

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

CERTIFICATION AUDIT REPORT

Part 4: General Principles for Palm Oil Mills




Pandewan Palm Oil Mill Sdn Bhd


[POM]

-Individual Certification-

ANNUAL SURVEILLANCE AUDIT 1

9th July 2020

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	18/07/2020	Issued as Draft Report	Mohamad Razin Bakal	Lead Auditor	
B	09/10/2020	Issued as Final Report	Mohamad Razin Bakal	Lead Auditor	
B	20/10/2020	Final Report Approved	Muhd Jamalul Arif	Certifier	

Acknowledgment by Pandewan Palm Oil Mill					
Rev	Date	Description	Management Representative	Role	Signature
B	22/10/2020	Acceptance of the contents	Ms. Winnie Osingang	Sustainability 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



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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. (GGC) has conducted the Certification Assessment of Pandewan Palm Oil Mill Sdn Bhd. During this Annual Surveillance Assessment (ASA1) the audit team was briefed by sustainability member, that the origin of FFB to Pandewan Palm Oil Mill Sdn Bhd are from own and surrounding smallholders.

This assessment was conducted onsite on 9th July 2020 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	Pandewan Palm Oil Mill Sdn Bhd
Business Address	2-2 Lot 33, Block E, Lintas Square, Jalan Lintas 88300 Kota Kinabalu, Sabah, Malaysia.
Contact Person	Ms. Winnie Osingang
Office Telephone	088-222350
E-Mail	Winnieosingang.khhpk@gmail.com

1.3 Certification Unit

Name of the Certification Unit	Pandewan Palm Oil Mill Sdn Bhd		
Mill Capacity (MT/HR)	45 mt/hr		
Site Address	Mile 17 Jalan Nabawan-Sapulut. 89957 Keningau, Sabah, Malaysia.		
GPS Reference of the site office	Longitude	116.47555556	
	Latitude	4.90366667	
MPOB License Information	License No.	604205004000	
	Scope of Activity	<ol style="list-style-type: none"> 1. Menjual dan Mengalih – PK, CPO 2. Membeli dan Mengalih – FFB, PK, CPO 3. Menyimpan – PK, CPO 	

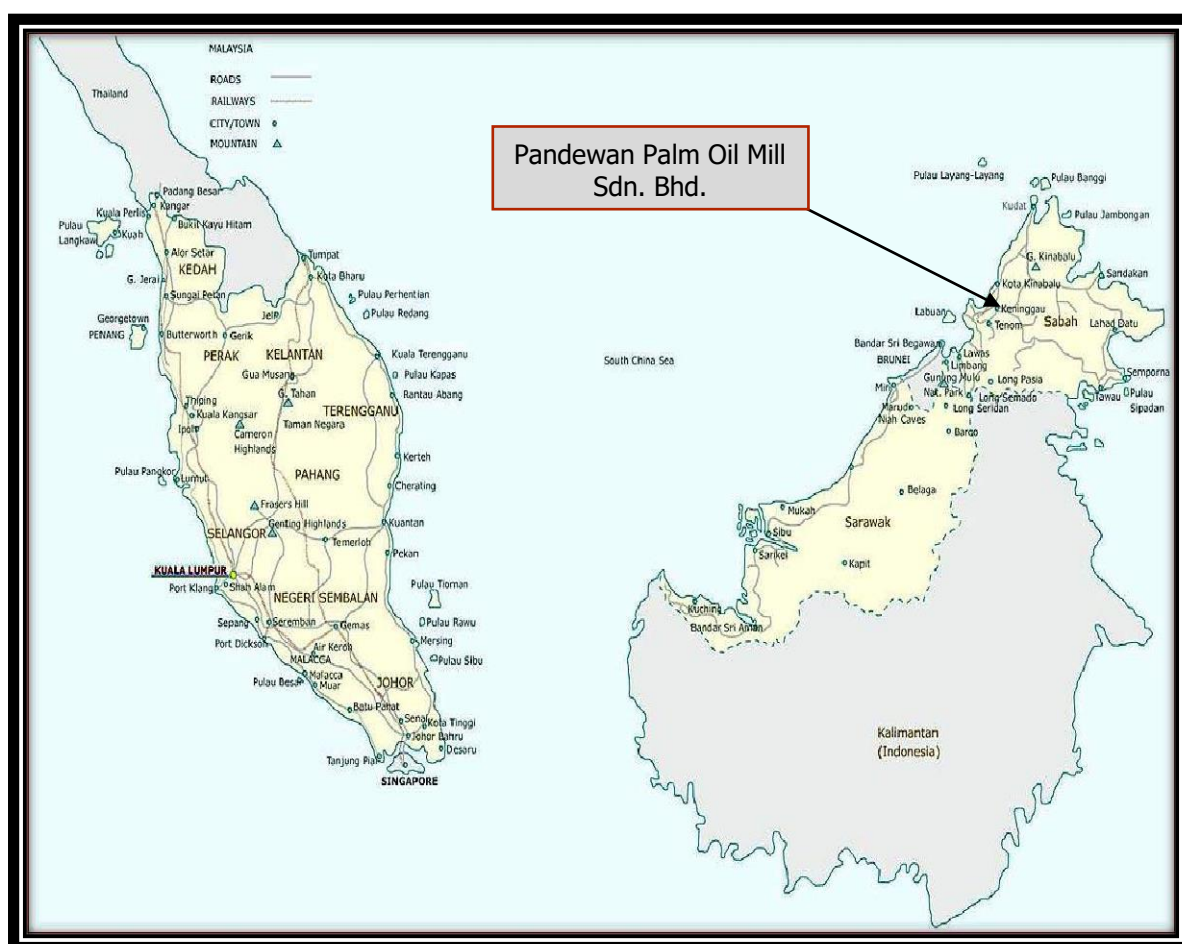
	Expiry Date	4. Mengilang FFB 31 st October 2020
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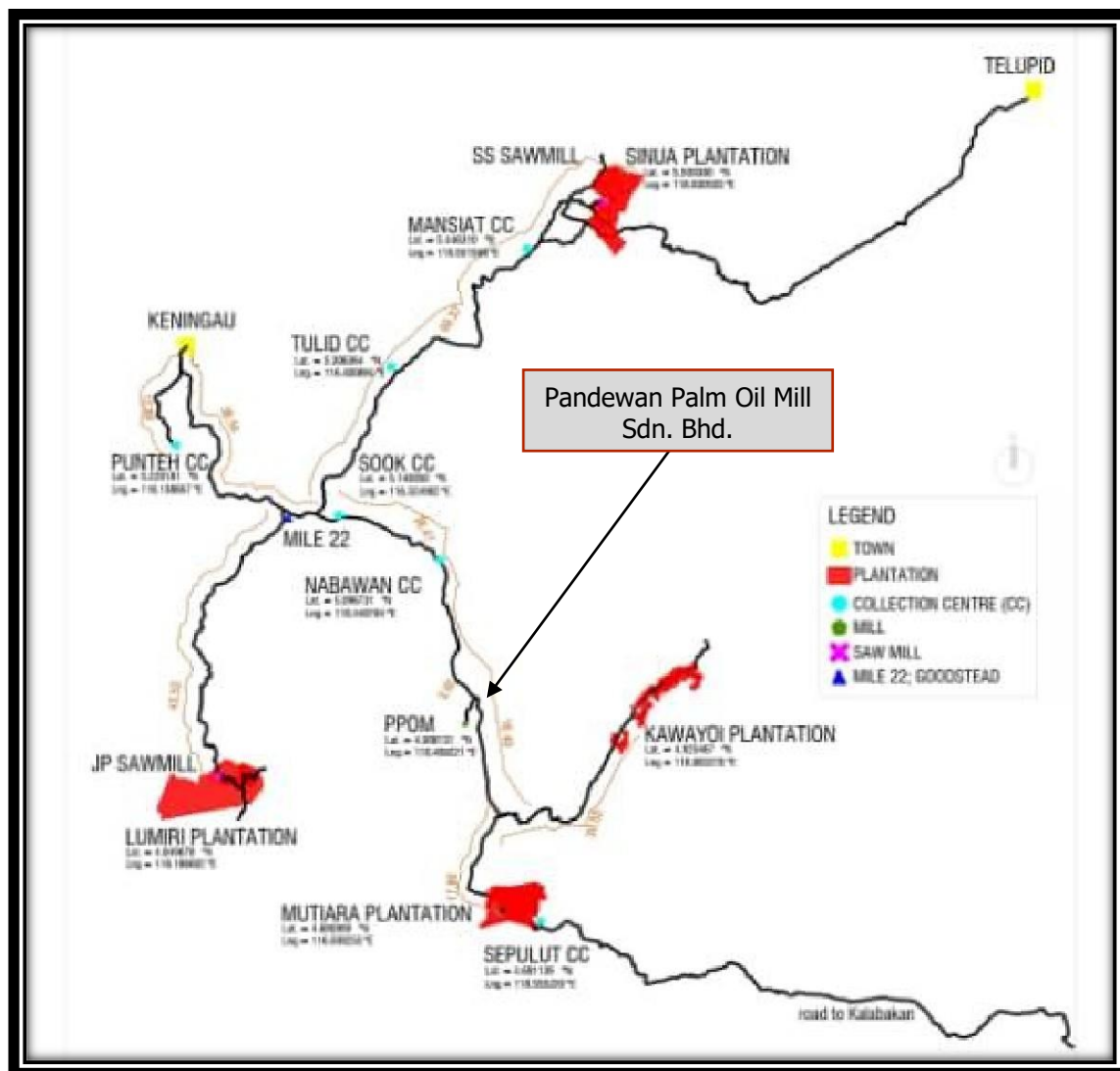
Others Sustainability Certification

No	Name of the Site	Others Sustainability Certification
1.	Pandewan Palm Oil Mill Sdn Bhd	nil

1.4 Map Showing Geographical Location

1) Pandewan Palm Oil Mill





1.5 Production Area, Actual and Projected FFB Production (MT)**Production for Certified Unit**

Pandewan POM Sdn Bhd	Budget Production for 12 Months [June 2019 – May 2020]	Actual Production for 12 Months [June 2019 – May 2020]	Projected Production for next 12 Months [May 2020 – June 2021]
FFB Summary (MT)	12,082.00	12,518.00	57,443.00
CPO Summary (MT)	2,625.00	2,715.00	12,462.00
PK Summary (MT)	494.00	505.00	1,683.00

Production for Non Certified Unit

Pandewan POM Sdn Bhd	Budget Production for 12 Months [June 2019 – May 2020]	Actual Production for 12 Months [June 2019 – May 2020]	Projected Production for next 12 Months [May 2020 – June 2021]
FFB Summary (MT)	168,548.00	138,508.00	155,308.00
CPO Summary (MT)	30,193.00	30,103.00	33,692.00
PK Summary (MT)	5,686.00	5,675.00	4,550.00

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-PPOM001-MSPO-00-2019
Initial certificate issued date	12 th June 2019
Certificate expiry date	11 th June 2024
Stage 1 assessment date	28 th February 2019
Stage 2 / Main Assessment	16 th April 2019 – 17 th April 2019
Annual Surveillance 1 [ASA 1]	9 th July 2020
Annual Surveillance 2 [ASA 2]	To be advised
Annual Surveillance 3 [ASA 3]	To be advised
Annual Surveillance 4 [ASA 4]	To be advised

1.7 Qualification of the Lead Assessor and Assessment Team

Lead Auditor

Name: Mohamad Razin bin Bakal [MRB]

Graduate in Degree of Accountancy with University Putra Malaysia. Having 17 years of working experience in various field in Malaysia, Africa and Indonesia. Have enough knowledge and experiences in oil palm estate operation inclusive of estate administrative, budget preparation, jungle clearing, new planting, nursery establishment and management, harvesting, field upkeep and maintenance, safety and health, vehicle running and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM). Involved in MSPO auditing since 2018. Qualified as Lead Auditor/Auditor for MSPO 2530:2013, ISO 14001:2015 and ISO 9001:2015 from Sirim Berhad. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of Management commitment and responsibility, Social responsibility, health, safety and employment condition. He is able to speak and understand Bahasa Malaysia and English.

Auditor

Name: Mohd Razib bin Mohd Noor [RMN]

Competent Marine Engineer with more than 30 years of working experiences in a various plantation company in Malaysia, Papua New Guinea and Indonesia. Having a skill in Good Milling Practices (GMP) including the crop quality control. Qualified as Auditor for MSPO certification by SIRIM since 2018. Completed the ISO 9001:2015 Quality Management System Lead Auditor course by TOMC in May 2018 and MSPO SCCS Auditor by SIRIM in July 2019 respectively. Experienced in both palm oil mill and kernel crusher plant management, specifically boiler and process control. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of Compliance to legal requirements and Best Practices. He is able to speak and understand Bahasa Malaysia and English.

Auditor

Name: Ismadi bin Hj. Ismail

He holds Diploma in Planting Industry Management from MARA Institute of Technology, Kuantan Pahang. 24 years of working experiences with various plantation companies and skills in Best Agriculture Practices (GAP) for plantation. Fully trained in CoP, MSPO and OSHAS. Qualified as Lead Auditor/Auditor for MSPO and CoP. Involved in MSPO assessment since 2017. Completed and certified MSPO Auditor course in 2017 held by SGS (M) Sdn Bhd and ISO 9001:2015 lead auditor course by TOMC. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of compliance to Management commitment & responsibility, Social responsibility, health, safety and employment condition, Best practices and Development of new development.

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 “Pandewan Palm Oil Mill Sdn. Bhd.”.

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	9 th July 2020
Name of site(s) visited	Pandewan Palm Oil Mill Sdn. Bhd.
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	2	No action requires
Noteworthy /Positive Comments	6	No action requires

1.11 Stakeholder Consultation

As per ACB-Malaysian Sustainable Palm Oil (MSPO); ACB-OPMC4; Issue 1, 1st August 2017; Stakeholder Consultation Requirements For Certification Bodies Operating Oil Palm Management Certification Under Malaysian Sustainable Palm Oil (MSPO) Certification Scheme. The consultation during the audit will be carried out during the stage 2 and recertification audit of the management unit. The CB shall carry out stakeholder consultation to ensure continued compliance with the requirements of the certification standards. However, stakeholders' consultation during surveillance audit may be limited to those stakeholders who have raised concerns, complaints or disputes prior to the audit.

GGC has published the public notification on 25th June 2020 and as to accommodate a stakeholders' consultation meeting for POM. Therefore, it was conducted on 9th July 2020 in Pandewan Palm Oil Mill Sdn. Bhd. to gather information from the local communities in accordance to Certification Scheme and Stakeholder Consultation requirements.

During this Annual Surveillance Assessment (ASA1), the audit team has conducted stakeholder consultations involving internal 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.	Stakeholders A (General Worker)	<ul style="list-style-type: none"> MSPO awareness, company policy and SOP are briefed to workers during morning briefing. All of them having good understanding about MSPO. Monthly salary payment was made promptly without any delay before 7th every month. All of them are aware that any complaints or suggestions could be forwarded to the POM management. Have good relationship between worker and management. 	No action requires	Positive findings

		<ul style="list-style-type: none"> • Personal Protective Equipment are distributed free of charged by management. • Company well managing the welfare, health and safety of their workers. • Have been treated equally without any discrimination. The salary was according to Minimum Wage Order 2020. 		
2	Stakeholders B (POM Staff)	<ul style="list-style-type: none"> • Having good knowledge about MSPO implementation, company policy and SOP • Have good relationship with the POM management and top management from HQ. • Have good understanding about complaint and grievance mechanism. • Company well managing the welfare, health and safety of their staff. 	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 Pandewan Palm Oil Mill Sdn. Bhd. POM 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 Assessment (ASA1).

This report will be internally reviewed prior to certification decision by GGC and externally peer reviewed by independents panel reviewers (qualified and trained by MPOCC) is not required. During this Annual Surveillance Assessment (ASA1) [based on MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO)] Part 4: General Principles For Palm Oil Mills, there was only two (2) area of concerns has been raised to the facility 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 to continuing a certificate of compliance "MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles For Palm Oil Mills" is awarded to Pandewan Palm Oil Mill Sdn. Bhd.

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 Pandewan Palm Oil Mill Sdn Bhd is wholly managed by Kilang Harta Hijau Perladangan Kelapa Sawit Sdn Bhd. The mill has established a Sustainability Policy which stating their commitment to implanting the following sustainable practices. Sighted the Sustainability Policy, established on 1st June 2018 signed by Mr. Roger Ling Wei Lee, Operation Director. This Policy which stating their commitment to implanting the following sustainable practices:

- To operate sustainability management based on the principles and criteria contained in MS2530:2013 standard.
- To continuously improve our operation in line with social, environmental and economic aspects.
- Ensure protection and conservation for High Conservation Value and High Carbon Stock areas.
- Ensure protection and preservation of rare, threatened or endangered species and high biodiversity values.
- To ensure this sustainability policy is distributed and understood by all the employees and stakeholders.

Sighted the External Stakeholder Meeting conducted on 27th February 2020 at POM Meeting Room with total attendance of 27 person. The meeting conducted by Ms. Winnie Osingang, the MSPO Coordinator. For Internal Stakeholder Meeting, meeting with all workers was conducted on 5th January 2020 at POM office area attended by all POM workers and conducted by Mr. Samsudin Gapor, POM Manager.

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 Pandewan Palm Oil Mill Sdn Bhd has established a Sustainability Policy which stating their commitment to implanting the following sustainable practices. The policy was signed by Mr. Roger Ling Wei Lee, Operation Director on 1st June 2018.

The company is committed to continuously improve their operation in line with social, environmental and economic aspects based on the principles and criteria contained in MS2530: 2013 standards.

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 Pandewan Palm Oil Mill Sdn. Bhd. has established MSPO Procedure Title: Internal Audit, Doc No: MSPO-01, Rev 0, and Date 1st July 2018. Prepared by Ms. Winnie Osingang (Sustainability Manager) and approved by Mr. Samsudin Gapor (POM Manager).

Internal audit has been planned for the year 2020 as documented in "Annual Internal Audit Plan" prepared by Ms. Winne Osinggang and approved by the Director. Seen, the Internal audit at Pandewan Palm Oil Mill Sdn. Bhd. being planned accordingly as follows :

No	Palm Oil Mill	Month Planned
1	Pandewan Palm Oil Mill Sdn. Bhd.	June 2020

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 Pandewan Palm Oil Mill Sdn. Bhd. has established MSPO Procedure Title: Internal Audit, Doc No: MSPO-01, Rev 0, Date 1st July 2018. Prepared by Mrs. Winnie Osingang (Sustainability Manager) and approved by Mr. Samsudin Gapor (POM Manager).

The purpose of this procedure is to describe the audit process conducted internally to determine Sinaron Sinua Plantation Sdn Bhd operations are effectively implemented to comply with the Malaysian Sustainable Palm Oil (MSPO) standards.

Evidence the internal audit covers all the MSPO Principles from 1 to 6 in the checklist and findings. Sighted the document being kept in Internal Audit Findings file at the office. NC Minor 5, AOC 1.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

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

Summary Seen, all the Non-Conformities being closed before the Management Review Meeting conducted on 9th March 2020.

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 Pandewan Palm Oil Mill Sdn. Bhd. has established MSPO Procedure Title: Internal Audit, Doc No: MSPO-01, Rev 0, Date 1st July 2018. Prepared by Ms. Winnie Osingang (Sustainability Manager) and approved by Mr. Samsudin Gapor (POM Manager).

Sighted the MSPO Management Review Meeting dated 19th October 2019 chaired by Mr. Roger Ling Wei. The meeting attended by 12 person.

As per stated in the procedure, the POM manager is responsible for arranging the meeting, preparing meeting agenda, determine scheduled date and meeting minutes. The agenda shall be as listed below:

- 1 - Audit report by internal auditor
- 2 - NC raised during MSPO MS 2530 - 4 (Internal Audit)
- 3 - Capital Investment project for Continues Improvement Plan
- 4 - Any other matters

Minute meeting was prepared by Ms. Winnie Osingang and approved by Mr. Roger Ling Wei Lee, Operation Director.

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 Sighted the Sustainability Policy, established on 1st June 2018 signed by Mr. Roger Ling Wei Lee, Operation Director. This policy covers :-

Point no 2 – “To continuously improve our operations in line with social, environmental and economic requirements”.

1. Boiler smoke air-pollution control solution technology.
2. Biogas system to gas engine boiler/flare.
3. Cake drier and sludge dewatering system fertilizer plant.
4. New staff/Executive semi D housing.
5. Gravity water catchment pond retention.

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 company disseminate the new information and techniques or new industry standards and technologies through the training.

Sighted the PPOM's training program for year 2020 which include the SOP training, Safety & Health, chemical handling, MSPO training and awareness training.

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 the Stakeholder Communication & Consultation Procedure under No. MSPO-05/SCCP-18/01 Rev:0 Dated 1 July 2018, Pandewan Palm Oil Mill Sdn. Bhd.

Communication and consultation process are also communicated through stakeholder meeting.

External Stakeholder Meeting was conducted on 27th February 2020 at Pandewan Palm Oil Mill Sdn. Bhd. Meeting Room. The session chaired by Sustainable Manager, Ms Winnie Osingang and 27 stakeholders attended the meeting.

No record on request and response matter being addressed by stakeholders in 2020.

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 Sighted Reference Document List updated on 3rd February 2020 listed in MSPO/PD/01, Rev:0 Date: 13th December 2018. Documents listed as stated below: -

- a. Publicly Document
 1. Polisi & Objektif MSPO
 2. Laporan Penilaian Impak Sosial
 3. Prosedur dan Laoran Aduan dan Rungutan
 4. Laporan dan Pelan Keselamatan dan Kesihatan
 5. Prosedur HIRARC
 6. Pengurusan Sisa
 7. Laporan Aspek dan Impak
 8. Prosedur Pelupusan Sisa Berjadual
 9. Laporan pelaksanaan dan pencapaian MSPO
 10. Prosedur pembersihan pejabat
 11. Prosedur pengambilan pekerja
 12. Prosedur kerja operasi
 13. Prosedur komunikasi
 14. Prosedur Audit Dalaman
 15. Prosedur Pengurusan perumahan
 16. Prosedur Pengurusan Stor
 17. Prosedur traceability
- b. Confidential Document
 1. Laporan Kesihatan Pekerja
 2. Laporan CHRA
 3. Lpaoran Kes Gangguan Seksual / Maklumat Pengadu
 4. Rekod Aduan dan Rungutan / Maklumat Pengadu
 5. Daftar Perundangan
 6. Daftar HIRARC
 7. Rekod Pemeriksaan Tempat Kerja
 8. Rekod Pemeriksaan JKPP
 9. Laporan Audit Dalaman
 10. Laporan Pemantauan Kualiti Air Sungai
 11. Daftar Aspek Impak Alam Sekitar
 12. Rekod Pemeriksaan JAS
 13. Online Environmental Reporting
 14. File ESwis
 15. Rekod Penggunaan Air
 16. Rekod Kewangan
 17. Senarai Penghuni Rumah
 18. Struktur Kos
 19. Senarai gaji harian / bulanan
 20. Kontrak Pekerja
 21. Rekod Lebihan Masa
 22. Surat Tawaran Kerja
 23. Surat Perlantikan Pekerja

- 24. Senarai akaun Bank Pekerja
- 25. Production Quality
- 26. Production Statistic

During the interview with POM manager, he informed that the applicants need to request through the POM office for official documents. For confidential documents it will have to go through the POM manager, whom will make the decision as to whether the information can be shared to or viewed by the person requesting the information or document. All these documents were sighted in the POM office.

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 the Stakeholder Communication & Consultation Procedure under No. MSPO-05/SCCP-18/01 Rev: 0 Dated 1st July 2018, Pandewan Palm Oil Mill Sdn. Bhd.

The Standard Operating Procedure has identified mechanism for consultation and communication with the relevant stakeholders.

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 person in charge for transparency agenda is Miss Zerafani John, appointed on 8th January 2018 by the Sustainable Manager, Mrs Winnie Osingang

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 Sighted latest list of stakeholders available, categorized into different groups:

1. FFB suppliers
2. Government Agencies
3. External stakeholders

List of stakeholder has been prepared by Zerafani John and verified by Mr. Samsudin Gapor (POM Manager) dated 1st January 2020.

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 Traceability System Procedure MSPO SCCS, Ref No: MSPO-SCCS 05/TSPSCS-19/01 Rev: O; Date: 1st July 2019.

The POM is receiving FFBs from own estate and from out-grower or other smallholders. The POM will be operating under Mass Balance Modules.

Then the FFB will be graded complying with MPOB Standard. Next, FFB will be processed and production of certified CPO & PK are based on the respective conversion factor. Laboratory will determine the quality of all products. The products will be stored in the tanks and silo bunker before dispatching to refineries.

Pandewan Palm Oil Mill Sdn Bhd has been used continuous inventory periods systems to monitored all their products. Record monitoring available. All the data will be update by daily basis and summarized on monthly basis.

In Compliance **Yes** ☒ **No** ☐ **Not Applicable**

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

Summary The Mill Management team holds the responsibility on regular inspection of traceability system. Periodical inspections also being conducted through Director visit and Internal & External Audit Team.

The effectiveness of the monitoring will evidence in the audit report and visit report findings.

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 person in charge for traceability agenda is Ms Zerafani John, appointed on 8th January 2018 by the Sustainable Manager, Mrs Winnie Osingang

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 Purchases and sales will base on demand and has agreeable documentation with the supplier.

Sighted the records of sales, delivery or transportation of FFB. This record being

maintained and the documents are kept by the POM.

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 Sighted the list of law for Pandewan Palm Oil Mill Sdn Bhd which include the law from Occupational Safety & Health, Environment and General (Housing Act, Labor Act, EPF 1991). License and permits to comply with local and international laws sighted during the audit such as MPOB License, Permit Kawalan Barang Berjadual for storing of diesel, Boiler License and etc. All the permits are within the validity period.

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

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

Summary The list of law for Pandewan Palm Oil Mill Sdn Bhd sighted in document Legal Register Pandewan Palm Oil Mill Sdn Bhd. List includes:

1. Occupational safety and health (Factories & machineries, Uniform building by law, Pesticide, Electrical supply, etc)
2. Environmental (EQA, Local Government)
3. General (Housing and Amenities, Labour, EPF, SOCSO, Union, etc)
4. Other Requirements (Jadual Pematuhan DOE, MPOB)

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 Any changes to legal requirements are tracked through periodic review and evaluation on the Laws & regulations list to ensure that any new/addition, as well as changes and amendment, are captured and updated, through the following manner:

1. Enquiring the laws books publisher
2. Communication with law/enforcement officers
3. Website

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 The company has appointed Mrs. Winnie Osingang as the person in charge for MSPO Legal Requirement to monitor compliance and to track and update the changes in regulatory requirements. The appointment was made on 8th January 2018 (Ref. No: PPOMSB/WBO/1801-001(d)/HR.

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 Pandewan Palm Oil Mill Sdn. Bhd. is managed by Kilang Harta Hijau Perladangan Kelapa Sawit Sdn Bhd (Co. No. 983746-M). Sighted agreement dated 13th October 2015 between Pandewan POM and Kilang Harta Hijau.

The POM is currently situated on land (Ladang Pandiwan) which belongs to Sabah Land Development Board (SLDB). The SLDB is a statutory body agreed to develop the land with oil palm crop. Sighted agreement between SLDB and participant (Peserta) which is applicant for the land in Pandewan Sdn. Bhd.

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 Pandewan Palm Oil Mill Sdn Bhd as the owner of the POM whilst the Kilang Harta Hijau Perladangan Kelapa Sawit Sdn Bhd is the operator for the owner.

Sighted the Management Agreement between Pandewan Palm Oil Mill Sdn Bhd (Co. No. 776862-W) and Kilang Harta Hijau Perladangan Kelapa Sawit (Co. No. 983746-M) for the operation and management of the Pandewan Palm Oil Mill, dated 13th October 2015.

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 situated within Estate Pandewan which belongs to Sabah Land Development Board (SLDB).

The POM is having permanent fence separates POM and estate area. Site verification specifically located at coordinate Longitude N 4° 54' 13.2" Latitude E 116° 28' 32.2"

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 As per mill is built within Pandewan Estate (Belongs to SLDB). Thus, no disputes have been recorded in mill area.

There is no evidence of conflict present in this POM. There is no violence in instigated violence in maintaining peace because company has a clear procedure for land conflict.

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 As per POM is built within Pandewan Estate (Belongs to SLDB). Thus, there is no customary land in or surrounding all the POM. There are also no land disputes or claims involving this POM. The company has proper legal land title for the land ownership.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

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

Summary As per POM is built within Pandewan Estate (Belongs to SLDB). Thus, there is no customary land in or surrounding all the POM. There are also no land disputes or claims involving this POM. The company has proper legal land title for the land ownership.

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 As per POM is built within Pandewan Estate (Belongs to SLDB). Thus, there is no customary land in or surrounding all the POM. There are also no land disputes or claims involving this POM. The company has proper legal land title for the land ownership.

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 Company has established the Standard Operating Stakeholder Communication & Consultant Procedure – Doc. No: MSPO-09 (Rev 0), Date: 1st October 2018. Prepared by Ms. Zerafiani binti John (MSPO Staff) and approved by Mr. Samuddin bin Gapor (POM Manager) effective from 1st October 2018.

Sighted, SIA for Internal stakeholders conducted on 11th March 2020. The purpose of Social Impact Assessment is assessing on Access and Use Rights, Economic livelihoods and working condition, cultural and religion issues, health and education facilities and subsistence activities. 11 internal stakeholders being assessed and responded. The sample respond included;

No	Faktor Sosial / Kriteria	Kesan Impak	Analisa Impak Sosial	Langkah mitigasi	Tarikh Akhir
1	Kemudahan perumahan	Penambahan blok perumahan kerana tidak mencukupi untuk pekerja	Positive	Penambahan blok perumahan	Dec 2020
2	Kemudahan kesihatan	Jangkitan penyakit berjangkit	Positive	Pihak syarikat membuat saringan kesihatan	July 2020
3	Pengangkutan	Keadaan jalan raya yang berlubang	Positive	Pihak syarikat akan membuat permbaikan jalan raya utama	Dec 2020

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 Company has established the Standard Operating Stakeholder Communication & Consultant Procedure – Doc. No: MSPO-09 (Rev 0), Date: 1st October 2018. Prepared by Ms. Zerafiani binti John (MSPO Staff) and approved by Mr. Samuddin bin Gapor (POM Manager) effective from 1st October 2018.

Complaint and grievances procedure has been established as per document Prosedur Pengendalian Aduan atau Cadangan (Doc. No: PPOM17/PPMBP/01), effective date 1st July 2018. The procedure has been prepared by Ms. Zendifirwan John and



approved by Mr. Samuddin bin Gapor dated 3rd July 2018.

This procedure is a reference to management and staff in handling of any complaints and grievance from any stakeholder including individuals, government organization and non-government organization concerning the implementation of MSPO.

The procedure has stated the timeline involve to resolves dispute stated under Clause 4. where "Penyelesaian sesuatu aduan atau cadangan yang dibuat akan mengambil masa 14 hingga 40 hari bergantung kepada kerumitan aduan yang diutarakan daripada Tarikh terima aduan tersebut".

Sighted flow chart of complaints and grievances designed for External and Internal Stakeholder in the company SOP

In Compliance ☒ **Yes** ☐ **No** ☐ **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 Company has established the Standard Operating Stakeholder Communication & Consultant Procedure – Doc. No: MSPO-09 (Rev 0), Date: 1st October 2018. Prepared by Ms. Zerafiani binti John (MSPO Staff) and approved by Mr. Samuddin bin Gapor (POM Manager) effective from 1st October 2018.

Complaint and grievances procedure has been established as per document Prosedur Pengendalian Aduan atau Cadangan (Doc. No: PPOM17/PPMBP/01), effective date 1st July 2018. The procedure has been prepared by Ms. Zendafirwan John and approved by Mr. Samuddin bin Gapor (POM Manager) dated 3rd July 2018

Complaints and actions taken by the Management sighted in "Laporan Aduan dan Cadangan Pekerja". Few samples of complain forms sighted and shown that the management has taken appropriate action to resolve the issues raised in timely manner.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 3 A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.

Summary Complaint Form seen for External and Internal Stakeholders. Complain box located outside the office.

During site visit, complaint form and complaint box is made available for stakeholders/workers to raise any complaint /grievance.

In Compliance ☒ **Yes** ☐ **No** ☐ **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 Sighted the External Stakeholder Meeting conducted on 27th February 2020 at POM Meeting Room with total attendance of 27 person. The meeting conducted by Miss Winnie Osingang, the MSPO Coordinator. For Internal Stakeholder Meeting, meeting with all workers was conducted on 5th January 2020 at POM office area attended by all POM workers. The agenda for both meetings are ;

- i. Briefing on Company Policy
- ii. Briefing on complaints and request procedure

No complaints or request made during the meeting.

In Compliance ☒ **Yes** ☐ No ☐ 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 The POM has established „Complaint Log Book“ and Grievances/Complaint Form which was reviewed and updated monthly. Usually the lodge complaints are against house defects, maintenance, request for charity and requests for electrical or carpentry works.

Sighted all internal complaints filled, responded and the records being maintained for the last 12 months.

In Compliance ☒ **Yes** ☐ No ☐ 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 Sighted Corporate Social Responsibility Record File for internal and external stakeholder as follow;

No	CSR Activities
1	To check all documents and site visit due to MSPO audit stage 2 and surveillance audit for : 1. Julang Gemilang Sdn. Bhd. – 05.02.2020 2. Bidor sawit Agricultural Development sdn. Bhd. – 05.02.2020 3. Labang estate sdn. Bhd. – 06.02.2020 4. PS Tech (M) Sdn. Bhd. – 07.02.2020 5. H2 Plantation – 07.02.2020 6. Sinua & Sinaron Plantation Sdn. Bhd. – 04.03.2020 7. Mutiara Eramas Sdn. Bhd. – 05.03.2020 8. Kawayoi Plantation sdn. Bhd. – 06.03.2020
2	Majlis penghargaan kepada pekerja & sambutan tahun baru 2020 amounted RM 1,080.00

3	Pengaihan limau kepada supplier dan pekerja Pandewan POM sempena Tahun Baru Cina 2020	
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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 Occupational Safety & Health Policy, established on 1st January 2018 which was approved by Managing Director, Mr. Roger Ling Wei Lee.

The policy was prepared in Bahasa Malaysia and English for easily understood by all level of its employees. OSH Plan for 2020 is available including objectives as follows :

1. Provide and ensure a safe and healthy working environment.
2. Ensure that all employees and stakeholder are given information, rules, instruction, training and supervision on safe working procedures.
- 3 Identify and investigate all type of accidents, diseases, poisoning and hazardous conditions and preventive measure not to repeat.
4. Compliance with legislative requirements especially the Safety and Health Act 1994 and the Factory and Machinery Act 1967
5. Ensure that all employees and stakeholders carrying out work or field activities are provided with appropriate personal protective equipment and recognized standards.
6. Ensure that all contractors and suppliers comply with safety and health rules and regulations.
7. Nurture and enhance occupational safety and health through training to all employees and stakeholders
8. Ensure the awareness of occupational safety and health policies is disseminated to be understood and practiced by employees and all stakeholders.

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
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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

- a) Sighted the Occupational Safety & Health Policy, established on 1st January 2018 which was approved by Mr. Roger Ling Wei Lee, Managing Director.

The policy was prepared in Bahasa Malaysia and English for easily understood by all level of its employees. OSH Plan for 2020 is available including objectives.

- b) HIRARC is consist of **hazard identification** (type of work activity, hazard & effect), **Risk analysis** (Existing risk control, likelihood, severity & risk) & **Risk Control** (Recommended control measures & PIC appointed are Staff or Executive). HIRARC document sighted in document No: PPOM.HIRARC.09.01.01. This document has a complete risk accessed to all POM daily operations and stations such as Crude Oil tank, Decanter, Pure Oil Tank, Separator, Sludge Tank and etc.
- c) Pandewan Palm Oil Mill Sdn. Bhd. has a comprehensive annual training plan for the Staffs and Workers and this was sighted in the training records file for each staffs and workers. Training Plan includes:-

No	Title of Training	Planned Month
1	In house Training Grading	July
2	In house Training Sterilizer Station	July
3	In house Training Press Station	July
4	In house Training Kernel Plant Station	July
5	In house Training Oil Room	July

- d) POM has provided appropriate PPE for all workers in their operations. PPE Issuance and replacement record sighted for latest record for month of 8th June 2020:-
1. Staff
 2. POM workers

- e) The company has appointed Rehpro Scientific Sdn. Bhd to carry out CHRA Assessment for Pandewan Palm Oil Mill. Site visit was carried out from 25th April 2020 (RSSB/CHRA/2020-023). Based on the recommendation by the Occupational Health Doctor, the medical surveillance must be carry out 12 month interval. Sighted quotation from DAB OH Sdn. Bhd. (967104-U) dated 19th June 2020 for Medical Surveillance Service to 3 estates and POM (Kawayoi Plantation Sdn. Bhd. / Sinaron Sinua Plantation Sdn. Bhd. / Mutiara Eramas Sdn. Bhd / Pandewan POM). Audiometric Testing Report sighted for the year 2018, [Ref: RS/AUDIO/18-004, 2nd May 2018, by Haris Konsult].
- f) The POM Manager Mr. Samsudin Gapor was appointed as the Chairman of the Operating Unit OSH Committee. Sighted letters of appointment for all the committees " Jawatan Kuasa Keselamatan dan Kesihatan Pekerja (JKKP) bagi sesi 2020 " signed by The OSH Chairman.
- g) Safety and health meeting was conducted every 3 months to discuss all issues regarding worker"s safety and health. All issues raised and discussed during conducted meeting has been resolve and taken action by POM management with proper action and target date. OSH Meeting was conducted on 17th January 2020 and 15th April 2020.
- h) Sighted the emergency procedure for the Pandewan Palm Oil Mill Sdn. Bhd. dated 1st January 2019. Emergency response plan is available in local language. The ERP has been explained to all workers and staffs during training / morning muster. Emergency response plan include the emergency contact number, and also have Guidelines on Accident, Emergency Procedures and Exit routes as well as assembly point in file and pasted on notice board. ERP (Emergency response plan) sighted in document PPOM.ERP.01.01.01. Emergency Respond Plan Procedure and exit routes in file and notice board.
- i) Based on the training schedule, first aid training was planned in April 2020. Due to global issue of Pandemic Covid 19, it was proposed and target to conduct by November 2020.

During field visit, sighted first aid box and records maintained by first Aiders at the work places area.
- j) POM have submit JKKP 8 (I & II)/(IV) on annually basis to the DOSH. LTA calculation based on local interpretation from DOSH JKKP 8 which submitted on 28th January 2020.

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 Policy, established on 1st June 2018 signed by Mr Roger Ling Wei Lee, Operation Director. This policy covers :-
- a. Compliance with established laws and regulations including labour laws, land title laws and workers' housing
 - b. Ensure minimum retirement age policy is complying
 - c. Provide the relevant training and development associated with their roles and responsibility
 - d. Prohibit employing worker by coercion or under age
 - e. Paying salaries to employees and staff on a minimum a wage order
 - f. Respect and protect Human Rights and workers' Rights (including temporary workers, contracts or foreign workers)
 - g. Freely of discrimination and prejudice against gender, race, religion, nationality and political views
 - h. Provide a harmonious work environment to employees, customers and stakeholders
 - i. Provide workplace free of sexual harassment whether directly or indirectly against all workers, societies and stakeholders.
 - j. Allow workers to join or form trade unions of their own choosing that enable them to exercise their rights, Company shall give them freedom to have their own representative to organize themselves for collective bargaining.

The Policy being displayed at notice boards outside the POM office. The Social Policy has been communicated to all External and Internal Stakeholders during the meeting.

Sighted the External Stakeholder Meeting conducted on 27th February 2020 at POM Meeting Room with total attendance of 27 person. The meeting conducted by Miss Winnie Osingang, the MSPO Coordinator. For Internal Stakeholder Meeting, meeting with all workers was conducted on 5th January 2020 at POM office area attended by all POM workers and conducted by Mr. Samsudin Gapor, POM Manager

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.
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Summary Sighted the Social Policy., established on 1st June 2018 signed by Mr Roger Ling Wei Lee, Operation Director This policy covers :-

g. Freely of discrimination and prejudice against gender, race, religion, nationality and political views.

i. Provide workplace free of sexual harassment whether directly

No evidence of discrimination based on race, skin color, religion, gender, national origin, ancestry, disability, marital status, and sexual orientation was found in the POM.

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 Sighted the Social Policy., established on 1st June 2018 signed by Mr Roger Ling Wei Lee, Operation Director This policy covers :-

e. Paying salaries to employees and staff on a minimum a wage order

The salary is according to „Guidelines on the Implementation on the National Minimum Wages Order 2020“ as stated in the guidelines.

Interview with both POM staff and workers confirmed that they understand the terms and conditions of their employment. Sample of wages as below;

No	Name	Nationality	IC	Wages April Gross	Wages April Net
1	Jangiiza Gumbalon	Malaysia	901205-12-6503	1,709.59	1,602.34
2	Janney @ Julie binti Tangkong	Malaysia	640106-12-5684	1,315.58	1,209.13
3	Lee Boy bin Edusoon	Malaysia	961011-12-5857	1,790.24	1,682.99
4	Sixtus bin Buntan @ Matudin	Malaysia	910106-12-5825	2,202.76	1,083.01
5	Ibol bin Luba	Malaysia	720404-12-5121	1,300.00	1,148.25

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 Contractor workers are paid based on their contracts. Records of payment and the Agreement between the management and contractors is made available. Sighted driver's payroll for the month of May 2020, payment done by Dinamik Semai Sdn Bhd. Record of bank payment was made available as follows;

No	Name	Nationality	IC	Wages April Gross	Wages April Net
1	Alias bin Amir	Malaysia	700817 – 12 – 6183	4,704.34	4,345.49

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 registration card being established for all workers. The registration card stated the offered position, wages implied, working hours, OT, allowances, rest day, working on holiday etc.

Sample taken on Nelson bin Paam (891027-49-5253) and Ibol bin Luba (720404-12-5121)

Company has established system data base" for all data of their workers. Also, management has compiled on ERC (Employee Registration Card). Name

- Identify card/Passport No.
- Employee Name
- Identify card/Passport No.
- Date of birth
- Age
- Sex
- Marriages Status
- Race
- Religious
- Contact Number
- Home Address
- Either spouse employed

Workers employed consisted of local and Indonesian and each employee has an employment contract.

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 Sighted, Employment Contract between Kilang Harta Hijau Perladangan Kelapa Sawit Sdn. Bhd. and the workers. The Agreement stated all the term and conditions according to Malaysian Law. The contract is in Bahasa Malaysia.

This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of local and Indonesian. Sample taken on Mr. Nelson bin Paam (891027-49-5253) and Mr. Ibol bin Luba (720404-12-5121)

Area of concern - AOC



Sighted Management Agreement by and between Pandewan Palm Oil Mill Sdn. Bhd. and Kilang Harta Hijau Perladangan Kelapa Sawit Sdn. Bhd. dated 13th October 2015 however the auditor notice that employment contracts for 15 POM workers still under Pandewan Palm Oil Mill Sdn. Bhd. which is not in line with Management Agreement Article 8.2 – As for the exiting staff, if any, their current employment contracts will be terminated and settled by the Owner, after which they will sign new employment contracts with the operator

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 Time recording is based on Punch card system and Thumb Print to confirm the workers attendance.

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 hour and break time has been clearly stated in the Employment Contract. Sighted in the Contract Agreement the rate of overtime which agreed by both parties.

Sighted in the Contract Agreement the rate of overtime which agreed by both parties.

There is no complaint received regarding payment or forced to work on overtime during site interview.

"Jadual Bekerja", as per below:

1. Staff: 8.00am – 5.00pm (1 hour – rest)
2. 1st shift – morning - 7.00am – 4.00 pm
3. 2nd shift – night 4.00pm – 1.00am

The working hours and breaks for the workers had complied 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

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 Pay Slip and Employment Contracts of each workers sighted. Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made.

Documented payslip was distributed to individual workers on the day of payment.
Sample of wages as below;

No	Name	Nationality	IC	Wages April Gross	Wages April Net
1	Jangiiza Gumbalon	Malaysia	901205-12-6503	1,709.59	1,602.34
2	Janney @ Julie binti Tangkong	Malaysia	640106-12-5684	1,315.58	1,209.13
3	Lee Boy bin Edusoon	Malaysia	961011-12-5857	1,790.24	1,682.99
4	Sixtus bin Buntan @ Matudin	Malaysia	910106-12-5825	2,202.76	1,083.01
5	Ibol bin Luba	Malaysia	720404-12-5121	1,300.00	1,148.25

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 For local workers, staffs and executives, all of them are covered under EPF & SOCSO as required by the Malaysian Laws and Regulations and For Indonesian workers, they will be covered under SOCSO

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 All workers are provided with housing facilities at workers linesite. Electricity and water is provided by the POM without any charges to the workers. Sighted Checklist linesite for month of June 2020 as at is made available. As per interview with Mr. Zendifirwan John, linesite inspection is conducted on monthly basis. Sighted latest linesite inspection checklist dated 27th June 2020.

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 Sighted the Social Policy., established on 1st June 2018 signed by Mr Roger Ling Wei Lee, Operation Director. This policy covers :-
i. Provide workplace free of sexual harassment whether directly or indirectly against all workers, societies and stakeholders.

The Policy being displayed at notice boards outside the POM office. The Social Policy has been communicated to all External and Internal Stakeholders during the meeting.

Sighted Gender meeting conducted by Ms. Zerafiani John (Chairwomen) dated 10th February 2020 at POM Meeting room which has been attended by all the gender committee members. The agenda of meeting about briefing to all the members about the complaint and grievances process and sexual harassment.

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 Sighted the Social Policy., established on 1st June 2018 signed by Mr Roger Ling Wei Lee, Operation Director. This policy covers :-

f. Respect and protect Human Rights and workers Rights (including temporary workers, contracts or foreign workers)

The Policy being displayed at notice boards outside the POM office. The Social Policy has been communicated to all External and Internal Stakeholders during the meeting.

Sighted the External Stakeholder Meeting conducted on 27th February 2020 at POM Meeting Room with total attendance of 27 person. The meeting conducted by Miss Winnie Osiang, the MSPO Coordinator. For Internal Stakeholder Meeting, meeting with all workers was conducted on 5th January 2020 at POM office area attended by all POM workers and conducted by Mr. Samsudin Gapor, POM Manager.

Local or foreign workers are given the freedom which it is an optional for them to join worker union formed in POM. Thus, their freedom are not restrict by POM management.

Interview with POM Manager confirmed that foreign workers are allowed to join Union if any.

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 Sighted the Social Policy., established on 1st June 2018 signed by Mr Roger Ling Wei Lee, Operation Director. This policy covers :-

d". Prohibit employing worker by coercion or under age

The Policy being displayed at notice boards outside the POM office. The Social Policy has been communicated to all External and Internal Stakeholders during the meeting.

Sighted the External Stakeholder Meeting conducted on 27th February 2020 at POM Meeting Room with total attendance of 27 person. The meeting conducted by Miss Winnie Osingang, the MSPO Coordinator. For Internal Stakeholder Meeting, meeting with all workers was conducted on 5th January 2020 at POM office area attended by all POM workers and conducted by Mr. Samsudin Gapor, POM Manager.

There are no children below ages of 18 working in the POM and this was proven through checking the list of employees. The workers were clear that no one below 18 years old should be employed.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Criterion 6 Training and competency

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

Summary Sighted the Social Policy., established on 1st June 2018 signed by Mr Roger Ling Wei Lee, Operation Director. This policy covers :-

c" Provide the relevant training and development associated with their roles and responsibility.

The POM has a comprehensive annual training plan. The training plan for 2020.

No	Title of Training	Planned Month	Status
1	In house Training Grading	July	Not done yet
2	In house Training Sterilizer Station	July	Not done yet
3	In house Training Press Station	July	Not done yet
4	In house Training Kernel Plant Station	July	Not done yet
5	In house Training Oil Room	July	Not done yet

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 program in order to provide the specific skill and competency required to all employees based on their job description.

Summary Yearly training plan is created based on Training Needs Analysis for workers involved in the operations. Sighted the Training Needs Analysis of all workers, staffs and Management which are based on their competencies and job description. The items covers under Training Needs Analysis as follows;

1. In house Training Grading
2. In house Training Sterilizer Station
3. In house Training Press Station
4. In house Training Kernel Plant Station
5. In house Training Oil Room

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 3 A continuous training program 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 All workers involved in the operations have been adequately trained in safe working practice. The POM has a comprehensive annual training plan for its staffs and workers and this was sighted in the training records file for each staffs and workers. The training plan for 2020 was sighted. Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training.

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 Environmental policy as per policy signed by Managing Director, Mr. Simon Ling Deing Ding dated 1st January 2018.

The policy covers the following:-

-To carry out milling as in accordance with legal and regulatory framework to relating environmental activity

-To plan implement, monitor and measure the related activities to mitigate the GHG impact on the environment

-To promote the and provide the awareness on the environmental conversation through training and stakeholders

-To ensure the POM activities follows the current POM practice guidelines

The policy has been communicated to all the internal and external stakeholders in their respective meeting or training conducted.

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 POM has conducted Environmental Assessment as per document “Panduan Penilaian Kesan Aspek Alam Sekitar Untuk Kilang” dated 1st July 2018.covering all POM operations.

Seen the incorporated objectives are to keep the environment clean, safe, and healthy, to continue to promote the environment awareness in the daily activities and to preserve of the environment the responsibility of everybody in the company. For significant environmental impact which the company has identified as high are accompanied with mitigation measures to reduce its impacts.

Aspek	Impak	Positive / Negative impact	Mitigation	Monitoring
EFB	Pencemaran tanah	Positive	Hantar ke ladang	Pengakututan disediakan
Decanter cake	Pencemaran tanah dan air	Negative	Hantar ke ladang sebagai baja	Pengakutan disediakan
Shell fibre	Pencemaran air dan udara	Negative	Digunakan sebagai bahan pembakaran boiler	Storage platform
Petrol and diesel usage	Pencemaran tanah dan air	Negative	Pematuhan kepada procedure kerja	Memastikan keenderaan berhenti setiap kali berhenti
Bahan buangan terjadual	Pencemaran tanah dan air	Negative	Pengurusan bahan terjadual mengikut perundangan	Pemantauan PIC
Penguna an shell dan fibre untuk boiler	Pencemaran udara	Positive		Pemantauan CIMS

The environmental aspect impact assessment has been identified for 21



location/area/station, covers 136 Activities of the environmental aspects

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 Mitigation plan documented in document Panduan Penilaian Kesan Aspek Alam Sekitar Untuk Kilang dated 1st January 2018. Example plan and mitigation measures sighted:

Sample of environmental improvement plan

NO	Source	Action plan
1	EFB	Transporting of EFB to estate to be used as organic fertilizer.
2	Boiler chimney smoke	Boiler station – installation of Continuous emission monitoring system (CEMS) as DOE Clean air regulation 2014 act, section 31 requirement.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

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

Summary The continual improvement plan has included program to promote positive impact to the environment such as:

1. Boiler smoke air-pollution control solution technology Budgeted 3 millions
2. Cake drier & sludge dewatering system with fertilizer plant Budgeted 3.3 millions
3. Biogas system for gas engine budgeted 10 millions
4. APCS ESP smoke /dust analyser budgeted 3 million
5. Effluent sludge dewatering /Geotube,decanter
6. Bio mass pellets compost turner tractor waste cake drier
7. reducing paper usage
8. Competencies course for the staff and workers

No.	Sources	Plan	Timeline
1	Boiler black smoke	Air-pollution control solution technology	completed
2	Cake drier & sludge dewatering system	Dewatering system with fertilizer plant	planning
3	Biogas plant methane capture	Biogas plant with electric generator	Budgeted in 2020

4	APCS ESP smoke /dust	Dust sensor and analyser	planning
5	Effluent sludge dewatering /Geotube,decanter	Dewatering system for POME	planning
6	Bio mass pellets	Compost turner tractor waste cake drier	planning
7	Paper usage in office	3R recycle reuse reduce program	planning
8	Training	Related competency	In progress

Budget for the above plan has been included in POM Budget 2020 Capital Expenditures.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 5 An awareness and training program 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 Program to promote positive impact is evident in document No: MSPO-06 (Prosedur Pelan Pengurusan Alam Sekitar EMP) Environment Monitoring Committee 2019. Sighted the training form on the following subject: -

1. Regulation on Schedule waste compliance
2. Shell and fiber management as boiler fuel source
3. Clinical waste management
4. The direction and status the schedule waste disposal

Sighted the training form complete with workers attendance and signatures, trainers, assessment column, remarks and pictures.

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 Environmental Committee has been established by the Management as per Organization Chart (Environmental Monitoring Committee) chaired by POM Manager, Mr. Samsudin Gapor. Meetings conducted as per meeting minute dated 10th June 2020. Sighted the training evaluation form complete with workers attendance and signatures, trainers, assessment column, remarks, and pictures.

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

Diesel monitoring for year 2020 has been established as per record "Diesel Consumption Budget vs Actual FY 2020"

The list has included all operations in the POM which is consuming diesel such as:

1. Engine room
2. Shovel
3. Bobcat
4. Supervising vehicle (Hilux/DMAX)

Month	Diesel Consumption (Liter)	FFB Processed (MT)	Liter / MT
Jan „20	23,713	8,617	2.75
Feb „20	16,952	11,439	1.48
Mar „20	16,667	14,697	1.13
Apr 20	19,684	16,728	1.18
May 20	19,310	16,802	1.15
June 20	19,871	14,983	0.75

Month	KWh generated Turbine& gen sets	FFB Processed (MT)	KWh / MT
January	362,196.00	8,617	42.03
February	390,477.00	11,439	34.13
March	395,764.00	14,697	26.92
April	409,248.00	16,728	24.46
May	410,410.00	16,802	24.42
June	384,054.00	14,983	25.63
Average			29.60

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

Estimation of energy and diesel usage for Pandewan Palm Oil Mill Sdn. Bhd. Daily operations is documented in "Diesel Consumption Budget vs Actual FY 2020".

Month	Actual Diesel Consumption	Budget Diesel Consumption
January	23,713	18,793
February	16,952	18,793
March	16,667	18,793

April	19,684	18,793
May	19,310	18,793
June	19,871	18,793

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

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

Summary The POM is currently using the empty fruit bunch as a fuel source for boiler. The POM has included a biogas system for gas engine in the 2020 budget.

Year	Electricity generated KWh	Remarks
2019	3,736,552.00	Running hours for boiler to be enhanced and indirectly will reduce the gen set diesel consumption
2020	1,129,164.50	

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 POM management has established the Waste Management Procedure, ref no: MSPO-05, Rev: 0, Date: 1st July 2018. They have identified and documented the waste products and sources of pollution such as:

1. Empty fruit bunch
2. Fiber
3. Decanter cake
4. Scheduled waste (SW305, SW410, SW306)
5. Scrap iron
6. Kernel shell
7. Oil losses
8. Domestic waste

Domestic waste from POM housing area is transported to dedicated landfill once a week. Record is available as per "Buku Catatan Pembuangan Sampah 19/19". Landfill is situated in Block 11 in Pandewan Estate.

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 Sighted the management plan for environment (ref no: MSPO-06, rev: 0, date: 1st July 2018), where the schedule waste included together in the plan.

All EFB and Decanter Cake are transported to nearby estates to be used as organic fertilizer. Fiber is used as fuel for POM boiler.

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 POM management has established the standard operating procedure for used chemical, doc no: PPOM.SSOP.30.02.02, ref no: PPOM/OSH-SSOP, release no: 02, rev: 02, effective date: 26/03/2018. Record of SW sighted during the audit. All SW are then notified to DOE through ESWIS. Latest notification was done in 16.03.2020. Sighted from visit to SW store, it is complete with concrete flooring and adequate ventilation. Safety signage has been properly displayed on the store wall.

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 Sighted the map location for landfill which was in Block 11, Pandewan Estate. Domestic waste from mill housing area is transported to dedicated landfill once a week. Record is available as per "Buku Catatan Pembuangan Sampah 19/19". Landfill is situated in Block 11 in Pandewan Estate.

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 Pollutants and greenhouse gas (GHG) emissions has been identified in waste management plan. Plans to reduce or minimize the identified pollutants and GHG emissions are also established. This plan includes target dates, person responsible and the current status. POM identify and monitor all waste products and polluting activities resulting from POM activities such as scheduled and domestic waste such as POME, black smoke and etc.
The list of Palm Oil Mill wastes generated from POM operation includes empty fruit

bunches (EFB), palm pressed fibres (PPF), palm shells, palm oil mill effluent palm (POME), particulate and soot emission and decanter cake. During site visit sighted there is no evidence of open burning in the POM premises and line sites.

Monitoring record done by POM sighted during the audit:

1. Activities of dust cyclone
2. Smoke density meter Calibration
3. Stack Emission Monitoring Report (Submission twice a year to DOE). Latest submission was in February 2020. Average Dust Emission Load for boiler no.1 was 0.314 within the required limit at 0.400 g/Nm³.
4. POME monitoring. Sighted Quarterly Return Form submitted to DOE.

No	Description	Quantity
1	FFB produced	193,359
2	POME CO ₂ emission CO ₂ eq	1125 g/ CO ₂ eq
3	Diesel usage	19585 Ltr
5	Pendawan POM emission GHG	1,599 g CO ₂ /kg CPO

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 has been documented in document no: MSPO-06 Prosedur Pengurusan Alam Sekitar.

no	Pollutant/emission	Action plan
1	POME	To comply with the DOE regulatory requirement
2	Decanter cake	As the fertiliser
3	Boiler waste/dust	Electrostatic precipitator system
4	Spill trap	Environmental monitoring

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 is treated by ponding system. POME record from flow meter reading. Final discharge quality sampling is conducted once a month by Dynakey Laboratories Sdn Bhd. Latest sampling as done on 17th January 2020 Report No E 20020/02 Results for final discharge sighted:

Parameter	Results	DOE Limits
-----------	---------	------------

pH	8.3 @ 25°C	N/A
COD	365	N/A
BOD	32	50 ppm
SS	38 mg/L	N/A
AN	1.3 mg/L	N/A
TN	30.5 mg/L	N/A
Oil& grease	2 mg/L	N/A
TS	2850 mg/L	N/A

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 Plan documented in Document No: MSPO/WMP/18-01 (Water Management Plan), dated 1st July 2018.

POM is using water for processing from Sg. Mesopo. The POM management is sending water samples for analysis by Dynakey Laboratories on monthly basis:

1. Upstream Sg. Mesopo
2. Downstream Sg. Mesopo
3. Upstream Sg. Penawan
4. Downstream Sg. Penawan

Water for domestic use in POM quarters is from gravity flow. A letter has been sent to Pejabat Kesihatan Daerah Nabawan by the POM manager as per letter dated 4th December 2019. Regarding the required test as Jabatan Tenaga Kerja requirement for workers drinking water quality check on E coli count. Awaiting the response from the Kementerian Kesihatan.

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 Raw POME produced flows into cooling pond prior entering the anaerobic and aerobic pond. The treated POME is then released through POM final discharge. Final discharge record submitted to DOE on quarterly basis as per document First Schedule (Regulation 10 (2)).

Date of sample : 27th May 2020

Parameter	Upstream Sg Mesapo	Downstream Sg Mesapo	Upstream Sg Penawan	Down Stream Sg Penawan
PH	7.4	6.6	7.0	6.9
BOD	2.2	3	2.2	2.2
Total solids mg/l	93	258	465	230
COD	15	31	18	16

The samples for the April and March was not available because of the controlled movement order.

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 POM has implemented Good Milling Practice (GMP) as seen from visit to the POM and seen from the document and also interviewing the workers.

The POM processed all FFB from internal and outside suppliers. POM Capacity is 45 Mt/hr and sterilization by vertical sterilizer.

Pandewan Palm Oil Mill Sdn Bhd established Standard Operating Procedure & Safety Operating Procedure, doc no: PPOM.SSOP.00.02.02, ref no: PPOM/OSH-SSOP, release no: 02, rev no: 02, enforcement date: 26/03/2018. Prepared by Mr. WilderJoseph (Junior SHO), verified by Mr. Jamil bin Jamal (Assistant Engineer) and approved by Mr. Samsudin Gapor (POM Manager).

Regular inspection and supervision are conducted by Station Operator, Supervisor, Executives as well as HQ Department

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 2 All palm oil mills shall implement best practices.

Summary The POM is certified by MPOB Codes of Milling Practice (CoP). The certificate valid until 1st May 2022.

Furthermore, the POM has implemented Good Milling Practice (GMP) as per their own SOP"s. The POM is operating in accordance to Jadual Pematuhan – Syarat-Syarat Lesen Premis Minyak Kelapa Sawit Mentah, Jabatan Alam Sekitar Negeri Sabah JPKKS/12/004529; License No: 004529 valid until 30.06.2020 and all the Standard Operating Procedures.

POME is treated by ponding system. POME record from flow meter reading. Final discharge quality sampling is conducted once a month by Dynakey Laboratories Sdn Bhd. Latest sampling at Upstream and downstream of Mesopo River was on 27th May 2020 as per report No: E200527/21A-21B. Results for final discharge sighted:

Test Parameter	Upstream	Downstream	Parameter
pH Value	7.4	6.6	5-9
COD	ND <15	16.0	N/A
Temp	25°C	25°C	45°C
BOD	ND <2	3.0	20
TSS	ND <2	53	N/A
Total Solid	93	258	200
AN	ND <1	ND <1	<150
TN	ND <1	ND <1	<200
Oil & Grease	ND <2	ND <2	20

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 POM had an annual budget for the financial year 2020. The budget includes the projected FFB production, general charges, upkeep & cultivation, Collection and Immature areas.

Sighted the 3 years business plan for the POM.

FY	2020	2021	2022
FFB	190,000	209,000	240,350
Estimate OER %	21.50	22.00	22.00
KER	4.50	4.50	4.50
CPO	40,850	45,980	5,079
PK	8,550	9,405	10,816
RM FFB/MT	385.00	450.00	450.00
CPO/MT	2,200	2,600	2,600
PK/MT	1,300	1,600	1,600
Cost/MT	42.56	40.11	38.37

It also incorporated item such as general charges, POM maintenance, process shift labor, general services, processing cost, fixed assets etc.

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 The pricing mechanism was set by the top management at the headquarters. The price rate was documented in the contract agreement between Pandewan Palm Oil Mill Sdn Bhd and the Dinamik Semai Sdn Bhd.

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 All contracts are kept in POM office. Sighted the contract Agreement signed by contractor, Dinamik Semai Sdn Bhd and Pandewan Palm Oil Mill Sdn. Bhd. dated 1st January 2020 and valid until 31st December 2021.

Payment will be paid by 10th of the current month for all CPO transported in the preceding month.

Sample taken on Contract Agreement of Waygood Enterprise, Silip bin Wot and Zettlin bin Pulin the FFB Suppliers to the POM.

Area of Concern (AOC)

Sample taken on Contract Agreement of Waygood Enterprise, Silip bin Wot and Zettlin bin Pulin the FFB Suppliers to the POM. Under clause 7.1A – Tempoh Pembayaran “Pembayaran akan dibuat selepas 30 hari penghantaran buah” however based on the feedback from the Sustainability Manager the duration of payment was not been fully socialized to all FFB Supplier.

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 All the contractors are aware that POM will be certified under MSPO. Therefore, the contractor has been informed by POM management to follow the MSPO standard requirement.

As evidence, sighted of evidence of MSPO clause for contractor Pandewan Palm Oil Mill Sdn Bhd and the Dinamik Semai Sdn Bhd.

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

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

Summary Sighted the Contract Agreement between the Pandewan Palm Oil Mil Sdn Bhd and Dinamik Semai Sdn Bhd which was signed on 1st March 2015. The agreement valid for 5 years.

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 June 2020

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

2.7 Details of Audit Findings

Details Non-Conformity

Refer to Appendix B

Details of Area of Concern

Two (2) AOC being raised during audit assessment

Details of Noteworthy / Positive Findings

- 1) Top management continuously establishes directions for the middle and upper management to execute in ways to comply with the MSPO management system in future.
- 2) The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
- 3) The POM management has demonstrated fully commitment during the entire audit process.
- 4) Signage throughout office, chemical area and in the POM sites, effectively maintained and appropriate to the needs of the process.
- 5) Good positive feedback received from internal stakeholders.
- 6) Good record keeping has been established in the office inorder to easy retrieve the document require during the audit process.


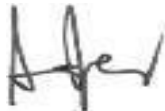
Appendix A: Audit Plan


AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
09 th July 2020	08:00 – 09:00	<ul style="list-style-type: none"> ➤ Opening Meeting at Pandewan Palm Oil Mill Sdn Bhd: <ul style="list-style-type: none"> • Presentation by the manager/coordinator • Presentation by Lead Auditor. ➤ Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation – where applicable). 	MRB	IBI RMN
	09:00 – 13:00	Pandewan Palm Oil Mill Sdn Bhd (Mill) <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. 	MRB	IBI RMN
	13:00 – 14:00	<ul style="list-style-type: none"> ➤ Lunch/Rest 	MRB	IBI RMN
	14:00 – 16:00	<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. 	MRB	IBI RMN
	16:00 – 17:00	<ul style="list-style-type: none"> ➤ Closing Meeting at Pandewan Palm Oil Mill Sdn Bhd (Mill): <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 	MRB	IBI RMN

Appendix B: Non-Conformity details

Non-Conformities Identified During Audit	
Major Nonconformities:	0
Minor Nonconformities:	0
Area of Concern:	2

Company Name	Pandewan Palm Oil Mill Sdn. Bhd.			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input type="checkbox"/>
	Surveillance	<input checked="" type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 4: General Principles for Palm Oil Mills			
Client Number	GGC-N1-MSPO-2019			
NC No. / Ref.	N1/MSPO/AOC/02	Date Detected	9/7/2020	
Site(s) concern	Pandewan Palm Oil Mill Sdn. Bhd.	Target Completion	-	
Normative Reference and Requirement	4.4.5.6 All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.			
Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern			
Description of AOC	Employment contracts is not in line with Management Agreement			
Objective Evidence: Sighted Management Agreement by and between Pandewan Palm Oil Mill Sdn. Bhd. and Kilang Harta Hijau Perladangan Kelapa Sawit Sdn. Bhd. dated 13 th October 2015 however the auditor notice that employment contracts for 15 POM workers still under Pandewan Palm Oil Mill Sdn. Bhd. which is not in line with Management Agreement Article 8.2 – As for the exiting staff, if any, their current employment contracts will be terminated and settled by the Owner, after which they will sign new employment contracts with the operator				

Lead Auditor Signature: 	Client Signature: 
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Company Name	Pandewan Palm Oil Mill Sdn. Bhd.			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input type="checkbox"/>
	Surveillance	<input checked="" type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 4: General Principles for Palm Oil Mills			
Client Number	GGC-N1-MSPO-2019			
NC No. / Ref.	N1/MSPO/AOC/01	Date Detected	9/7/2020	
Site(s) concern	Pandewan Palm Oil Mill Sdn. Bhd.	Target Completion	-	
Normative Reference and Requirement	4.6.3.2 All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.			
Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern			
Description of AOC	The duration of payment to the FFB Supplier was not been fully socialized to all FFB Supplier			
Objective Evidence: Sample taken on Contract Agreement of Waygood Enterprise, Silip bin Wot and Zettlin bin Pulin the FFB Suppliers to the POM. Under clause 7.1A – Tempoh Pembayaran “Pembayaran akan dibuat selepas 30 hari penghantaran buah” however based on the feedback from the Sustainability Manager the duration of payment was not been fully socialized to all FFB Supplier.				
Lead Auditor Signature: 	Client Signature: 			

Appendix C: List of Stakeholders Contacted

List of Stakeholders
Internal Stakeholders : 1) Pandewan POM management team and staff 2) POM General Worker