

**MSPO CERTIFICATION
INITIAL AUDIT
SUMMARY REPORT**

FELDA GLOBAL VENTURES HOLDINGS BERHAD
Kilang Sawit Adela (POM)
Kota Tinggi, Johor Darul Takzim, Malaysia

Certificate No:	INTERTEK MSPO 005A
Start date:	31 December 2018
Expiry date:	30 December 2023
Audit Type	Audit Dates
Initial / Stage 1	19 Jul 2018
Initial / Stage 2	18-20 Sep 2018
Annual Surveillance - 01	
Annual Surveillance - 02	
Annual Surveillance - 03	
Annual Surveillance - 04	
Re-Certification	

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1.0 SCOPE OF AUDIT

1.1 Introduction

This Initial Audit / Stage 2 was conducted on the Adela Palm Oil Mill under the Adela Grouping of **Felda Global Ventures Holdings Berhad** (hereafter abbreviated as FGV), from **18-20 Sep 2018**, to assess the organization's operations of the Palm Oil Mill are in compliance against the **MSPO Standard for Palm Oil Mills (MSPO MS 2530-4: 2013)**.

The plantation management unit (PMU) or management unit is equivalent to a certification unit that consists of one mill (under Felda Palm Industries Sdn Bhd) and its supply base which is made up of estate(s) owned and/or managed by Felda Global Ventures Plantations (Malaysia) Sdn Bhd. (FGVPM) / FGV Holdings Berhad (FGV).

1.2 Location (address, GPS and map) of Palm Oil Mill and estates

The Adela Grouping consists of one (1) palm oil mill, namely **Adela Palm Oil Mill and one (1) estate** as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estate. The location maps are provided in **Appendix C**.

The estate is a FGV owned estate. The palm oil mill is operated by Felda Palm Industries Sdn Bhd (FPISB), a subsidiary company of FGV.

Table 1: Address of Palm Oil Mill, Estates and GPS Location

Name	Address	GPS Reference	
		Latitude	Longitude
FGV Adela POM (Capacity: 54 MT/hr)	Kilang Sawit Adela, P.O. Box 73, 81930, Bandar Penawar, Kota Tinggi, Johor Darul Takzim, Malaysia.	01° 33' 06.9"N	104° 11' 10.9"E
Kledang 02 Estate	Ladang Kledang 02, D/A Pejabat Sening, 81900 Kota Tinggi, Johor Darul Takzim, Malaysia.	1° 28' 52"N	104° 10' 52"E

1.3 Description of FFB supply base

The supply base, i.e. FFB sources to the POM at Penggeli Grouping, are from the abovementioned estate of this Grouping, FTPSB estates, Felda estates, Outside Crop Producers (OCP) and Smallholders. The FFB from the PMU estate are certified FFB. The FFB from the FTPSB estates, Felda estates, OCP and Smallholders are considered as non-certified FFB.

Details of the planted hectareage for the FFB supply for Adela Grouping are as shown in Table 2 below.

Table 2: Estate Area Summary

Estate	Area Summary (ha): Year 2018	
	Certified (Titled) Area	Planted Area
Kledang 02 Estate	1,222.40	1,043.16
Total:	1,222.40	1,043.16

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas, and the identified Conservation / unplantable areas including HCV (if any) marked out at the estates.
2. Since there is only one estate in this PMU, it was selected for this Assessment. (For this case, there is non-applicability of the requirement for sampling of estates based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and any high conservation value areas).



1.4 Summary of plantings and cycle

The age profile of the Kledang 02 Estate is as shown in Table 3.

Table 3: Age Profile of Planted Oil Palm as at Dec 2017

Estate Block	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha) Planted
PM05C	2005	2 nd	111.28	0	111.28
PM13Q	2013	2 nd	464.25	0	464.25
PR14R	2014	2 nd	0	467.63	467.63
		Total	575.53	467.63	1,043.16

1.5 Summary of Land Use, Conservation and HCV Areas

The summary of Land Use, Conservation and HCV Areas as identified in Adela Grouping during this assessment is shown in Table 4 below:

Table 4: Conservation and HCV Areas

#	Statement of Land Use (Ha)	As at Dec 2017 Hectarage (Ha)
1	Planted Area (ha) – Oil Palm	1,043.16
	- Mature	575.53
	- Immature	467.63
2	Conservation Area (ha)	
	- comprising buffer zones along small streams, hilly areas, swampy and unplantable areas	33.98
3	HCV Area (ha)	
	- comprising buffer zones near forest reserves, water catchments, burial & religious sites	0

1.6 Other certifications held and Use of MSPO Trademarks

Currently, Adela Grouping holds valid ISO 9001, ISO 14001 and OHSAS 18001 certifications for the Palm Oil Mill. The MSPO trademarks and logo are not used by the POM / Estates audited. Instructions for use were provided and acknowledged by the POM / Estates through a signed Memorandum of commitment agreeing to adhere to the latest “MSPO Rules on Use of Logos and Trademarks; provided prior to the Audit.

1.7 Organizational information / Contact Person

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1.8 Tonnages Verified for Certification

1.8.1 The breakdown of all the suppliers and their tonnages of FFB supplied to the POM at Adela Grouping based on the actual for the past 12 months (Jan – Dec 2017) are as shown in Table 5 below:

Table 5: Tonnages Verified for Certification (Jan to Dec 2017)

#	Estate /Supplier	FFB Received (MT)	Main Receiving Palm Oil Mill	MSPO Certification
A	PMU Estates: Certified:			
1.	Kledang 02 Estate	8,060.86	Adela POM	Intertek
	Sub-total: Certified	8,060.86		
B	FTPSB Estates, Felda Estates, Outside Crop Producers (OCP): Non-certified:			
1.	Felda Adela	14,824.39		
2.	Felda Sening	14,174.45		
3.	Felda Tunggal	11,972.07		
4.	Felda Kledang	6,113.85		
5.	FTPSB Adela	26,280.15		
6.	FTPSB Sening	35,917.09		
7.	FTPSB Tunggal	41,816.68		
8.	FTPSB Kledang	25,465.15		
9.	PPNJ	5,766.82		
10.	Wan Le Hin	5,442.60		
11.	Fong Tak	326.30		
12.	Per. Sri Mahtai	3,416.73		
13.	Che Yu Trading	286.82		
14.	Santex	1,359.64		
15.	Kim Ma	2,743.53		
16.	Bakti Mas	27,978.43		
17.	AA Sawit	7,374.12		
18.	Kawthar	3,691.71		
19.	YPJ Palm	5,347.62		
20.	Ladang Petri	3,732.07		
21.	Bell Flower	8,208.20		
	Sub-total from FTPSB Estates, Felda Estates, OCP: Non-certified	252,238.42		
C	Smallholders: Non-certified			
1	Tan bee	473.72		
2	C A Antony	66.15		
3	Boon lip	210.70		
4	Low Kee Mok	173.09		
5	Kim Pong	182.67		



6	Lee Boon Seng	92.15		
7	Ong Ah Peng	87.49		
8	Tam ka sin	383.95		
9	Liew yew cheng	134.26		
10	Boo hon heng	192.30		
11	Kon see sewong	155.28		
12	Verasamy	70.32		
13	Chia ah moy	57.43		
14	Chia ching hwa	77.40		
15	Chan yoon chai	179.45		
16	Tam kuek	84.58		
17	Chong boon sow	338.96		
18	Chong su chorn	71.26		
19	Chong su fong	40.94		
20	Ismadi bolkin	44.14		
21	KPRJ	456.31		
	Sub-total from Smallholders: Non-certified	3,572.55		
	Sub-total: Non-certified	255,810.97		
	GRAND TOTAL	263,871.83		

1.8.2 Total annual volumes / tonnages of FFB supplied from the supply base to Adela Grouping POM during the previous, current and projected period are as shown in Table 6 below:

Table 6: Annual Tonnages of FFB

Estate / Supplier	FFB Processed in Jan – Dec 2017 - Actual		FFB Processed in Jan – Dec 2018 - Actual + Projected		FFB Processed for Jan – Dec 2019 - Projected	
	MT	%	MT	%	MT	%
Certified FFB from Kledang 02 Estate	8,060.86	3.05	9,777.12	3.77	7,333	2.80
Non-certified FFB from FTPSB estates, Felda estates, OCP	252,238.42	95.59	246,762.88	95.15	253000	96.44
Non-certified FFB from smallholders	3,572.55	1.35	2,800.00	1.08	2,000	0.76
Total	263,871.83	100.00	259,340.00	100.00	262,333.00	100.00



1.8.3 The annual tonnages of CPO and PK production by the POM (produced from FFB supplied from Kledang 02 Estate) verified during this **current audit and projected for next 12 months** are detailed as follows:

Table 7: Annual Tonnages of CPO and PK (produced from FFB from Kledang 02 Estate)

POM	Jan – Dec 2016 - Actual		Jan – Dec 2017 - Actual		Jan – Dec 2018 - Projected	
Total own FFB Processed (MT)	8,060.86		9,777.12		7,333	
Total CPO Production (MT)	1,654.89	% OER: 20.53	2,040.31	% OER: 20.87	1558	% OER: 21.25
Total PK Production (MT)	428.03	% KER: 5.31	533.83	% KER: 5.46	403	% KER: 5.50

1.9 Abbreviations Used

BOMBA	Fire Services Department	IPM	Integrated Pest Management
CB	Certification Body	ISCC	International Sustainability & Carbon Certification
CHRA	Chemical Health & Risk Assessment	IUCN	International Union for Conservation of Nature
CPO	Crude Palm Oil	JAS	Jabatan Alam Sekitar
CSDS	Chemical Safety Data Sheets	JKKP	Jabatan Kesihatan dan Keselamatan Pekerja
CSPO	Certified Sustainable Palm Oil	KER	Kernel Extraction Rate
CSPK	Certified Sustainable Palm Kernel	LTA	Lost Time Accidents
DOE	Department of Environment	MPOB	Malaysia Palm Oil Board
DOSH	Department of Occupational Safety and Health	MSDS	Material Safety Data Sheets
EFB	Empty Fruit Bunch	MTCS	Malaysia Timber Certification Scheme
EHS	Environmental Health & Safety	NCR	Non-Conformance Report
EIA	Environmental Impact Assessment	NGO	Non-Government Organization
ETP	Effluent Treatment Plant	OER	Oil Extraction Rate
FASSB	Felda Agricultural Services Sdn Bhd	OHS	Occupational Health & Safety
FELDA	Federal Land Development Authority	PEFC	Programme for the Endorsement of Forest Certification
FFB	Fresh Fruit Bunch	PK	Palm Kernel
FGVHB	Felda Global Ventures Holdings Berhad	PMU	Plantation Management Unit
FGVPM	Felda Global Ventures Plantations (Malaysia) Sdn Bhd	POM	Palm Oil Mill
FTPSB	Felda Tekno Plant Sdn Bhd	POME	Palm Oil Mill Effluent
GAP	Good Agriculture Practice	PPE	Personal Protective Equipment
HCV	High Conservation Values	SCCS	Supply Chain Certification Standard
Intertek	Intertek Certification International Sdn Bhd	SOP	Standard Operating Procedures



2.0 AUDITING PROCESS

2.1 Auditing Methodology, Plan and Site Visits

Since 13 Jun 2018, Intertek has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on Adela Grouping regarding the environmental, biodiversity, community development and other relevant issues.

Stage 1 Assessment of the Adela POM was conducted on 19 Jul 2018 by the Audit Team (Appendix A-1) in accordance with the Stage 1 Audit Plan (Appendix B-1). The Stage 1 Summary of Findings is as shown in Appendix D.

From 18-20 Sep 2018, the Assessment team of Intertek conducted the Stage 2 Assessment in which the Adela POM and the single estate, Kledang 02 estate, of Adela Grouping were assessed for compliance against the MSPO requirements. Since there is only one estate in the Adela Grouping, there is no sampling of estates and this estate shall be assessed at every assessment.

During the on-site audit, relevant documents and records, including Standard Operating Procedures (SOP), management plans, hectare development, FFB, CPO and PK production, oil palm age profile, operational controls and measures, operational data and records, training records, etc. were reviewed and verified for compliance.

The Audit team covered the palm oil mill and estate operations, agricultural practices, pest management, pesticide and fertilizer application, occupational health and safety, social accountability, environment and other requirements. Stakeholders' interviews were conducted during the audit and feedback obtained as part of information and evidence gathering. (See section 2.5 Process of stakeholder consultation).

The details of the Audit Plans (actual on-site) for Stage 1 and Stage 2 audits are provided in **Appendix B-1 and B-2** respectively.

Intertek has also performed the evaluation of conformity against the MSPO Certification System requirements for CBs. The audit report, findings and associated documents were evaluated through an independent review by the Intertek Internal Technical Review and the External Peer Reviews prior to the approval of this report and decision on certification by Intertek.

2.2 Date of next scheduled visit

The next scheduled visit will be the annual Surveillance Audit which will be carried out within a 12-month period of the certificate anniversary date.

2.3 Qualifications of the Lead Auditor and Audit Team

Competency details of the Lead Auditor and Audit Team for Stage 1 and Stage 2 audits are provided in **Appendix A-1 and A-2** respectively.

2.4 Certification Body

Intertek Certification International Sdn Bhd is part of the Intertek Group, which is a worldwide technical services organisation dedicated to reducing clients' risks by providing technical inspection services, management system certification in quality, environmental, occupational safety & health and product certification, RSPO P&C, RSPO SCC, ISCC, Marine Sustainability Chain-of-Custody, MTCS and PEFC Chain-of Custody certification in applicable industry sectors including the agricultural and forestry sectors. Intertek operates globally providing clients with a wide-ranging technical inspection expertise and access to thousands of skilled specialists worldwide. Intertek Group's certification business is ranked in the top 10 worldwide, and is available globally offering certification across a wide range of industries.

2.5 Process of stakeholder consultation

Stakeholder consultations began with notification of the upcoming audit via e-mails sent to the relevant stakeholders including government agencies, NGOs and local communities. E-mails and telephone enquiries were made prior to the actual audit and stakeholder's response and feedback received were followed up accordingly.

During the audit, stakeholders (who were available) were interviewed and their feedbacks were recorded and followed up during audit. Among the stakeholders consulted were workers, trade union leaders, women representatives; local community leaders, representatives of government departments / agencies and NGOs, suppliers and contractors.

Among the list of key stakeholders consulted was the following:



Government Agencies (by emails)

1. Department of Lands And Mines
2. Department of Environment
3. Department of Forestry Peninsular Malaysia
4. Department of Immigration
5. Department of Irrigation & Drainage
6. Department of Labour
7. Department of Occupational Safety & Health
8. Department of Orang Asli Affairs
9. Department of Wildlife & National Parks

Government Agencies - State (by emails)

10. Department of Environment – Johor
11. Department of Forestry - Johor
12. Department of Immigration – Johor
13. Department of Irrigation & Drainage - Johor
14. Department of Labour – Johor
15. Department of Occupational Safety & Health – Johor
16. Department of Wildlife & National Parks – Johor
17. Land and Mines Office – Johor
- Pertubuhan Keselamatan Sosial (SOCSO) – Johor

Statutory Bodies (by emails)

18. Malaysian Palm Oil Board (MPOB)
19. Malaysian Palm Oil Board (MPOB) - Southern Region
20. Malaysia Palm Oil Association (MPOA)
21. Malaysia Palm Oil Association Kuala Lumpur (MPOA)

NGOs (by emails)

22. All Women's Action Society (AWAM)
23. BCSDM - Business Council for Sustainable Development in Malaysia
24. Center for Orang Asli Concerns COAC
25. Centre for Environment; Technology and Development; Malaysia - CETDEM
26. EcoKnights
27. ENO Asia Environment
28. Environmental Management and Research Association of Malaysia (ENSEARCH)
29. Environmental Protection Society Malaysia (EPSM)
30. Friends of the Earth; Malaysia
31. Future in Our Hands Society; Malaysia
32. Global Environment Centre
33. Institute of Foresters; Malaysia (IRIM)
34. JUST - International Movement for a Just World
35. Malaysian CropLife & Public Health Association (MCPA)
36. Malaysian Environmental NGOs - MENGO
37. Malaysian National Animal Welfare Foundation - MNAWF
38. Malaysian Nature Society Johor
39. Malaysian Plant Protection Society (MAPPS)
40. National Council of Welfare & Social Development Malaysia - NCWSDM
41. National Union of Plantation Workers (NUPW)
42. Partners of Community Organisations (PACOS)
43. Pesticide Action Network Asia and the Pacific (PAN AP)
44. Proforest - South East Asia Regional Office
45. SUARAM - Suara Rakyat Malaysia
46. SUHAKAM - National Human Rights Society - Persatuan Kebangsaan Hak Asasi Manusia
47. Sustainable Development Network Malaysia (SUSDEN)
48. Tenaganita Sdn Bhd
49. The Malaysian Forum of Environmental Journalist (MFEJ)
50. TRAFFIC - the wildlife trade monitoring network
51. TRAFFIC Southeast Asia - Wildlife trade & trafficking monitoring programme
52. Transparency International - Malaysian Chapter
53. Treat Every Environment Special Sdn Bhd. (TrEES)
54. UNION – AMESU
55. United Nations Development Programme - UNDP Malaysia
56. Wetlands International (Malaysia)
57. Wild Asia Sdn Bhd
58. World Wide Fund for Nature (WWF) Malaysia

Local community (On-site interviews)

59. Gender representatives
60. Workers representatives
61. Suppliers / Contractors
62. Village Heads



3.0 AUDIT FINDINGS

3.1 Summary of findings

Certification Unit: Adela Grouping – Adela POM	
Auditor/s: Dr. Ooi Cheng Lee (OCL), Chin Bit Kee (CBK) and Ahmad Kamal (AKS)	Audit Dates: 18-20 Sep 2018

P1: Management Commitment & Responsibility

Clause	Requirements	Evidence	Conformity
4.1.1	C1: MSPO Policy		
4.1.1.1	Indicator 1: Policy for the implementation of MSPO shall be established.	Felda Global Ventures (FGV) has documented the Group Sustainable Policy for sustainability matters – FGV/SED/POL/001 Rev 1 dated 24 Aug 2017. In Section 6.4 of the Policy, FGV has documented its commitment to comply with MSPO certification for all its operations for the production of sustainable palm oil. The various policies on sustainability include: 1. Policy on the Production of Sustainable Palm Oil in FGV Group (“Polisi Pengeluaran Minyak Sawit Lestari dalam Kumpulan FGV”) 2. Policy on Equal Opportunity (“Polisi Kesetara Peluang”) 3. Policy on Communication (“Polisi Komunikasi”) 4. Policy on Steep Slope Protection and River Buffer Zone (“Polisi Perlindungan Tanah Curam dan Rezab Sungai”) 5. Policy on Child Labour (“Polisi Pekerjaan Kanak-Kanak”) 6. Policy on Replanting (“Polisi Tanam Semula”) 7. POLISI PENGGUNAAN RACUN PARAQUAT 8. POLISI PENGAMBILAN PEKERJA ASING 9. POLISI PERLINDUNGAN DAN PENJAGAAN ALAM SEKITAR 10. POLISI GANGGUAN SEKSUAL, KEGANASAN SERTA HAK KEBEBASAN REPRODUKSI 11. POLISI HAK KEBEBASAN BERSUARA & MENGANGGOTAI KESATUAN 12. POLISI HAK ASASI MANUSIA 13. POLISI KOD ETIKA KERJA DAN INTERGRITI 14. POLISI LARANGAN PEMBAKARAN TERBUKA 15. POLISI LARANGAN MENGGUNAKAN SENJATA DAN KETENTERAAN 16. POLISI KITAR SEMULA	Complied
4.1.1.2	Indicator 2: The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation.	The policy had also clearly stated the commitment of FGV management to the continual improvement in the activities involved in the production of palm oil.	Complied
4.1.2	C2: Internal audit		
4.1.2.1	Indicator 1: Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.	There is a documented procedure for conducting Internal audit - FGV/ML-1A/L2-Pr11 Issue 1, Rev 0 dated 01/06/2016. The Internal Audit Procedure stated that audit shall be planned and carried out at least once a year. It also stated that additional internal audits shall be conducted based upon the number of non-conformances raised, new process or changes in system and any issues raised by interested parties.	Complied
4.1.2.2	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.	A procedure for internal audit was established and documented, i.e. FGV/ML-1A/L2-Pr11 Issue 1, Rev 0 dated 01/06/2016. Internal audit on POM was conducted on 26/06/2018. There were 8 non-conformances raised for the internal audits on the POM. Audit results evaluated and corrective actions taken on the non-conformances, which have all been closed.	Complied
4.1.2.3	Indicator 3: Reports shall be made available to the management for their review.	The audit report was documented and made available for Management Review.	Complied
4.1.3	C3: Management review		
4.1.3.1	Indicator 1: The management shall periodically review the	Management review for the POM was conducted on 05/07/2018 and minutes of meeting maintained.	Complied



	continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	The management review include the following: (1) Analysis of the audit findings to demonstrate that the audit was effective and can be relied upon. (2) Review of environmental issues. (3) Review of social issues. (4) Review of safety issues (5) Continual improvement and changes to the system, if any.	
4.1.4	C4: Continual improvement		
4.1.4.1	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.	Action plans for continual improvement on social and environment impact and opportunities for improvement in operational performance have been specified and documented for the POM. The action plans include measurable objectives/targets in order to determine the effectiveness of the outcomes.	Complied
4.1.4.2	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.	There is a Biogas plant under construction and commissioning is planned for Dec 2018. This Biogas plant is in partnership with a private company using POME for power generation for supply to TNB grid system. The POM has also installed a pump system for feeding the leachate from EFB into the effluent pond in order to reduce any potential contamination to the surroundings.	Complied

P2: Transparency

Clause	Requirements	Evidence	Conformity
4.2.1	C1: Transparency of information and documents relevant to MSPO requirements		
4.2.1.1	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.	The management has adopted an open and transparent method of communication and consultation when dealing with relevant parties e.g. its workers, government agencies, contractors, neighbouring plantations and smallholders by personal invitation to attend the internal and external stakeholders' consultation meetings. Languages used in written communications are in Bahasa Malaysia and English, coupled with verbal native dialects.	Complied
4.2.1.2	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.	Management documents such as Policies, Stakeholder consultation processes, Financial Annual Reports are available upon request and at the FGV website: http://www.feldaglobal.com/sustainability Any commercially confidential information will need special request before being provided.	Complied
4.2.2	C2: Transparent method of communication and consultation		
4.2.2.1	Indicator 1: Procedures shall be established for consultation and communication with the relevant stakeholders.	The management had established procedures and mechanisms to conduct stakeholders consultations, handle complaints and grievances through stakeholders meetings, Gender Committee (GC), FGV Workers' Union, Safety and Health Committee ("Ahli Jawatankuasa OSH") and Community Development and Cooperation Committee ("Jawatankuasa Pembangunan dan Kerjasama Komuniti").	Complied
4.2.2.2	Indicator 2: The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1 (4.2.2.1).	The Mill Manager is responsible for any issues raised by local communities and other affected or interested parties regarding mill operations. Non-executive officers are also nominated to coordinate activities of the stakeholders, GC, FGV Workers' Union and Safety and Health Committee ("Ahli Jawatankuasa OSH"). Appointments letters as issued to the respective persons.	Complied
4.2.2.3	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.	The lists of stakeholders at the POM were adequately maintained and kept current. Records of consultation and communication included attendance lists, minutes of the meetings, photographs of the meetings and meeting notes. Minutes of meetings had noted deliberation of the issues raised and recommendations of actions to be taken and the follow-up.	Complied
4.2.3	C3: Traceability		



4.2.3.1	Indicator 1: The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.	The FGV Group has established, implemented and maintained a procedure for traceability of FFB from the estate to the CPO and PK produced by the POM. Documented SOP on Traceability: Supply Chain Procedure Doc No. FGVPM-RSPO SCCS Issue 3.0 Rev 3.0 (Effective 11/06/2018) SOP for RSPO Supply Chain Certification System.	Complied
4.2.3.2	Indicator 2: The management shall conduct regular inspections on compliance with the established traceability system.	Compliance with the traceability system determined via regular inspections, checking of records and internal audits.	Complied
4.2.3.3	Indicator 3: The management shall identify and assign suitable employees to implement and maintain the traceability system.	The Palm Oil Mill and Estate Organization Charts and job responsibilities of employees (Mill Manager, Estate Manager, Assistant Managers, Engineers, Assistant Engineers, Technicians, Security Officer, Weighbridge Operator, Laboratory Chemist and clerks) have been suitably defined for the implementation and maintenance of the traceability procedure. Interviews of the relevant staff confirmed their knowledge of the traceability requirements for their respective areas of operations.	Complied
4.2.3.4	Indicator 4: Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.	All records of incoming FFB transported / received, CPO and PK produced and delivered out, on a daily basis, were maintained and verified to be traceable via the Delivery Note and Weighbridge Ticket which were maintained at the POM office. The POM monitors the stock volumes of CPO in the storage tanks and PK in the silo on a daily basis.	Complied

P3: Compliance to legal requirements

Clause	Requirements	Evidence	Conformity
4.3.1	C1: Regulatory requirements		
4.3.1.1	Indicator 1: All operations shall be in compliance with applicable local, national and ratified international laws and regulations.	A Legal Register covering the applicable local and international laws and regulations has been compiled for the mill and estate. The relevant laws and legislations identified and listed cover safety and health, environment, pollution management, chemical handling, usage & storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities. Based on the site observations, interviews and records checking at the POM, there were evidences of compliance with the relevant laws, regulations, local and international laws. Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, License for Controlled Items – Diesel, Petrol, MPOB license, MPOB license, DOSH Certificate, DOE Permit, BOMBA Fire Certificate, Energy Commission License, etc.) were monitored for their expiry dates and found to be renewed and valid. Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor. Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated. Factory and Machinery Act 1967, Regulations 1970: Steam engineers (Grade 1 and 2), boilermen and electricians were noted to be with valid certificates from relevant authorities (DOSH and Energy Commission).	Complied



		<p>The POM has maintained a boiler register that indicate the date of commission, cleaned, inspected, tested or repaired. Valid certificates of fitness for boilers, sterilizers, air receivers, thermal deaerator, steam separator, vacuum oil dryer, etc. issued by DOSH. Valid license for diesel generators issued by Energy Commission (“Suruhanjaya Tenaga”). Valid licenses for authorized gas tester, authorized entrant and standby by person for confined space activities in POM.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals. Medical history records of the workers were available and noted to be maintained. Noise Monitoring Report is available.</p> <p>There are no foreign workers employed in the POM.</p> <p>Statutory returns to relevant authorities found to be in compliance. For example, JKPP8 for the reporting of incidences and accidents to DOSH and the Quarterly Return Form as per First Schedule of the Environmental Quality (Prescribed Premises) (Crude Palm-Oil) Regulations, 1977.</p> <p>The POM is in compliance with the requirements of the Factories and Machinery (Noise Exposure) Regulations 1989.</p>	
4.3.1.2	Indicator 2: The management shall list all relevant laws related to their operations in a legal requirements register.	The organization has listed all local and international laws applicable to their operations in a Legal Register.	Complied
4.3.1.3	Indicator 3: The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.	<p>The organization has established and implemented a documented procedure ML-1A/L2-Pr6 Issue 1 Rev 0 dated 01/06/2016 for identifying, determining, reviewing and updating applicable legal and other requirements.</p> <p>It included the listing of laws and regulations that were being monitored for changes.</p> <p>The Legal Requirements Register was verified to be reviewed for the POM on 26/04/2018 for any relevant updates.</p> <p>All relevant updates noted to be communicated by the FGV HQ to all POMs within the FGV group.</p>	Complied
4.3.1.4	Indicator 4: The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.	Tracking of changes in the relevant laws are communicated and received from HQ. Monitoring of changes to the applicable laws and regulations carried out through periodical review in accordance with the documented procedure ML-1A/L2-Pr6 Issue 1 Rev 0 dated 01/06/2016 and documented monitoring flowchart “Sistem Semakan Perubahan Undang-undang”.	Complied
4.3.2	C2: Land use rights		
4.3.2.1	Indicator 1: The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.	Communities surrounding the POM are able to move freely without any issues or problems. Verified during site inspection that no such limitations had occurred.	Complied
4.3.2.2	Indicator 2: The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.	<p>There is an agreement between FGV and Felda for a 30 years lease commencing 01/01/1994 of a portion of land situated within the Adela Scheme measuring approximately 26.98 ha for the POM. The POM has legal use of the land for oil palm milling activities.</p> <p>There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition.</p>	Complied
4.3.2.3	Indicator 3: Legal perimeter boundary markers should be clearly demarcated and visibly	Locations of several boundary stones and markers were visited and verified to be within the boundary perimeter of the POM.	Complied



	maintained on the ground, where practicable.		
4.3.2.4	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).	No land disputes concerning the land occupied by the POM. As such, the process of fair compensation and FPIC is currently not required to be applied.	Complied
4.3.3	C3: Customary rights		
4.3.3.1	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.	Not applicable as this is titled/leased land which is not encumbered by customary rights.	Not applicable
4.3.3.2	Indicator 2: Maps of an appropriate scale showing extent of recognized customary rights shall be made available.	Appropriate landscape map with latitudes and longitudes showing the legal boundary and neighbouring / surrounding areas of the POM were available and maintained. The lands at Adela POM are legally leased by FGV Group and it is verified that there were no other users or affected parties in the land areas.	Complied
4.3.3.3	Indicator 3: Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.	Not applicable as the titled/leased lands are not encumbered by customary rights.	Not applicable

P4: Social responsibility, health, safety and employment condition

Clause	Requirements	Evidence	Conformity
4.4.1	C1: Social impact Audit (SIA)		
4.4.1.1	Indicator 1: Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.	Social impact assessment was conducted to identify and implement plans to mitigate the negative impacts and promote the positive one on 25 June 2018. Methods used included annual internal and external stakeholders meetings, bi-annual generic internal and external surveys as well as topic specific surveys mostly involving the internal stakeholders. Comments were received from the participants and actions taken to address the comments were verified. Issues that had impacts on employees and communities were considered by the management. Records of meeting with stakeholders indicated discussions held were generally on matters pertaining to access roads and use rights, working conditions, cultural/festival activities, health facilities and other community concerns. Each of this activity was appropriately documented and analysed. Plans were developed that described the time frames for the activities or actions for implementation. These plans included the persons responsible for implementing the plans and records showed the status of the implementations.	Complied
4.4.2	C2: Complaints and grievances		
4.4.2.1	Indicator 1: A system for dealing with complaints and grievances shall be established and documented.	The management had established the Prosedur Aduan and Carta Alir Laporan Aduan handle complaint cases from employees and the public.	Complied



		<p>The management had also established a website and Facebook account for the public to submit feedback and complaints.</p> <p>FGV grievance procedure is available via website links provided below;</p> <ol style="list-style-type: none"> 1. http://www.feldaglobal.com/wp-content/uploads/2017/04/FGV_whistleblowing_policy_v5.pdf 2. http://www.feldaglobal.com/our-company/whistleblowing/ <p>The Mill had adopted an open and transparent method of communication and consultation when dealing with relevant parties, e.g. its workers, government agencies, contractors, neighbouring plantations by personal invitation to attend the internal and external stakeholders' meetings as well as surveys on general and specific issues. This policy is spelt out clearly in complaint and grievance handling procedures as verified during the audit (Prosedur Menangani Aduan dan Rungutan, ML-1A/L2-Pr13(0)).</p>	
4.4.2.2	Indicator 2: The system shall be able to resolve disputes in an effective, timely and appropriate manner, which is accepted by all parties.	<p>The procedure and flowchart and online channels outlined the mechanism whereby all complaints or grievances will be received by an appointed person and be acted upon by investigating the matter and resolve with the affected parties.</p> <p>Grievance books were sighted at the Mill office. The books were actively used by the workers. Timelines for response to complaints and grievances are indicated in the logbook. Generally, response times for minor requests were within 2 to 3 days.</p> <p>Grievance books are for complaints which are not private and confidential in nature. However, for reports which are related to private matters such as sexual harassment, separate logbooks were used for recording such cases. Complainants were given the option whether to report personally or through nominated workers' representatives or meet directly with the gender committee members.</p> <p>It was verified during on-site interviews that there were no incidents of dispute or grievance of a serious nature.</p>	Complied
4.4.2.3	Indicator 3: A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.	<p>Employees and affected stakeholders can make complaints by recording in the Complaints & Grievance Book kept at the Mill office.</p> <p>Complaint boxes are placed at the entrances of offices where affected employees and other stakeholders can drop in their complaints to be acted upon by the assigned person. The complaints were submitted by the workers and were mostly related to requests for repair and maintenance of houses and lighting.</p>	Complied
4.4.2.4	Indicator 4: Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.	The Management informed the employees and surrounding communities at the internal and external Stakeholders consultations regarding their complaint/grievance procedure and feedback mechanism.	Complied
4.4.2.5	Indicator 5: Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.	The Complaint and Grievance Books that recorded the nature of complaints and the resolutions had been maintained and available for the past 3 years. The Stage 1 finding (JMD-01) was adequately addressed.	Complied
4.4.3	C3: Commitment to contribute to local sustainable development		



4.4.3.1	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.	Main contribution of the Mill to the local development included the provision of facilities, services and where feasible, monetary. The mill had cooperated with Giatmara which provided training for worker's children to gain technical skills e.g. in air-conditioner repairs and services as well as cooperated with the local Police Department in maintaining security. The mill had provided bus to Kemas (kindergarten) when requested.	Complied
4.4.4 C4: Employees safety and health			
4.4.4.1	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.	Occupational Safety and Health Plan has been established. Safety & Health Policy and HIRARC documented was reviewed for the POM. The OSH Programme 2018 included the following: <ul style="list-style-type: none"> • Safety & Health Committee meetings every quarter, • Audiometric tests, • Accident Reporting & Investigation, • Workplace inspection, • CHRA assessment, • Air compressors annual inspection, • Warning signs, • Chemical Register, • SOP for safe work, • PPE usage, • SDS, • JKKP 8 reporting of accidents annually, • Emergency Response Plan (ERP), • Emergency drills, • Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection). <p>However, a Major non-comformance (CBK-01) was raised:-</p> <p>Location: CPO Dispatch Station Two workers were seen climbing on top of tanker that was parked at the CPO dispatch station. These workers were not using safety harness. According to the HIRARC (reviewed on 3 June 2018), working on top of tanker was identified as a safety risk and safety harness is to be used.</p> <p>Location: Mill Workshop Store The access to the emergency shower at the workshop store was partially obstructed. The water supply to the emergency shower was not immediate as it had to be turned on at another location.</p>	Major NC# CBK-01
4.4.4.2	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	The Safety and health policy, approved by the Ketua Pegawai Eksekutif dated 20 Nov 2017, had been verified to be maintained. This policy had been explained to all employees by the Mill Manager and Assistant Manager. During site interviews with mill workers, they were able to demonstrate the basic understanding of the Safety and Health policy. Risk assessment carried out on operations where health and safety is an issue in order to determine the significant hazards at the various activities at the POM. Significant hazards determined and documented include noise exposure, chemicals exposure, accident, fire etc.	



<p>4.4.5</p>	<p>chemicals used at the palm oil mill:</p> <ul style="list-style-type: none"> i) all employees involved are adequately trained on safe working practices; and ii) all precautions attached to products should be properly observed and applied. <p>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 Audit and control such as Hazard Identification, Risk Audit and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues 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.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p>	<p>Procedures and actions were implemented to mitigate the hazards. Risk assessment was reviewed in Jun 2018.</p> <p>There was an assessment of noise levels in the POM conducted by an external qualified consultant. The report identified the work areas with high noise levels, viz., capstan driver (cages), boiler station, engine room, sterilization unit, oil clarification plant and kernel press where noise level exceeded 85 db. Mill management have taken steps to reduce the noise levels by construction of a room to isolate the gen sets, reducing the exposure time to high noise and mandatory use of both ear plugs and ear muffers.</p> <p>Annual audiometric tests conducted for all mill staff and workers on 27 Jan 2018. The audiometric reports revealed that 16 workers have hearing impairment and had been assigned other work at low noise level such as driving, loading FFB, landscape work etc. Audiometric re-test to be carried out within six months for these workers. The OSHA Doctor submitted the audiometric report and JKPP 7 to JKPP Putrajaya and Johore. The Doctor will only refer worker with Induced Hearing Loss to SOCSO for benefits in accordance with the regulations.</p> <p>Baseline audiogram and occupational and medical history records of workers maintained. The employees exposed to high noise levels were interviewed. The workers are aware of the danger of hearing loss due to prolonged exposure to high noise. The workers knew about the complaints process and mechanism available.</p> <p>Records of training provided for mill workers, as well as other workers, and analysis on understanding of training were available and verified.</p> <p>During visits, workers were observed to be using the appropriate PPEs such as safety helmets, safety goggles/glasses, face masks, aprons, safety boots, rubber boots, gloves etc. Internal Safety audit was done to ensuring compliance with the minimum standards needed for the types of PPE used.</p> <p>Fire extinguishers and hose reels found to be located at strategic locations and noted in functioning conditions. Location map of fire extinguishers is available at POM. First Aid equipment was available at POM, estate and at worksites and weekly checked. Samples of First Aid boxes checked and contents found to be complete and in usable order during field visit. Training for workers in First Aid was carried out in the mill and estate and records maintained.</p> <p>Incidences and accidents that occurred were notified and discussed in the OSH committee meetings. Noted that all workers were regularly reminded to adhere to safe working practices to avoid recurrence of accidents.</p> <p>The management had established safe work procedures for each of the activities and implemented. Precautions as attached to the products via the MSDS had been observed to have complied with by the workers.</p> <p>Quarterly review on accident cases had been carried out during quarterly meeting of Safety, & Health committee.</p> <p>Medical care had been provided to all the workers.</p> <p>Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with MSIG insurance noted to be valid.</p> <p>Records on Lost Time Accident (LTA) metrics and occupational injuries were available and verified to be satisfactorily maintained.</p>	
	<p>C5: Employment conditions</p>		



4.4.5.1	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.	<p>The management had established policies that included human rights, employment and labour, prevention of sexual harassment, minimum wage, minimum age, equal opportunity, no discrimination. The policy was approved by the Chief Executive Officer.</p> <p>The employees are informed through briefing during muster, at the Gender Council Committee meetings and Employee Consultative Council meetings. The policies were also displayed at notice boards in the office.</p>	Complied
4.4.5.2	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.	<p>The management had established the Equal Job Opportunity Policy where the commitments included providing equal opportunities and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>The Policy is available in English and Malay languages displayed at the Mill notice boards.</p> <p>Employment records were checked and confirmed that this policy had been implemented and maintained.</p>	Complied
4.4.5.3	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.	<p>Documentation and conditions of pay for workers hired are available. Employment agreements with the workers stated all statutory fringe benefits and eligible incentives, e.g. working hours, overtime, leave and medical benefits, maternity leave for women, insurance coverage, deductions, resignation notice period, company rules. Company procedures require the employment contract to be explained by management to potential migrant workers before contracts are signed.</p> <p>Pay slips are available for verification showed the workers were able to earn living wage that meet the Minimum Wage Order 2016.</p>	Complied
4.4.5.4	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.	<p>The management ensured that employees of contractors are paid based on Minimum Wage Order 2016 by monitoring salary payment and interviewing the contractor's employees. The Stage 1 finding (JMD-03) was adequately addressed.</p>	Complied
4.4.5.5	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.	<p>The management maintained lists of employees that recorded the full names, gender, date of birth, date of entry, wage and period of employment.</p> <p>A brief description of the work that the foreign workers will be performing is written into the employment contract.</p> <p>Full job descriptions are documented for senior positions, such as Managers, Executives, and General Staff etc.</p>	Complied
4.4.5.6	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.	<p>All employees are provided with employment contracts. The terms of employment are clearly specified in the contracts, which included position offered, period of employment, salary, overtime rate, rest days every Sundays, rate of pay when working on rest days, days and hours of work, approved deductions, termination of employment, holiday pay, rate of pay when working on holidays, leave pay, sick leave, maternity leave, passage expenses, expatriations of remains and burial arrangement, insurance.</p> <p>The employment contract is signed by the Mill Manager or his Assistant and the employee.</p> <p>Interview with the employees confirmed that they received a copy of the employment contract.</p>	Complied



4.4.5.7	Indicator 7: The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.	The management had installed a biometric time recording machine that records the working hours and is linked to the database containing the details of each employee. The data are used for calculating the working hours and overtime.	Complied
4.4.5.8	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.	The working hours of the employees and overtime rates are specified in the employment contract i.e. 8 hours per day and overtime rates are in accordance with the Employment Act.	Complied
4.4.5.9	Indicator 9: Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	Pay slips clearly showed the basic pay or piece rate, number of days worked or total output, any allowable deductions and net amount. Any overtime, holiday pay, working on rest days or Sundays or Holidays, when applicable, are also shown on the pay slips.	Complied
4.4.5.10	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	The employees are offered incentives on output, provided training, access to medical care and other benefits such as free housing, free water supply and free electricity supply.	Complied
4.4.5.11	Indicator 11: In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.	Workers are provided free living quarters constructed of permanent materials that have living rooms, bedrooms, kitchen and toilets. All the houses are supplied with treated water and electricity. The houses and amenities met the Workers' Standard of Housing and Amenities Act 1990 (Act 446). The workers are provided with medical, educational and public amenities.	Complied
4.4.5.12	Indicator 12: The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.	The management had established the Policy On Prevention And Eradication Of Sexual Harassment In The Workplace. The policy is displayed at the notice board of the office and the workers are briefed about the policy during morning briefing.	Complied
4.4.5.13	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.	The management had established the "Freedom of Speech and Freedom of Association" policy (ML-1A/L1-Po11(0)) dated 1 Jun 2014. The policy recognised employee's freedom of association. It was noted that the policy was available and widely displayed to the public. This policy was verified as sufficiently implemented with the formation of different categories of workers union, e.g. workers union for the mill workers, workers union for the mill executives, workers union for local workers and a committee to represent the interests of foreign workers in the mill. The mill allowed the workers to join workers unions which the workers had agreed their wages were deducted directly to pay the union monthly fees and meetings attended by the workers. Workers union organised an annual meeting which was verified as attended by representatives from the workers. Concerns of foreign workers at the mill were discussed at the workers-management meeting called Mesyuarat	Complied



		Kebijakan Pekerja Minutes and attendance list for the meeting was verified.	
4.4.5.14	Indicator 14: Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.	The management had established the "Child Labour Policy" (ML-1A/L1-Po5(0)) dated 01/06/2014 which recognised that no child or young persons shall be employed or exploited. This policy was spelt out clearly in Procedures To Prevent Hiring Child Labour (ML-1A/L1-Pr18(0)). During the audit there was no evidence of any child labor being used at the Mill. Inspection of the employment records including site visit to the mill and interviews confirmed that this criterion has been complied with.	Complied
4.4.6	C6: Training and competency		
4.4.6.1	Indicator 1: All employees and contractors shall be appropriately trained. A training programme shall include regular Audit of training needs and documentation, including records of training.	Training programme planned for year 2018 included training for all categories of workers. Appropriate trainings on safe working practices are planned for: <ul style="list-style-type: none"> - workers exposed to machinery and high noise levels, - workers working in confined space, - machine operators - fire fighters, first aiders The training programme included the various types of training such as firefighting and fire drill, exposure to high noise levels and control measures for protection of hearing and audiometric tests, understanding MSDS/CSDS and first aid training. The trainings were conducted for year 2018 and evaluation carried out on each of the trainings to determine its effectiveness. Training plan for 2018 was available. Appropriate PPE (such as safety helmets, shoes, ear plugs, goggles etc.) had been provided to Mill workers, FFB unloaders at the place of work to cover all potentially hazardous operations. Records of training for each employee, including new employees were maintained.	Complied
4.4.6.2	Indicator 2: Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.	A formal training programme on all aspects of MSPO requirements have been established and implemented. Training for various categories of operators, including all mill and office staff, with regards to their duties and training needs had been reviewed and found acceptable.	Complied
4.4.6.3	Indicator 3: A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.	Training programme planned for year 2018 included training for all categories of workers. Trainings were conducted based on categories of work stations. Sampled trainings and records include Grading Station, Loading Ramp Station, Threshing Station, Boiler Station etc.	Complied

P5: Environment, natural resources, biodiversity and ecosystem services

Clause	Requirements	Evidence	Conformity
4.5.1	C1: Environmental management plan		
4.5.1.1	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	A policy on environment was developed in accordance with the relevant country and state laws. It is documented and communicated to all levels of the workforce through briefings and placement of the policy on notice boards. Briefing on the said policy and management plans was conducted on 05/07/2018 to all staff and workers.	Complied



	communicated and implemented.		
4.5.1.2	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.	The Environmental Management Plan for 2018 has been documented. It included the environmental policy and also the objectives. The Environmental Aspects and Impacts Assessment (EIA) was conducted and documented. It was reviewed on 01/07/2018. The scope of assessment had included the management of mill effluents, schedule waste and domestic waste disposal, accordingly to the legal requirements. The EIA report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones.	Complied
4.5.1.3	Indicator 3: An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.	The EIA document had also included the development of the Environmental Improvement Plan for the mitigation of negative impacts and promotion of positive impacts. The implementation and monitoring of the documented environmental improvement plan were reviewed annually and found to be satisfactorily implemented.	Complied
4.5.1.4	Indicator 4: A programme to promote the positive impacts should be included in the continual improvement plan.	A Continual Improvement Plan has been developed and implemented for the promotion of positive impacts Examples of environmental improvements are: (1) Reduce dust emission by installing a wet scrubber. (2) Bio-polishing to reduce BOD. (3) A pump system for feeding the leachate from EFB into the effluent pond in order to reduce any potential contamination to the surroundings.	Complied
4.5.1.5	Indicator 5: An awareness and training programme shall be established and implemented to ensure that all employees understand the policy, objectives and management plans and are working towards achieving the objectives.	Awareness and training programme had been established and implemented to ensure employees understood the policy and objectives of the environmental management and improvement plans. Training records were maintained.	Complied
4.5.1.6	Indicator 6: Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.	Regular meetings and discussions or consultation with relevant employees were conducted in relation to environmental issues. Examples: (1) Management review conducted on 05/07/2018 covered environment issues in relation to the ISO 14001 certification of the POM. (2) Meeting on 02/10/2017 by CEPPOME (Certified Environment Person Palm Oil Mill Effluent) on DOE's requirements. In addition, on the job briefings were also conducted by the personnel to the relevant workers.	Complied
4.5.2	C2: Efficiency of energy use and use of renewable energy		
4.5.2.1	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.	Usage of non-renewable energy is monitored monthly. Record on the usage of diesel and electricity is available for review. Monthly records on energy consumption for non-renewable fuel (diesel) were maintained at the POM. Data compiled over the years for comparison and monitored to optimize the use of non-renewable energy. Data recorded had showed satisfactory monitoring of the energy consumption.	Complied
4.5.2.2	Indicator 2: Palm oil millers shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine	Record on the usage of non-renewable energy for machineries involved in the POM operation is available. Monthly records on energy consumption for both renewable fuel (Palm fiber and PK shell) and non-renewable fuel (diesel) were maintained at the POM.	Complied



	energy efficiency of their operations.		
4.5.2.3	Indicator 3: The use of renewable energy should be applied where possible.	The POM has been using part of the EFB, FFB mesocarp fibers and shells in the boiler operations for power generation and supply. This has helped to reduce the consumption of diesel. Quantity of fibre and shell usage monitored and compared for year 2015, 2016 and 2017 together with the amounts of FFB processed.	Complied
4.5.3	C3: Waste management and disposal		
4.5.3.1	Indicator 1: All waste products and sources of pollution shall be identified and documented.	The documentation and identification of all the waste products such as scheduled waste, domestic waste, and recyclable waste such as metal, plastic, POM waste and polluting materials e.g. EFB, POME, stack emissions and boiler ashes were maintained and monitored. Scheduled waste identified included spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers/drums (SW 409), used filters (SW 410) and used batteries (SW 102).	Complied
4.5.3.2	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.	The waste management and disposal plan were in place at the POM. It has been documented and implemented as required and is being carried out responsibly and satisfactorily. Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory practiced in the POM. Proper storage areas were identified for the storage of the recyclable wastes at the POM. Recycling bins of three different colour codes for specific recycle waste were available in the POM and were used for solid waste segregation and recycling. Records on the usage and disposal were well recorded and documented at the POM. Appropriate secondary containment for the diesel skid tanks, chemical and scheduled waste storage areas was verified to be properly maintained at the POM. Recycling of crop residues / biomass i.e. EFB and POME had been implemented.	Complied
4.5.3.3	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.	Standard operating procedure for the handling of used chemicals classified as Scheduled Waste has been developed and adhered to accordingly. Stores for scheduled waste were inspected. The POM has a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. Disposal of schedule waste was done by an appointed contractor that is licensed by the Department of Environment, i.e. Kualiti Alam Sdn Bhd. The handling, storage, collection and disposal of schedule waste found to be in compliance with the Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974. Latest scheduled waste disposal was on 12/04/2018 and records of e-Consignments are in order.	Complied
4.5.3.4	Indicator 3: Domestic waste should be disposed as such to minimise the risk of contamination of the environment and watercourse.	There is no landfill at the POM. Domestic waste is collected and disposed by a contractor at a site monitored by DOE.	Complied
4.5.4	C4: Reduction of pollution and emission including greenhouse gas		
4.5.4.1	Indicator 1: An Audit of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.	Significant pollutants and greenhouse gas (GHG) emissions were identified, e.g. POME, diesel / fuel, scheduled waste, solid waste and household waste have been documented at the POM. Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are available and adhered accordingly.	Complied



		<p>Tools and systems used include the DOE online CEMS monitoring for air emissions, water quality at discharge points as per Department of Irrigation and Drainage (DID) regulations and SW disposal were adhering to DOE requirements.</p> <p>Level of Greenhouse gases (GHG) emissions are monitored on yearly basis through an GHG calculation methodology approved by RSPO. GHG calculation report has also been submitted to RSPO Secretariat on 14/07/2018.</p> <p>Internal audit reports and GHG emissions are satisfactorily done and monitored.</p>	
4.5.4.2	<p>Indicator 2: An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p>	<p>Environmental Impact Assessment (EIA) on potential pollution to water, gaseous emissions to air and contamination on land was reviewed 01/07/2018.</p> <p>Actions plan to reduce and minimise the identified significant pollutants and emissions were implemented.</p> <p>POM gas emissions also monitored online by DOE, using the Continuous Emissions Monitoring System (CEMS) and assisted by the Ringelman chart. It was verified to be within the permissible limits of DOE.</p> <p>POME treatment, monitoring and land application were monitored, maintained and adhered to DOE regulations.</p>	Complied
4.5.4.3	<p>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.</p>	<p>It was verified that the POME is treated using anaerobic ponds (4 Nos), aerobic ponds (6 Nos), transition ponds (4 Nos) and one bio-polishing pond.</p> <p>There is no field application of the POME as the estate is not nearby. Water samples at the final discharge point were taken at weekly intervals and analysed to ensure compliance to the following parameters: pH, BOD, COD, Total solids, Suspended Solids, Oil & Grease, Ammoniacal Nitrogen and Total Nitrogen. Records are maintained and verified on-site to have met the permissible regulatory limits.</p> <p>The BOD results for the period Jan to Jul 2018 complied with DOE requirements of < 100 ppm. The final discharge is into a stream leading to Sungai Lebam located near the POM.</p> <p>Quarterly Return Form as per First Schedule of the Environmental Quality (Prescribed Premises) (Crude Palm-Oil) Regulations, 1977 to DOE verified to be submitted.</p>	Complied
4.5.5	C5: Natural water resources		
4.5.5.1	<p>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:</p> <p>a) Audit of water usage and sources.</p> <p>b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.</p> <p>c) Ways to optimise water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of</p>	<p>The Water Management Plan for the POM adequately documented to give the necessary details and action plans. Action plans has been identified and implemented accordingly.</p> <p>The water management plan had included the source of water and how it is being treated for POM use, their usage monitored and recorded. The source of water was obtained from a collection pond. Licensed to use and collect water from the river issued by SPAN vide license number: SWUL/LPSA/72/2018, expiring in Dec 2018.</p> <p>Water for domestic consumption in the mill and estate is piped water supplied by the local water utility company. The treated water supply complies with the Ministry of Health Specification for Drinking Water, which include the requirement of 0 in 100 ml for E.Coli.</p> <p>Water usage in the POM from Jan - Dec 2017 ranged from 0.81 to 1.19 m³/tonne FFB with an average of 1.05 m³/tonne FFB which is below the industrial norm of 2 m³/tonne FFB for such POM capacity.</p> <p>Rainfall data was monitored as part of the water management plan.</p>	Complied



	equipment to reduce leakage, collection of rainwater, etc.).		
4.5.5.2	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.	There is no field application of the POME as the estate is not nearby. The final discharge of POME is into a stream leading to Sungai Lebam located near the POM and the results of the effluent discharge verified on-site to have met the permissible regulatory limits.	Complied

P6: Best practices

Clause	Requirements	Evidence	Conformity
4.6.1	C1: Mill management		
4.6.1.1	Indicator 1: Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	The Management had established over 100 SOPs and documented as Manual Pengurusan QOSHE and Manual Operasi and Manual Ladang Sawit Lestari for all its processes at the mill and the estate, including that of Supply Chain Certification System requirements. Examples of SOPs for the POM are for the following processes: <ul style="list-style-type: none"> - FFB Receiving Station - Loading Ramp - Steriliser - Threshing Station - Digestion Pressing Station - Depericarperzation Station - Nut & Kernel Plant - Oil Room Station - Boiler Station - Engine Room Station - Product Storage and Despatch - Laboratory - Water Treatment Plant - Shovel - Threshing Station - Polishing Plant - Effluent Treatment Plant - Workshop Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.	Complied
4.6.1.2	Indicator 2: All palm oil mills shall implement best practices.	The POM had adhered to their SOPs and best management practices. Best Management Practices (BMP) implemented include Water Management, Monitoring of Emissions – Discharges & Pollution, Monitoring of Safety & Health of Workers, Water Ponds for Domestic & Recreational purposes. Major NC raised as follows: Hydraulic oil is leaking from the packing seal kit at all the hopper doors. Observation raised as follows: The hopper door number was found to be faded and could not be clearly identifiable.	Major ASK-01 OBS# AKS-01
4.6.2	C2: Economic and financial viability plan		
4.6.2.1	Indicator 1: A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	The 5-year Business Management Plan (FY 2018 to FY 2023) for the POM was documented and reviewed. The Annual Budget for each year include the following: <ul style="list-style-type: none"> - Staff and Labour requirements; Staff 47, Workers 39, Exec 3; - Crop projection; FFB yield/ha trends; - Mill extraction rates; OER trends; - Cost of Production; Cost/mt FFB trends; - Cost of Production; Cost/MT CPO trends; 	Complied



		<ul style="list-style-type: none"> - Financial indicators covering cost of labour, supervision, maintenance, depreciation, etc.). - Budget for Environmental, Social, Safety & Health, Training and Promotions. <p>The Mill have monitored the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.).</p> <p>Records of monitoring of costs against budget to achieve specified targets were verified to be available.</p> <p>Performances are discussed in the monthly meetings held at the PMU and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit.</p> <p>Monthly, quarterly, half-yearly and yearly reports are submitted to the FGVH HQ.</p>	
4.6.3	C3: Transparent and fair price dealing		
4.6.3.1	Indicator 1: Pricing mechanisms for the products and other services shall be documented and effectively implemented.	<p>The mill processed fresh fruit bunches (FFB) from Ladang Kledang 02 and from outside suppliers. Sighted the list of FFB suppliers.</p> <p>Verified that the FFB pricing followed the PORLA formula and MPOB prices.</p> <p>Sighted the price of FFB displayed at the weighbridge counter. Pricing of FFB is from FGV HQ.</p> <p>There was also no evidence to suggest any unfair business practices with the suppliers.</p>	Complied
4.6.3.2	Indicator 2: All contracts shall be fair, legal and transparent and agreed payments shall be made in a timely manner.	<p>Based on contracts agreed between contractors/service providers and POM, it is evident that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</p> <p>Interview with parties concerned confirmed that business practices with local businesses were conducted in a fair and transparent manner. It is further verified that payments to contractors and other service providers are paid within the period specified in the contract agreement.</p> <p>The contract agreement is attached with the MSPO requirement which the contractor has to adhere before start works.</p>	Complied
4.6.4	C4: Contractor		
4.6.4.1	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.	<p>During external stakeholder's consultations and during training, the contractors are made to understand MSPO requirements. Information such as policies and procedures are provided.</p> <p>Monitoring records on Road Tax, Driving license and Insurances is available. Checks done on sample basis verified that the licenses and insurance coverage were still valid.</p> <p>Sighted training for contractor "Latihan Contractor" dated 1/7/2018 conducted by En.Mohd Hamizi Bin Shahdan(Asst. Mill Manager).</p>	
4.6.4.2	Indicator 2: The management shall provide evidence of agreed contracts with the contractor.	<p>Contract agreements are signed between the Mill Manager or his Assistant and the contractor. The terms and conditions of the contract are explained to the contractor.</p> <p>A copy of the contract is given to the contractors.</p> <p>Sighted in the contract the MSPO requirement which the contractor have to agree before performing the work task.</p>	Complied
4.6.4.3	Indicator 3: The management shall accept MSPO approved auditors to verify the Audits through a physical inspection, if required.	<p>Acceptance was obtained from the FGV Management.</p> <p>The acceptance was provided via signing by FGV Management on the Contract of Agreement for the MSPO</p>	Complied



Report No.: M005A/18-2 FGV Adela Grouping: Adela POM
Initial Audit / Stage 2

		Audit and confirmation of the Audit Plan & Auditors, before the actual audit.	
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3.2 Status of Identified Noncompliance and Corrective Actions, Observations and Positive Elements.

The status of the Noncompliances (NCR) and Observations (OBS) identified against the MSPO Compliance Indicators is as per the details below:

Audit Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Initial Audit / Stage 2	2018	2 (2 Major, 0 Minor)	1	Next Surveillance Assessment

3.2.1 Year 2018: Initial Audit / Stage 2: 2 Major NCs

NCR	MSPO Indicator	Details of NCR
Major CBK-01	4.4.4.1 MS 2530-4 POM	Date issued: 20/09/2018
		Requirement:
		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.
		Noncompliance:
		Location: CPO Dispatch Station at POM Two workers were seen climbing on top of a tanker that was parked at the CPO dispatch station. These workers were not using safety harness. According to the HIRARC (reviewed on 3 Jun 2018), working on top of tanker was identified as a safety risk and safety harness is to be used.
		Location: Workshop Store at POM The access to the emergency shower at the workshop store was partially obstructed. The water supply to the emergency shower cannot be turned on immediately at the shower location as the switch for the turn on is at another location.
		Root Cause and Corrective Action(s): by Auditee Representative
		Root cause: 1. Mill operation failed to enforce all workers that involved to use body harness. 2. Emergency shower was installed without a proper plan for the switch. Corrective Action: Immediate action: 1. Training to all workers involved and memo to all workers and tanker drivers related to usage of the body harness. 2. (a) Removed all obstruction to the emergency shower. (b) Reinstall emergency shower and test the functionality and suitability. Long term action: 1. Management to ensure the usage of the body harness 2. (a) Mill to ensure no obstruction to emergency shower at all time. (b) Regular checking on the path to the emergency shower.
Verification on Corrective Action(s): by Lead Auditor / Auditor		



		<p><u>MAJOR NC:</u> On-site / Off-site Verification on date: 22 Nov 2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: 1. Record of training conducted on 24/09/2018, attendance list and records of monitoring dated 14/09/2018, 01/10/2018, 08/10/2018 on use of PPE. 2. Photos of actions taken on removal of obstructions. Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. [] No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p>	
		<p><u>Minor NC: N.A</u> On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- [] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>	
		NC status verified by auditor: Closed by OCL	Date closed: 22/11/2018
		Verification of effectiveness: Next Assessment	
		NC status verified by auditor: -	Date verified: -

NCR	MSPO Indicator	Details of NCR	
Major ASK-01	4.6.1.2 MS 2530-4 POM	Date issued: 20/09/2018	
		Requirement:	
		All palm oil mills shall implement best practices.	
		Noncompliance:	
		Location : POM Hydraulic oil is leaking from the packing seal kit at all the hopper doors.	
		Root Cause and Corrective Action(s): by Auditee Representative	
		Root Cause: Lack of supervision and maintenance on machinery at mill operation.	
		Corrective Action: Immediate action: Seal kit checked and repaired to ensure no leaking. Long term action: Regular checking to avoid any leakage.	
		Verification on Corrective Action(s): by Lead Auditor / Auditor	



		<p>MAJOR NC: On-site / Off-site Verification on date: 22 Nov 2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Photos of satisfactory repairs done on the seal kit at the hopper doors. Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. [] No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p>	
		<p>Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- [] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>	
		<p>NC status verified by auditor: Closed by OCL</p>	<p>Date closed: 22/11/2018</p>
		<p>Verification of effectiveness: Next Assessment</p>	
		<p>NC status verified by auditor: -</p>	<p>Date verified: -</p>

3.2.2 Year 2018: Initial Audit / Stage 2: 0 Minor NC

3.2.3 Year 2018: Initial Audit / Stage 2: 1 Observation

Ref No:	MSPO Indicator	Details of Observation	Status		
			Opened date	Closed date	Remark (if any)
OBS# AKS-01	4.6.1.2 MS 2530-4 POM	The hopper door number was found to be faded and could not be clearly identifiable.	20/09/2018	Next Assessment	

3.2.4 Identified Positive Elements

- 1) The company has provided proper infrastructure such as roads, housing and sport facilities.
- 2) The company has contributed towards the local economy in providing business and employment opportunities. It has made significant financial contributions to the local communities.

3.3 Summary of Feedback Received from Stakeholders

Prior to and during the Assessment, written and verbal feedback communicated from the stakeholders on the environmental and social performance of the Estates operations were sourced. All pertinent feedback issues were reviewed and followed up for verification and these had been accordingly incorporated into the report findings. See table below:

3.3.1 Feedback Raised by Stakeholders (Initial Audit / Stage 2 – Year 2018)

Communication done via email on 13 Aug 2018 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
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<p>Government Agencies: No feedback received.</p>	<p>Ongoing consultations will be maintained. No response needed.</p>	<p>Verified during on-site assessment that no response needed.</p>	<p>Nil</p>
<p>Non-Governmental Organizations: No feedback received.</p>	<p>Ongoing consultations will be maintained. No response needed.</p>	<p>Verified during on-site audit that no response needed.</p>	<p>Nil</p>
<p>Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 20/09/2018. A total of 4 stakeholders (including, government officials, suppliers, local communities) were present at the consultation. They were interviewed by the auditors without the presence of any of the Estate staff. Concerns and suggestions received during interviews and stakeholder consultations:</p> <ol style="list-style-type: none"> 1. Motorcyclists were sometimes seen not wearing safety helmets. 2. The trucks could be overloaded judging by the height of FFB loaded onto the trucks. 3. FFB were sometimes seen fall off lorries or trucks. 4. Stakeholders were not aware of the channel of complaints including website and Facebook. 	<p>The Estate Management responded that these matters will be reviewed by the management.</p>	<p>To be followed up during the next Audit.</p>	
<p>Local Communities - Interviews: Interviews of sampled staff and workers were also conducted by the auditors during field visits from 18-20 Sep 2018 at the PMU: Staff/Workers sampling: POM = 15 males, 5 females Estate = 29 males, 6 females No negative issues raised by the sampled staff and workers.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>
<p>Other Interested parties: No feedback received.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>



4.0 AUDIT CONCLUSION AND RECOMMENDATION

Based on the findings above, FGV Adela Palm Oil Mill had been able to demonstrate its compliance with the MSPO MS 2530-4:2013 Standard for Palm Oil Mills.

Therefore, it is recommended that the certification of FGV Adela Palm Oil Mill be approved.

Signed for and on behalf of
Intertek Certification International Sdn Bhd

A handwritten signature in black ink, appearing to read 'Ooi Cheng Lee'.

Dr. Ooi Cheng Lee
Lead Assessor

Date: 27 Dec 2018

4.1 Acknowledgement of Internal Responsibility and Confirmation of Audit Findings

This is to acknowledge and confirm the Audit visits described in this report and the acceptance of the contents and findings in this Audit report.

Signed for and on behalf of
FGV Holdings Berhad (800165-P)

Mr. Norazam Abdul Hameed
Head, Plantations Sustainability Department (PSD)

Date: 29 Dec 2018



4.2 INTERTEK – MSPO Certificate details for the Adela Palm Oil Mill

Certificate No:	MSPO 005A
Start date:	31 Dec 2018
Expiry date:	30 Dec 2023
Organisation	FGV Holdings Berhad (800165-P) (Formerly known as Felda Global Ventures Holdings Berhad)
Address of Head Office:	Plantations Sustainability Department (PSD) Level 20, West Wisma FGV, Jalan Raja Laut 50350 Kuala Lumpur, Malaysia
Name of POM	Adela Palm Oil Mill
Address of POM	Kilang Sawit Adela, P.O. Box 73, 81930, Bandar Penawar, Kota Tinggi, Johor Darul Takzim, Malaysia.
MPOB License No:	5001687-04000
Standards:	MSPO MS 2530-4:2013 for the Palm Oil Mill.
Certification scope:	Production of Crude Palm Oil and Palm Kernel

Details of the Mill and Supply Base covered by this certificate and the tonnage approved are:

Name	Address	GPS Reference		Certified (Titled) Area (ha)	Mature Planted Area (ha)
		Latitude	Longitude		
Adela POM (Capacity:54 MT/hr)	Kilang Sawit Adela, P.O. Box 73, 81930, Bandar Penawar, Kota Tinggi, Johor Darul Takzim, Malaysia.	1° 33' 06.9"N	104° 11' 10.9"E	-	-
FGV Kledang 02 estate	Ladang Kledang 02, D/A Pejabat Sening, 81900 Kota Tinggi, Johor Darul Takzim, Malaysia.	1° 28' 52"N	104° 10' 52"E	1,222.40	575.53

The annual certified tonnages produced at the POM are detailed as follows:

Adela POM	Annual Tonnages (MT)
Certified FFB	7,333
Certified CPO	1,558
Certified PK	403



APPENDIX A-1:

Qualifications of Lead Auditor and Audit Team (Stage 1 Assessment)

Dr. Ooi Cheng Lee (OCL) Lead Assessor / Team Leader / Technical Expert

(Palm Oil Mill, Environment, OHSAS, Social, HCV, Land Use and Supply Chain)

- PhD in Welding, Cranfield University, UK
- M.Sc. (Engineering) in Metallurgy, University of Birmingham, UK
- B.App.Sc (Hons), Science University of Malaysia
- Diploma in Translation for Science and Technology, Malaysia Translation Society

Dr. Ooi Cheng Lee is an IRCA Lead Auditor and Lead Tutor for ISO 9001. He is also involved in auditing in other integrated management systems. He has successfully completed the RSPO Lead Assessor Course for Principles and Criteria (RSPO P&C) and the RSPO Supply Chain Certifications (RSPO SCC). He is currently involved in the management of all types of system and process/product certification in Intertek. He has more than 32 years work experience in product and process specifications, research & development, inspection and testing, quality assurance, engineering development, training, product certification, auditing and quality management system certification. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Vietnam, Philippines, China, Myanmar, Cambodia and other regional countries. Assessments include those of rubber and oil palm plantations in Malaysia and Indonesia. His previous position as the General Manager of Lloyd's Register Quality Assurance (LRQA) Malaysia include the management of all types of systems certification, including that of environmental (ISO 14001), safety & health (OHSAS 18001) and Clean Development Mechanisms (CDM). He is currently the General Manager in Intertek Certification International Sdn. Bhd. He is a member of the Internal Review Panel for RSPO Assessment reports since May 2011. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2012.

Mr. Chin Bit Kee (CBK) – Assessor / Technical Expert

(Good Agriculture Practice, Integrated Pest Management and Social)

– Degree in Food Technology from University of Reading, United Kingdom

Mr. Chin Bit Kee has more than 5 years working experience in the oil palm plantation, agriculture & social (worker welfare) related field. He has successfully participated in RSPO training conducted internally by Intertek on 17 April 2014 and completed a supervised period of training in practical auditing in agriculture industry and related field, with more than 15 days audit experience in at least 3 audits at different organizations. He has adequate knowledge on Palm Oil sector such as industry fundamentals sustainability, social and OHS issues (e.g. worker welfare issues and social matters such as employment terms, gender issues, worker welfare etc.) environmental matters (e.g. pollution control, conservation of resources). He is a member of the RSPO CB Assessment team which audited several RSPO certified Plantation Management Units since 2014.

Mr. Jumat Majid (JMD) – Assessor – Social Responsibility and Workers Welfare

– BSc (Social Science)

Mr. Jumat Majid (JM) has over 13 years work experience in the agriculture sector. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001:2008 and RSPO P&C MY-NI Lead Assessor course. He has also successfully completed training programs in Organic Agriculture Development and had performed organic agriculture inspections and assessments for more than 6 years. He has been involved in NGO work in the areas of social impact assessments within the South East Asia region. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2010.



APPENDIX A-2:

Qualifications of Lead Auditor and Audit Team (Stage 2 Assessment)

Dr. Ooi Cheng Lee (OCL) Lead Assessor / Team Leader / Technical Expert

(Palm Oil Mill, Environment, OHSAS, Social, HCV, Land Use and Supply Chain)

- PhD in Welding, Cranfield University, UK
- M.Sc. (Engineering) in Metallurgy, University of Birmingham, UK
- B.App.Sc (Hons), Science University of Malaysia
- Diploma in Translation for Science and Technology, Malaysia Translation Society

Dr. Ooi Cheng Lee is an IRCA Lead Auditor and Lead Tutor for ISO 9001. He is also involved in auditing in other integrated management systems. He has successfully completed the RSPO Lead Assessor Course for Principles and Criteria (RSPO P&C) and the RSPO Supply Chain Certifications (RSPO SCC). He is currently involved in the management of all types of system and process/product certification in Intertek. He has more than 32 years work experience in product and process specifications, research & development, inspection and testing, quality assurance, engineering development, training, product certification, auditing and quality management system certification. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Vietnam, Philippines, China, Myanmar, Cambodia and other regional countries. Assessments include those of rubber and oil palm plantations in Malaysia and Indonesia. His previous position as the General Manager of Lloyd's Register Quality Assurance (LRQA) Malaysia include the management of all types of systems certification, including that of environmental (ISO 14001), safety & health (OHSAS 18001) and Clean Development Mechanisms (CDM). He is currently the General Manager in Intertek Certification International Sdn. Bhd. He is a member of the Internal Review Panel for RSPO Assessment reports since May 2011. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2012.

Mr. Chin Bit Kee (CBK) – Assessor / Technical Expert

(Good Agriculture Practice, Integrated Pest Management and Social)

– Degree in Food Technology from University of Reading, United Kingdom

Mr. Chin Bit Kee has more than 5 years working experience in the oil palm plantation, agriculture & social (worker welfare) related field. He has successfully participated in RSPO training conducted internally by Intertek on 17 April 2014 and completed a supervised period of training in practical auditing in agriculture industry and related field, with more than 15 days audit experience in at least 3 audits at different organizations. He has adequate knowledge on Palm Oil sector such as industry fundamentals sustainability, social and OHS issues (e.g. worker welfare issues and social matters such as employment terms, gender issues, worker welfare etc.) environmental matters (e.g. pollution control, conservation of resources). He is a member of the RSPO CB Assessment team which audited several RSPO certified Plantation Management Units since 2014.

Mr. Ahmad Kamal Shahabuddin (AKS) – Assessor / Technical Expert

(Good Agriculture Practice, Integrated Pest Management, Safety and Health)

– Diploma in Industrial Chemistry

Mr. Ahmad Kamal has more than 25 years working experience in the oil palm plantations and mill operations, agriculture, safety and health related field. He was attached to the Malaysian Palm Oil Board since 1979 until his retirement from MPOB in 2011. He was a Lead Auditor for the MPOB CoP certification for Palm Oil companies since 2014. He has successfully completed the RSPO Supply Chain Certification Lead assessor course in 2015 and the MSPO Lead Auditor course in 2017. He has good on-field knowledge in the Palm Oil sector such as industry fundamentals on good agricultural practices (GAP), best management practices (BMP), sustainability, social and OHS issues (e.g. worker welfare issues and social matters such as employment terms, gender issues, worker welfare etc.) environmental matters (e.g. pollution control, conservation of resources). He has conducted training for growers and smallholders organised by MPOB for MSPO certifications. He is a member of the RSPO CB Assessment team which audited several RSPO and MSPO certified mills and plantation management units since 2015.



Appendix B-1:

Stage 1 Audit Plan (Actual) – POM and Estate Grouping audited simultaneously

Date	Time	Assessors and Assessment Activity (MS 2530-4)		
		Assessment Team		
19 July 2018 Thursday (Day 1)	9.00 am - 9.30 am	Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)		
	9.30 am – 1.00 pm	Document Review and Audit by Auditors on respective MSPO Principles :1 to 6 for POM		
	1.00 pm – 2.00 pm	Lunch Break		
	2.00 pm – 6.00 pm	OCL	CBK	JMD
		Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services 	Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P6 Best Practices 	Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social responsibility, health, safety and employment condition

Date	Time	Assessors and Assessment Activity (MS 2530-3)		
		OCL	CBK	JMD
20 July 2018 Friday (Day 2)	9.00 am – 1.00 pm	Site assessment at Kledang 02 Estate <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services 	Site assessment at Kledang 02 Estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirement • P6 Best Practices • P7 New Planting (if any) 	Site assessment at Kledang 02 Estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social responsibility, health, safety and employment condition
	1.00 pm – 2.00 pm	Lunch Break		
	2.00 pm – 4.00 pm	Continue site assessment at Kledang 02 Estate		
	4.00 pm – 5.00 pm	Preparation for Closing Meeting		
	5.00 pm - 5.30 pm	Team Meeting and Discussions with POM Management Representative		
	5.30 pm – 6.00 pm	Closing Meeting & Briefing at Palm Oil Mill Office		



Appendix B-2:

Stage 2 Audit Plan (Actual) – POM and Estate Grouping audited simultaneously

Date	Time	Assessors and Assessment Activity		
		Assessment Team		
18 Sept 2018 Tuesday (Day 1)	7.00 am – 10.00 am	Travel to Adela Palm Oil Mill		
	10.00 am – 11.30 am	Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)		
	11.30 am – 1.00 pm	Document Review and Audit by Auditors on respective MSPO Principles :1 to 6 for POM		
	1.00 pm – 2.00 pm	Lunch Break		
	2.00 pm – 5.00 pm	OCL	CBK	AK
		Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services 	Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social responsibility, health, safety and employment condition 	Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P6 Best Practices
		<ul style="list-style-type: none"> • Verification of effectiveness of corrective actions for non-conformances (previous audit – if applicable) 		
	5.00 pm – 6.00 pm	Travel to Hotel & Break		
6.00 pm – 7.00 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity		
		OCL	CBK	AK
19 Sept 2018 Wednesday (Day 2)	8.30 am – 12.30pm	Site assessment at FGVPM Kledang 02 estate <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services 	Site assessment at FGVPM Kledang 02 estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social responsibility, health, safety and employment condition 	Site assessment at FGVPM Kledang 02 estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P6 Best Practices • P7 New Plantings (if any)
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm – 5.30 pm	Continue site assessment at FGVPM Kledang 02 estate		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		



Date	Time	Assessors and Assessment Activity		
		OCL	CBK	AK
20 Sept 2018 Thursday (Day 3)	8.30 am – 12.30 am	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P1 Management commitment and responsibility • P2 Transparency • P3 Compliance to legal requirements 	Stakeholders' Consultation on the following categories (see Notes 1 and 2 below – subject to availability): <ul style="list-style-type: none"> • Contractors • Suppliers • Transporters • NGOs • Government Department / Agencies • Local Community • Settlers, in the case of independent and organized smallholders. Notes <ol style="list-style-type: none"> 1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders prior to the audit. 2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement. 	
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm – 3.00 pm	Preparation for Closing Meeting		
	3.00 pm – 4.30 pm	Team Meeting and Discussions with POM Management Representative		
	4.30 pm – 6.00 pm	Closing Meeting & Briefing at Palm Oil Mill Office		



APPENDIX C-1:

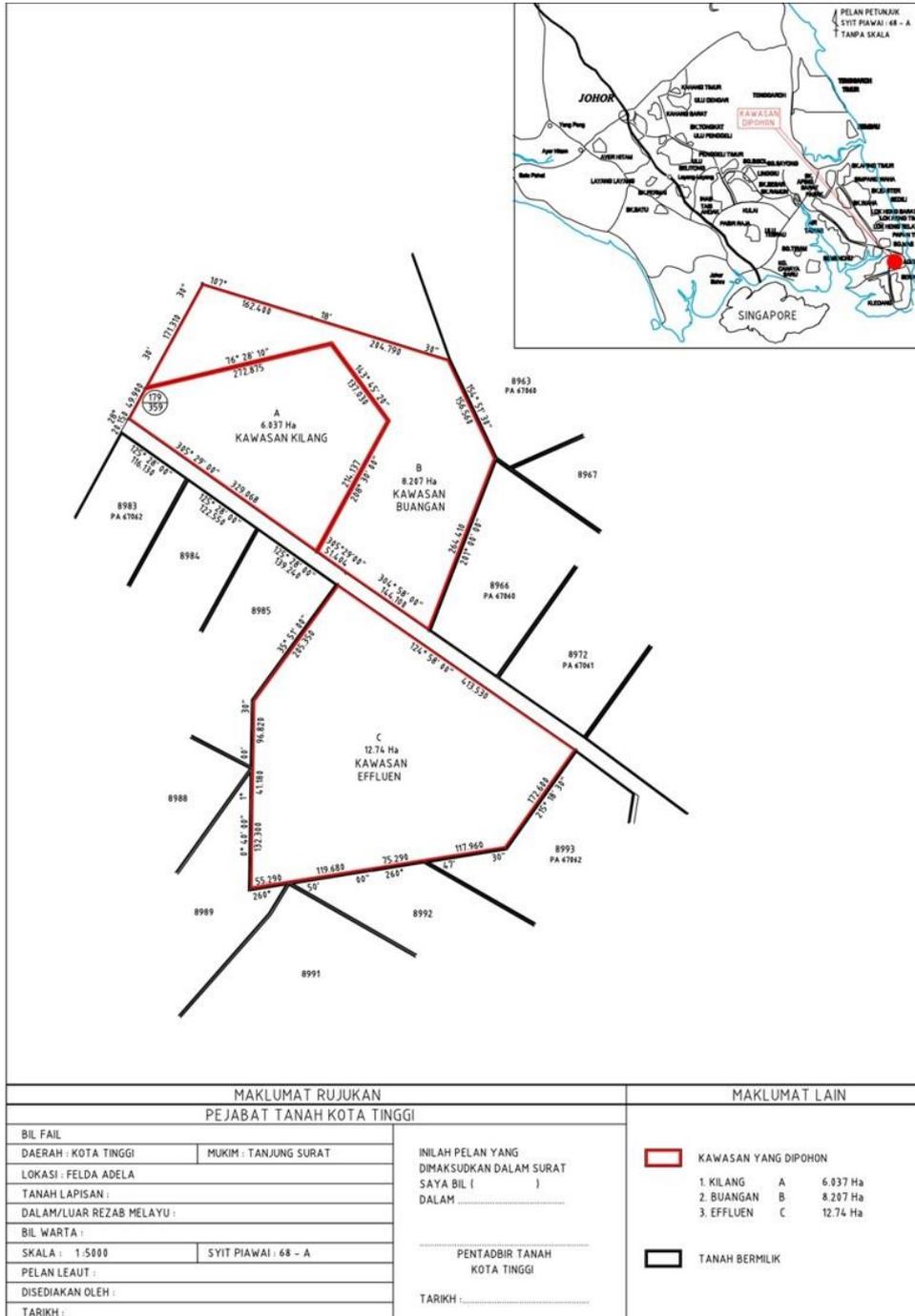
Location Map of Adela Grouping, Kota Tinggi, Johor Darul Takzim, Malaysia





APPENDIX C-2:

Location Map of FGV Adela POM





APPENDIX D:

Stage 1 Assessment Summary of Findings

Certification Unit	Adela Grouping – Adela Palm Oil Mill
Assessment Type	Stage 1 Assessment
Standards	MSPO MS 2530-4:2013 for the Palm Oil Mill
Lead Auditor	Dr. Ooi Cheng Lee (OCL)
Auditors	Chin Bit Kee (CBK), Jumat Majid (JMD)
Audit Dates	19 Jul 2018
Total No. of Findings	Six (6) findings as listed below
NOTE: The organization must take action to ensure that the requirement concerned is fully addressed prior to the Stage 2 assessment, otherwise a non-conformance shall be raised during Stage 2.	

Finding No.	MSPO Indicator	Details of Finding
OCL-01	4.1.3.1 Indicator 1	Date issued: 19/07/2018
		Requirement: 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.
		Description of Finding: Management review for the POM was conducted on 05/07/2018 and minutes of meeting maintained. However, the minutes merely make a reference to the Internal Audit Report for the POM and there was no analysis of the audit findings to demonstrate that the audit was effective and can be relied upon. Also, there was no mention of the effectiveness of the implementation of MSPO and any changes, improvement and modification.
		Remark: Action required to address the finding satisfactorily.

Finding No.	MSPO Indicator	Details of Finding
OCL-02	4.2.2.3 Indicator 3	Date issued: 19/07/2018
		Requirement: 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.
		Description of Finding: Latest stakeholders list sighted at POM was found to be incomplete.
		Remark: Action required to address the finding satisfactorily.

Finding No.	MSPO Indicator	Details of Finding
OCL-03	4.5.5.1 Indicator 1	Date issued: 19/07/2018
		Requirement: 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) Audit 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 optimise 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.).



		<p>Description of Finding: The Water Management Plan for the POM was not adequately documented to give the necessary details and action plans.</p> <p>Remark: Action required to address the finding satisfactorily.</p>
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Finding No.	MSPO Indicator	Details of Finding
JMD-01	4.4.2.5 Indicator 5	Date issued: 19/07/2018
		Requirement: Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.
		Description of Finding: Complaints and solutions from workers are available from 2017 onwards. However the indicator requires complaints and solutions from stakeholder to be kept for at least 24 months and record of complaints and solution received in 2016 are not available for verification.
		Remark: Action required to address the finding satisfactorily.

Finding No.	MSPO Indicator	Details of Finding
JMD-02	4.4.4.1 Indicator 1	Date issued: 19/07/2018
		Requirement: 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.
		Description of Finding: OSH Plan presented during the audit is insufficient as it only include training plan. The OSH Plan shall include other pertinent items concerning occupational safety and health.
		Remark: Action required to address the finding satisfactorily.

Finding No.	MSPO Indicator	Details of Finding
JMD-03	4.4.5.4 Indicator 4	Date issued: 19/07/2018
		Requirement: 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.
		Description of Finding: Contracts between the POM main contractors with their employees were not available for verification and therefore the POM management is not able to ensure that contractors' employees were paid based on legal or industry minimums standard.
		Remark: Action required to address the finding satisfactorily.