consultation with the local communities. Where the mill is an integral part of a plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.

Summary There are no specific programs of contribution to local and surrounding communities. However, the contribution / donation is done based upon request. The mill was able to produce the evidence of donation activities.

In Compliance **Yes** No Not Applicable

Criterion 4 Employees safety and health

Indicator 1 An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act139) shall be documented, effectively communicated, and implemented.

Summary Sighted the OHS policy which issued on Jan 2015 approved by Managing Director (Datuk Franki Anthony Dass). The mill is committed to providing and maintaining a safe and healthy working environment as well as preventing injury and ill health of its employees, contractors and visitors by practicing effective management. It's done by comply with current legal and other requirements, establish OHS system, trainings, continuous improvement in the OHS.

In Compliance **Yes** No Not Applicable

Indicator 2 The occupational safety and health plan shall cover the following:

- a) A safety and health policy, which is communicated and implemented.
- b) The risks of all operations shall be assessed and documented.
- c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:
 - i) all employees involved are adequately trained on safe working practices; and
 - ii) all precautions attached to products should be properly observed and applied.
- d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).
- e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.
- f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.
- g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meetings shall be kept and the concerns of the employees and any remedial actions taken shall be recorded.



- h) Accident and emergency procedures shall exist, and instructions shall be clearly understood by all employees.
- i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.
- j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.

Summary

The mill has also established and documented training and activity program for year 2019 that inclusive of training on safe work practice, use of PPE, first aid training and etc. Example, training on First Aid and Basic CPR dated on 16-17/07/19.

The mill management unit has Hazard Identification, Risk Assessment and Risk Control (HIRARC) documented, which cover all activities and operations. The HIRARC analysis describes and explains job step, hazard, effect, existing control, type, probability, severity level, risk assessment (low, medium, high) and recommended risk control.

The mill has records of PPE issuance and during site visit, sighted the operational workers (boiler, thresher, kernel) was wearing proper PPE attires (safety shoe, ear plugs and safety helmet). The lubricant and chemical stores seen SDS attached closest to the product

The mill has SOP for handling of chemical in the document titled "Mill Quality Management System" section VII version 1, year of 2008, issued on 1 dated Nov 2008. The SOP indicates that the personal in charge to handle the chemical is laboratory / ETP Supervisor and store clerk / laboratory supervisor / ETP supervisors. Based on interview with laboratory supervisor and store supervisor known that the SOP has been understood well.

As per in the Standard Operation Manual (SOM) document, appendix 5.5.3.3. version 1, year 2008, issue no.: 1 on Emergency Preparedness and Response Procedure, issued on 1 Jan 2008 on steps of response to an environmental and OSH emergencies including accident and incident, emergency action plan in the event of fire or any explosion, the management has to reported to DOSH via MYKPP portal. Sighted the JKKP 8 for 2018 submitted on 21/01/19 with 3 cases reported, no major nor fatality cases.

The management has carried out safety and health committee meeting on 27/07/2019. The meeting minutes seen with discussion of LTA, PPE, review of HIRARC and etc.

The management has provided 08 first aid kits at various locations such as at composting plant, grading station, chemical store and main office. The HA has a list of recommended contents of First Aid Box as per Guidance on First Aid in The Workplace (2nd Edition) 2004. Sampled the competence person as first aider, Mohd Zaidi Bin Taat (801219-05-5023) trained by internal trainer on 16-17/07/18.

In Compliance **Yes** No Not Applicable



Criterion 5 Employment conditions

Indicator 1 The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.

Summary Sighted the Social and Humanity Management Policy displayed at the main office that approved and signed by Managing director of Sime Darby Plantations dated January 2015.

The policy stated that the company will protect the sense of humanity while ensuring that they are socially beneficial and do not infringe on basic human rights. "As Such we recognize the rights of our employees, protects the children rights and acknowledge gender privileges as well as the rights of indigenous people, local community and other stakeholders affected by our presence".

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.

Summary Sighted the policy of non-discrimination related to workers and equal opportunity that well communicated during morning muster. The office staff aware that the mill management committed in treating fairly in terms of recruitment, progression, terms and conditions of work and representation regardless of race, caste, nationality, gender, physique, sexual orientation, union membership, political view, religion or age.

In Compliance **Yes** No Not Applicable

Indicator 3 Management shall ensure that employees' pay, and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.

Summary Interview with workers, staff and document verification found the sampled workers received monthly wages more than RM 1100.00 unless if they take unpaid leaves or absent to work. Sample verified on for 3 months' salary:

- Syukur – Indonesian AU098396 – Sept'19 (RM 920 as only worked for 17 days), Apr'19 received RM 1100
- Mares – new Indonesian worker – B4958304 received RM 211 as he works 4 days in Aug'19 and in Sept'19 he worked 22 days – 2 days unpaid, so received RM 930

In Compliance **Yes** No Not Applicable

Indicator 4 Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.



Summary Based on the document verification on paid conditions, sighted the pay slip of the contractors, Ponvel Enterprise, a third party contractors that have work contract with Kok Foh Mill. Sampled workers' pay slip from the Company – Aug'18, Mar'19 and Sept'19 (Ponvel Enterprise - net salary: RM 1100 – RM 1300).

In Compliance **Yes** No Not Applicable

Indicator 5 The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.

Summary Sighted the records of employee for the workers, 96 workers including the management unit, staff, general workers and auxiliary police. The workers list divided into description of sex, date of birth, employee full name, estate mill working, the date of joining the company, and work designation description verified.

In Compliance **Yes** No Not Applicable

Indicator 6 All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.

Summary Sampled the contract of Indonesian worker's employment and management. Seen the employment contract that in individual folder with input of the offer of appointment, letter of employment, induction training for the new employee, offer of employment, acceptance form, passport surrendering form, copy of worker's passport.

In Compliance **Yes** No Not Applicable

Indicator 7 The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.

Summary Sighted in the worker's overtime system. Sighted the sample of "Punch Card" system by the company that recording the time in and out of the workers in the mill. Based on the interview with the management, the company will record working time after 4pm for morning shift and after 12am for night shift.

In Compliance **Yes** No Not Applicable

Indicator 8 The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirement applicable.

Summary The working hours and breaks for the workers comply with legal regulations. Sighted the pay slip for the workers that stated the overtime of the workers on daily works, overtime on holiday works, and overtime on public holiday. Based on the agreement made by the company and workers, stated that "you may work overtime and this is subject to approval from your manager.

In Compliance **Yes** No Not Applicable

Indicator 9 Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.

Summary Sighted the pay slip of workers for the company, that include wages and overtime for the payment. Sighted from the pay slip (Sept'19, Aug'19, July'19) of the workers that include name of workers, workers number, passport number, basic pay and etc. Based on the document observation, sample of pay slips form the contractor, contract workers and mill workers, sighted the payment on minimum wages had been done in accordance with national law and regulation.

In Compliance **Yes** No Not Applicable

Indicator 10 Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings

Summary There are a few social benefits enjoy by the mill workers such as, working in holidays and weekend, water supply to the housing area, medical for the workers [include medical examination at qualified hospital or medical assistant made by the company, free accommodation for the workers, festival token for the workers (Hari Raya, Deepavali), free transportation and PPE Provided by the management.

In Compliance **Yes** No Not Applicable

Indicator 11 In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.

Summary Based on the visit to housing area, the mill workers and estate workers are placed in a centralized compound. Seen adequate facilities provided include electricity and clean water supply. The fully bricked house with 3 rooms, a kitchen and a bathroom.

There is a weekly inspection checklist available. The housing compound is include with volleyball court, football field and also worship area as part of the facilities provided by the company.

In Compliance **Yes** No Not Applicable

Indicator 12 The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.

Summary The mill is maintaining a policy related to Gender which the commitments to "endeavor to prevent sexual harassment and all other forms of violence against women, workers and community" and "establish a specific complaints and grievance procedure and mechanism, acceptable by all parties, to address gender based issues" by establishing the gender committee to implement and monitor the policy. Based on the gender meeting dated on 15/06/19 sighted no records of reporting related to sexual harassment in the workplace.

In Compliance **Yes** **No** **Not Applicable**

Indicator 13 The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.

Summary The mill had done the Union Meeting with the workers dated 07/05/19. Interview with workers (operation and staff) reveals they are freedom to join the Union. Aside, the have no restriction in keeping their passports.

In Compliance **Yes** **No** **Not Applicable**

Indicator 14 Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state, and national legislation.

Summary The "Child Protection" policy seen dated on Jan 2015. The policy clearly indicates of no hiring of child labour nor discrimination against them. Sighted the list of workers that combining of local and foreigners (96 workers), local workers and Indonesian workers whom are under 18 years old working in the estate. No evidence of child worker sighted during field visit. Counter verification on worker's database also resulted with no child employment.

In Compliance **Yes** **No** **Not Applicable**

Criterion 6 Training and competency

Indicator 1 All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.

Summary The mill has established an annual training plan for 2019 "Kok Foh Mill ESH Training Matrix 2019" that consisting of awareness on OSH, SOP, legal and environment. Example of trainings are OSH Act & Regulations 1994, safe electrical handling, MSPO SCC, EQA 1974 and etc.

Sampled training records for chemical spillage dated on 29/03/19 attended by 8 workers from store. Fire drill training was attended by staff and workers on 08/08/19 and first aid & CPR training on 16-17/07/18

In Compliance **Yes** **No** **Not Applicable**

Indicator 2 Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.

Summary Interview with mill's assistant manager, it was found that both local and foreign workers being provided trainings during morning meeting or during planned safety briefing at Kok Foh mill. As for new workers, after each training sessions, they are given on the job training as to familiarize with the machine operation before they assigned to specific station.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary Competence, Awareness and Training seen documented in Mill Quality Management System Manual. The mill has established an annual training plan for 2019 that consisting of awareness on OSH and environment. Example of trainings are chemical safety management, incident reporting, water quality monitoring and etc.

In Compliance **Yes** No Not Applicable

2.5 Principle 5: Environment, natural resources, biodiversity, and ecosystem services

Criterion 1 Environmental management plan

Indicator 1 An environmental policy and management plan which shall be in line with the relevant country and state environmental laws shall be established, effectively communicated, and implemented.

Summary The company has established "Environmental Management Policy" which was last updated on January 2015 and signed by company Managing Director Datuk Franki Anthony Dass. The policy has statement on its commitment to complying with statutory, legal and regulatory requirements.

The environmental policy has been communicated to relevant stakeholders as evident sighted from records of policy briefing given to mill employees on 01/07/2019 attended by 41 workers.

In Compliance **Yes** No Not Applicable

Indicator 2 The environmental management plan shall cover the following:
a) An environmental policy and objectives;
b) The aspects and impacts analysis of all operations.

Summary The company has established environmental objectives for mill on following areas :

- Biodiversity & Conservation : Zero encroachment
- Waste generation : Waste Recycling program + Baseline data development for 2020
- 100% compliance with clean water, surface water & Effluent standard and enhance initiatives
- Water intensity : Reduction of 4 %

The assessment of mill's environmental aspect and impact are recorded in "Environmental aspect and Impact Form". The form contains column for activity, Environmental aspect, Environmental load item (emission/aspect), environmental impact identification, legislation.

In Compliance **Yes** No Not Applicable

Indicator 3 An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.

Summary The mill has established environmental improvement plan in document "Identification & Management of Waste water for financial Year 2018/2019" and "Waste Management Plan for year 2018/2019". The plan for financial Year 2018/2019" has identified water based waste produced from the mill operations, disposal method and action plan to reduce fresh water usage.

In Compliance **Yes** No Not Applicable

Indicator 4 A programme to promote the positive impacts should be included in the continual improvement plan.

Summary Mill's continual improvement plans are reflected in its "Kaizen Charter" areas that need to be improved are identified, action plans are developed, implemented and monitored. Some the improvement plan sighted are:

- To avoid unnecessary oil leaking completed in June 2018
- To remove contamination and smooth DCO flow completed in April 2018

In Compliance **Yes** No Not Applicable

Indicator 5 An awareness and training programme shall be established and implemented to ensure that all employees understand the policy, objectives and management plans and are working towards achieving the objectives.

Summary Mill's awareness programme on environment to its workers are done during muster ground meeting as evident from records of environmental policy and environmental matters briefing given to mill employees on 01/07/2019 attended by 41 workers.

In Compliance **Yes** No Not Applicable

Indicator 6 Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.

Summary The mill management has quarterly meeting to discuss on mill's environmental related matters. Sighted latest meeting minutes dated 23/07/2019 where subject such as ETP Performance, BOD Final discharge, and Suspended solid final discharge, schedule waste management, etc., were discussed.

In Compliance **Yes** No Not Applicable

Criterion 2 Efficiency of energy use and use of renewable energy

Indicator 1 Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity, and energy efficiency in the operations over the base period.

Summary The mill monitors and records its diesel usage for its mill vehicles. Sighted petrol usage record for year 2019. Baseline established by the mill as 0.19 Litter/mt FFB.

	Diesel Usage (l)	FFB (mt) Processed	l/mt FFB
July `19	1,538	17,732.05	0.09
Aug `19	1,282	19,362.87	0.07
Sept `19	705	18,176.52	0.04

In Compliance **Yes** No Not Applicable

Indicator 2 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.

Summary Mill includes its petrol usage in its annual budget. For year 2019 it has been estimated RM 44,854.80.

In Compliance **Yes** No Not Applicable

Indicator 3 The use of renewable energy should be applied where possible.

Summary There is no renewable energy application for the mill.

In Compliance **Yes** No Not Applicable

Criterion 3 Waste management and disposal

Indicator 1 All waste products and sources of pollution shall be identified and documented.

Summary The mill has established waste management plan for year 2018/2019 identifying type of waste, SW Code, item description, location, action to be taken and PIC. Following are some of the example sighted:

- Type of waste: Schedule waste
- SW code: SW 305
- Item description: Spent lubricant oil
- Location: Workshop & Lab
- Action to be taken: Collect, record, label and dispose through licensed contractor
- PIC Foreman, Storekeeper & Lab Supervisor



In Compliance **Yes** No Not Applicable

Indicator 2 A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for:
 a) Identifying and monitoring sources of waste and pollution.
 b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.

Summary The mill has established waste management plan for year 2018/2019 identifying type of waste, SW Code, item description, location, action to be taken and PIC. Following are some of the example sighted:
Type of waste: Schedule waste
 – SW code: SW 305
 – Item description: Spent lubricant oil
 – Location: Workshop & Lab
 – Action to be taken: Collect, record, label and dispose through licensed contractor
 – PIC : Forman, Storekeeper & Lab Supervisor

In Compliance **Yes** No Not Applicable

Indicator 3 The palm oil mill 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. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Wastes) Regulations, 2005.

Summary The company has established SOP for handling used chemicals at mill. The SOP titled "Schedule Wastes (Hazardous Waste) Management, Document No. SD/SDP/PSQM/(ESH)-ENI dated 26/02/2015. The SOP which is in line schedule waste regulation has specified schedule waste identification, notification, records, inventory, handling of schedule waste at site, SW Store, consignment note, etc. Implementation of the SOP is evident from the site visit to the mill, where scheduled waste drums are properly labeled and records of inventory updated.

In Compliance **Yes** No Not Applicable

Indicator 4 Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.

Summary Domestic waste disposed by contractor 'Kumar A/L Karuppiah' as sighted from contract rubbish collection dated 01/09/2019. Domestic wastes are collected 8 times a month from line site, staff housing, bungalow and office building.

In Compliance **Yes** No Not Applicable

Criterion 4 Reduction of pollution and emission including greenhouse gas

Indicator 1 An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.



Summary Mill’s polluting activities are identified and evaluated in its EIA and EIE and pollution prevention plans are in place. (Refer to 4.5.1.1 to 4.5.1.3). Sighted palm GHG Kok Foh Report 2018 prepared using RSPO GHG calculator version 3.01. The calculation involves the mill and all its supply bases. Land conversion, CO2 emission from fertilizer, N2O emission, fuel consumption, crop sequestration. The final emission is stated as 0.2 tCO2e/t FFB.

In Compliance **Yes** No Not Applicable

Indicator 2 An action plan to reduce identified significant pollutants and emissions shall be established and implemented.

Summary Action plan to reduce identified significant pollutants are has been established in document “Identification & Management of Waste water for financial Year 2018/2019” and “Waste Management Plan for year 2018/2019”. Sighted latest boiler emission monitoring report evaluated and prepared by Amcen Lab Sdn Bhd dated 24/05/2019. The test report has concluded that monitored parameters were found to be below limit values as required by the Environmental Quality (Clean Air) Regulation 2014.

In Compliance **Yes** No Not Applicable

Indicator 3 Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations

Summary POME produced from the mill is treated using 8 ponds and final discharges are applied to estate. Sighted last 3 months final effluent discharge to estate land (Land application) test report for the mill which the parameters are within DOE limits for land application of POME. The effluent analysis which was carried out by Sime Darby Research Sdn Bhd’s Lab shows all final discharge parameters are within DOE allowable limits as tabulated below:

Date Sampled	08/07/2019	07/08/2019	13/09/2019
pH	8.0	8.1	8.3
BOD	670	689	1215
SS	1200	1420	1406
TN	288	466	403
AN	222	267	232
O&G	7	4	4

In Compliance **Yes** No Not Applicable



Criterion 5 Natural water resources

Indicator 1 The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water).
The water management plan may include:
a) Assessment of water usage and sources.
b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.
c) Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc).

Summary Mill's water plan is included in the "Identification & Management of Waste Water for financial year 2108/2019" which has identified action plan to reduce fresh water usage. The mill maintains monthly record for water usage for its operation as well as for its domestic use. Sighted copy of latest quarterly report sent to DOE dated 07/10/2019 by Mill Senior Manager.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary Mill's POME is discharge for land application at Koh Foh Estate. Sighted copy of latest quarterly report sent to DOE dated 07/10/2019 by Mill Senior Manager.

In Compliance **Yes** No Not Applicable

2.6 Principle 6: Best practices

Criterion 1 Mill management

Indicator 1 Standard operating procedures shall be appropriately documented and consistently implemented and monitored.

Summary The company has established several numbers of SOPs as sighted during the audit such as:

1. Sustainable Plantation Management System
2. Mill Quality Management System (Standard Operation Manual)
3. Occupational Safety and Health Manual
4. Mill Quality Management System (Standard Operating Procedure)

For mill daily operations, the mill is referring to Standard Operating Procedure (Issue No. 1, date 01.04.2018) The SOP includes:

1. Reception station
2. Sterilization station
3. Threshing station
4. Pressing station
5. Clarification station
6. Depericarping station

7. Kernel Recovery station
8. Boiler station

In Compliance **Yes** No Not Applicable

Indicator 2 All palm oil mills shall implement best practices.

Summary The monitoring of the mill process is made through the shift supervision headed by an Engineers. All process parameters are documented and summarized in a daily report.

In addition, there are audits by Mill Advisor, Sustainability Quality Management (SQM), Regional SQM and Group Integrity Governance & Assurance. This is to ensure compliance to Policies, procedures in relation mill operations, financial, OSH etc.

In Compliance **Yes** No Not Applicable

Criterion 2 Economic and financial viability plan

Indicator 1 A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.

Summary The mill has documented its business plan for a period of 5 years from year 2020 to 2024. The business plan includes expenditure for Processing cost, Mill admin, mill labour overhead, etc. The plan/budget is reviewed annually, prepared by the mill management and approved by the HQ.

In Compliance **Yes** No Not Applicable

Criterion 3 Transparent and fair price dealing,

Indicator 1 Pricing mechanisms for the products and other services shall be documented and effectively implemented.

Summary Pricing of the contract works such as transporting of FFB and PK, Purchase of FFB from outside suppliers is determined by the HQ (Procurement Department) and treated as highly confidential information.

In Compliance **Yes** No Not Applicable

Indicator 2 All contracts shall be fair, legal and transparent and agreed payments shall be made in a timely manner.

Summary Sighted contract agreements for five external FFB suppliers to the mill, namely:

1. Cheong Wing Chan Sdn (Ref: P/C/0119/FFB01374L)
2. FELCRA Berhad (Ref: P/C/0119/FFB01375L)
3. Eng Huat Latex Concentrate Sdn Bhd (Ref: P/C/0119/FFB01323L)
4. Bukit Palong Plantations Sdn Bhd (Ref: P/C/0119/FFB01373L)
5. Kuala Lumpur Kepong (KLK) Berhad (Ref: P/C/0219/FFB01449L)



The agreements valid from a period of 1st January 2019 till 31st December 2019 except for KLK Berhad commencing on 10th February 2019 to 28th February 2019. All the contract agreements are kept in the file. Sighted the contract that sign by contractors with the company and payment record shown that the company pay fee to the contractors according the agreement terms.

In Compliance **Yes** No Not Applicable

Criterion 4 Contractor

Indicator 1 In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.

Summary The MSPO Compliance statement by contractors have been included in Estate Monthly Contract Form. The clause stated that the contractor shall comply with OSHA, EQA, RSPO/MSPO and any other relevant enactment or byelaws pertaining to occupational safety, health and environment or any other subsequent modification or reenactment thereof. This document is signed by contractor on monthly basis. Sighted contract form signed by Ponvel Enterprise dated 06.09.2019 (Ref: 4300479368).

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall provide evidence of agreed contracts with the contractor.

Summary All the contract agreements are kept in contractors file. Sighted the contract that sign by contractors with the company. Example contract agreement sighted between Ponvel Enterprise and Kok Foh Mill. The contract is for grass cutting in the mill, gardening, upkeep and garbage collection.

For CPO transport, sighted ad-hoc contract between the mill and Nashreena International (M) Sdn Bhd for period of 12 months from 01.05.2019 to 30.04.2020. All the terms and conditions referred to the previous contract (Ref: T/PEN/CPO/0215/001)("Services").

In Compliance **Yes** No Not Applicable

Indicator 3 The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.

Summary The management agreed and approved with the MSPO auditor by accepting the audit plan which was sent to the person in charge on 25th September 2019.

In Compliance **Yes** No Not Applicable

2.7 Details of Audit Findings

Details Non-Conformity

- See Appendix B -

Details of Area of Concern

- See Appendix B -

Details of Noteworthy / Positive Findings

- 1) The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
- 2) Top management continuously establishes directions for the middle and upper management to execute in ways to comply with the MSPO management system in future.
- 3) Good relationship being maintained with surrounding smallholder and villages.

Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
10 th October 2019	08:00 – 13:00	SOU 16 Kok Foh POM <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	FB	BS/MM
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Mill Inspection: <ul style="list-style-type: none"> • Workshop, Laboratory, Environment, OHS, Chemical Stores, Workers Welfare and Interview, Clinic, Landfill, Mill Housing, Biogas System, WWTP, Schedule Waste, POME. 	FB	BS/MM
	13:00 – 14:00	<ul style="list-style-type: none"> ➤ Lunch/Rest 	FB	BS/MM
	14:00 – 15:30	<ul style="list-style-type: none"> ➤ Continue document review <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	FB	BS/MM
	15:30 – 16:00	<ul style="list-style-type: none"> ➤ Verify any outstanding issues and auditor discussion. 	FB	BS/MM
	16:00 – 17:00	<ul style="list-style-type: none"> ➤ Centralize Closing Meeting at SOU 16 Kok Foh POM: <ul style="list-style-type: none"> ➤ Chaired by the audit Lead Auditor • Welcome and introduction by the Lead Auditor • Presentation of findings by the audit team • Questions & answers and Final summary by Lead Auditor ➤ End of assessment 	FB	BS/MM

Appendix B : Non-Conformity details

Non-Conformities Identified During This Audit	
Major Nonconformities:	Non-were raised during this audit.
Minor Nonconformities:	Non-were raised during this audit.
Area of Concern:	Non-were raised during this audit.

Appendix C: List of Stakeholders Contacted

Attendance List
Internal Stakeholders
1) Kok Foh Mill management team and staff
2) Gender Committee Representatives
3) Mill workers
4) Workers Representatives
5) Foreign Workers Representatives
External Stakeholders
1) FFB lorry driver
2) Smallholders (Estate Owners)

