



SERIAN PALM OIL MILL SDN BHD

BQAS CERTIFICATION [M] SDN BHD [1179994-X]

Ref No: BQ/SEPOM/SVA03/04/21

Standard: MS 2530-4:2013

ONSITE AUDIT

Report Date: 30 07 2021

MSPO SURVEILLANCE CERTIFICATION REPORT [YEAR 03] 2021



SALCRA

SERIAN PALM OIL MILL SDN BHD

4 Km Mongkos Link Road, Off 13 Km Paon Limau / Mentung Marau Road, Off 20 Km Serian / Sri Aman Road, Serian, 94700 Samarahan , Sarawak.



BQAS Certification [M] Sdn Bhd

Lot 7823, Sublot 6, 2nd Floor, Block A, King Center, Simpang Tiga, 93350, Kuching, Sarawak.

Tel: 082 572 043

Email: bqascertification@gmail.com

Website: www.bqas.com.my

Accreditation No: ACB MSPO CB15

MSPO SURVEILLANCE CERTIFICATION REPORT Year 03: 2021**SERIAN PALM OIL MILL SDN BHD**

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CERTIFIED ENTITY

| | | |
|-----------------------------|--|--------------------------------|
| MSPO Standards | <input checked="" type="checkbox"/> MS2530-4:2013 General Principles for Palm Oil Mills | |
| Type of Certification: | <input checked="" type="checkbox"/> Individual | <input type="checkbox"/> Group |
| Project Ref No: | BQ/SEPOM/SVA03/04/21 | |
| MSPO Certificate No: | BQAS P4 023-3 0420 | |
| MSPO Certificate Validity: | 30 04 2018 – 29 04 2023 | |
| Main Office Address: | Wisma SALCRA, No 1, Lot 2220, Block 26, MTL D, Jalan Dato Mohd Musa, 94300, Kota Samarahan, Sarawak | |
| Contact Person / Job Title: | Puan Patricia Chan | Sustainability Executive |
| Telephone / Mobile: | 082 621 904 | 016 831 2705 |
| Email / Website: | patriciachan@salcra.gov.my | |
| Site Address: | 4 Km Mongkos Link Road, Off-13 Km Paon Limau / Mentung Marau Road, Off-20 Km Serian / Sri Aman Road, Serian, 94700 Samarahan, Sarawak. | |
| Contact Person / Job Title: | Mr Clement Joseph | Mill Manager |
| Telephone / Mobile: | 013 803 8215 | 016 856 6580 |
| Email / Website | clementj@salcra.gov.my | |

CERTIFICATION BODY**BQAS CERTIFICATION [M] SDN BHD [1179994-X]**

| | | |
|-----------------------------|--|--|
| Office Address: | Lot 7823, Sublot 6, 2nd Floor, Block A, Kings' Center, Simpang Tiga, 93350, Kuching Sarawak. | |
| Contact Person / Job Title: | Managing Director | |
| Telephone / Mobile: | +6 082 572043 | |
| Lead Auditor: | Dominic Retan Giah | |
| Certifier: | Maxwell S Landong | |

Disclaimer:

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EXECUTIVE SUMMARY

SEPOM [Serian Palm Oil Mill Sdn Bhd] is a subsidiary of SALCRA [Sarawak Land Consolidation Rehabilitation Authority].

This is a Surveillance Certification Report Year 3 [4th year of certification] for SEPOM & scope is Individual Certification under the Standards MSPO MS2530-4:2013 for Palm Oil Mills. It is to be noted that this Audit which was scheduled earlier to be conducted in March, 2021 was forcibly delayed due to compliance requirements of COVID 19 MCO [movement control order] enforced by government authorities of Malaysia.

SEPOM is located at 4 Km Kedup/Mongkos Link Road, Off-13 Km Paon Limau/Mentung Marau Road, Off-20 Km Serian/Sri Aman Road, 94700 Serian, Sarawak. The Mill Site is situated at Geo-coordinates N00° 57' 27.82" E110° 37' 7.91"; approximately 33 kilometers from Serian Town; 30.514 hectares of Native Country land; owned by SALCRA and leased to SEPOM.

The assessment method follows principles of **3P** (Paper, Practice & People)

This certification assessment is a sampling process where management systems effectiveness & efficiency are confirmed via an Audit Trail that the Auditor established to make an accurate conclusion.

The following are pertinent information on SEPOM:

| | |
|--|--|
| No of Employees | • 180 employees: all locals |
| MPOB License No / Expiry date | • No: 5002 2920 4000 / Expiry: 31/03/2022 |
| Production Capacity | • 60 (MT) of fresh fruit bunch (FFB) per hour |
| FFB supply base | • Mainly SALCRA owned plantations & other dealers, plantations & smallholders in Serian Division |
| Annual Production Quota | • 360,000 MT |
| Actual volume of FFB processed for 2020 | • 334,922 MT |
| Projected volume of FFB processed for 2021 | • 350,000 MT |
| Extraction Ratio | • Oil extraction ratio @ 19.66% |
| | • Kernel extraction ratio @ 4.37% |
| Actual production volume for 2020 | • Crude Palm Oil @ 65,845.58 MT |
| | • Palm Kernel @ 14,635.32 MT |
| Projected production volume for 2021 | • Crude Palm Oil @ 73,500.00 MT |
| | • Palm Kernel @ 16,100.00 MT |
| Projected pricing for 2021 | • CPO @ RM2133.00 per MT |
| | • PK @: RM1928.00 per MT |

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The Surveillance Audit was conducted on 12 – 13 04 2021; 2 Auditors; 4 mandays. The purpose of this Audit is to evaluate the implementation, including effectiveness, and continuous compliance to MSPO requirements of SEPOM management systems. Assessments were done at Mill Site Office and Mill proper to assess documentation, mill facilities and mill operations. Information & data were systematically gathered & documented from interviews, observations of process and activities, field audits & review of documentations and records.

There was only 1 finding classified as OFI [opportunity for improvements] on criteria 4.4.5.13 Employment conditions. CAR was raised on 13 04 2021 and closed out on 15 07 2021.

During the Audit, dialogues and interviews were conducted with staffs, Mill workers & stakeholders to gauge understanding of MSPO principles, applications & its importance and relevance to sustainable growth and production of palm oil products.

Mill employees are remunerated in compliance with Employment Act & minimum wage regulations; and living & housing conditions in the mill employees housing and facilities are generally above standard requirements of health & safety regulations & the relevant Housing Act. Available amenities in SEPOM include treated water, domestic waste collection & disposal, electricity and telecommunication services.

SEPOM has continuously complied & conformed to MSPO Certification standards, conditions & requirements. Conclusively, the Lead Auditor therefore recommended that SEPOM Certification under MSPO Standards MS2530-4:2013 Part 4 – General Principles for Palm Oil Mills to be continued and maintained.

1.0. INFORMATION: CERTIFICATION ASSESSMENT

| | | | |
|------|----------------------------------|-------------------------------------|---|
| 1.1. | Type of Certification Assessment | <input type="checkbox"/> | Initial Certification / Main Audit |
| | | <input checked="" type="checkbox"/> | Annual Surveillance Audit [Year 3] |
| | | <input type="checkbox"/> | Re-certification Audit |
| 1.2. | Scope of MSPO Certification | <input checked="" type="checkbox"/> | Sustainable Management of Palm Oil Mill with 60MT/Hour |
| | | | |
| 1.3. | MSPO Standards | <input checked="" type="checkbox"/> | PART 4: MS2530-4:2013 |
| | | | |

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2.0. INFORMATION: CERTIFIED ENTITY

| | | | |
|--|----------------------|--|--------------------------------|
| Company Name & Registration No: | | Serian Palm Oil Mill Sdn Bhd [322761-U] | |
| Main Address: | | Wisma SLACRA, No. 1, Lot 2220, Block 26, MTLD, Jalan Datuk Mohd Musa 94300 Koya Samarahan | |
| Site Name: | | Serian Palm Oil Mill | |
| Primary Function: | | <input checked="" type="checkbox"/> Palm Oil Mill | |
| Site Address: | | 4 Km Mongkos Link Road, Off-13 Km Paon Limau / Mentung Marau Road, Off 20 Km Serian / Sri Aman Road, Serian, 94700 Samarahan, Sarawak | |
| Management Contact Details | | | |
| 1. | Name: Clement Joseph | Job Title: Mill Manager | |
| | Mobile: 016 856 6580 | Tel: 013 803 8215 | Email: clementj@salcra.gov.my |
| 2. | Name: Ahmad Shafiq | Job Title: Mill Engineer | |
| | Mobile: 016 575 8790 | Tel: 013 803 8215 | Email: asyafiq.sepom@gmail.com |
| Headcount: | | Local: 180 | Total: 180 |
| MS 2530-4:2013 General Principles for Palm Oil Mills | | | |
| MPOB License No: 5002 2920 4000 | | Expiry Date: 31 03 2022 | |
| Scope of Activity: | | | |
| Purchasing of FFB, Processing of FFB into CPO and PK, Storing of CPO and PK and Selling of CPO and PK | | | |
| Production Capacity: | | 60MT/hour | |
| OER Extraction Ratio: 19.66% | | KER Extraction Ratio: 4.37% | |
| PK Production Volume(actual) 2020: 14,635.32 MT | | PK Production (estimate) 2021: 16,100 MT | |
| PK Pricing (actual) 2020: RM1400.00/MT | | PK Pricing (forecast) 2021: RM1928.00/MT | |
| CPO Production Volume(actual) 2020: 65,845.58 MT | | CPO Production (estimate) 2021: 73,500 MT | |
| CPO Pricing (actual) 2020: RM2560.00/MT | | CPO Pricing (forecast) 2021: RM2133.00/MT | |
| FFB Volume(actual) 2020: 334,922 MT | | FFB Volume (estimate) 2021: 350,000 MT | |
| Main Sources of FFB: | | SALCRA owned Plantations (36%) & other dealers, plantations & smallholders in Serian Division | |
| Land Status: Ownership: | | <input checked="" type="checkbox"/> Rented <input type="checkbox"/> Own Land <input type="checkbox"/> Joint Venture | |
| Other Sustainability Certification: | | Geo-Coordinates: | |
| SCCS [MSPO Supply Chain Certification Standard] | | N 00° 57' 19.9" E 110° 37' 24.9" | |
| Validity/Date of Certification: | | 30 04 2018 – 29 04 2023 | |



3.0. ASSESSMENT METHODOLOGY

This certification assessment is a SAMPLING process where management systems effectiveness & efficiency are confirmed via an audit trail that the Auditor established to make an accurate conclusion

| | |
|---|--|
| Information gathering Data collection from | Interviews – staffs, contractors, local communities, FFB suppliers & other stakeholders <ul style="list-style-type: none"> • Observation of Milling process & activities • Review of documentations & records • Site visits • Field / facilities inspections |
| Assessment method | <p>Paper</p> <ul style="list-style-type: none"> • Assessing past implementations from records, reports of the management system <p>Practice</p> <ul style="list-style-type: none"> • Assessing current implementation from observing current practices <p>People</p> <ul style="list-style-type: none"> • Assessing future maintenance from interviewing personnel on understanding & assessing competencies. |

| Surveillance Audit | | Audit Findings Classification | |
|--------------------|------------------------------|-------------------------------|--|
| Term | Meaning | | Description |
| YES | Compliance | • | Fulfilled requirement of audited standard |
| OFl | Opportunity for improvements | • | Demonstrate conformity. There are, however, improvement opportunity identified that will benefit the organization |
| NO (minor NC) | Minor non conformity | • | Non-compliance to standard requirements or company's SOP; or are issues that when combined, jeopardized the functioning of the system |
| NO (major NC) | Major non conformity | • | Demonstrate absence or total breakdown of system to meet standard requirement, or a number of minor NC against a clause of standard requirements / at a particular area. Of last assessment that are not effectively addressed will be classified as major NC. |



4.0. ASSESSMENT PROCESS

4.1. AUDIT TEAM

| Assessment Stage | Name | Role |
|----------------------|--------------------|--------------|
| Surveillance Year 03 | Dominic Retan Giah | Lead Auditor |
| | Douglas Alau | Auditor |

4.2. AUDIT PLAN

4.2.1. AUDIT OBJECTIVES

Surveillance Audit

- Changes to the certified client and its management system
- Verification continuous management system implementation
- Review of effectiveness of measures arising from the previous audit (if applicable)
- Confirmation of fulfillment of certification requirements
- Enquiries on aspects of certification (Complaints)
- Review of any client's statements with respect to its certified operations (promotional material, website, use of BQAS logos and marks, use of the certificate)
- Customer specific requirements

4.2.2. ASSESSMENT SITES / PROGRAMS / PARAMETERS

MS2530-4:2013 **General Principles for Palm Oil Mills**

4.2.2.1. Assessment Sites

Assessments were performed at:

- Mill Office – documentations & records
- Mill – processes, stores, waste & water management, workshop and related facilities
- Staff facilities – housing, amenities etc.

**4.2.2.2. Assessment Program****Date: 12 – 13 04 2021****No of Auditors: 2****No of Mandays: 4**

- | | |
|-------|--|
| Day 1 | <ul style="list-style-type: none"> • Opening Meeting • Review Certification Audit Report • Documentation Audit / Record Review at Mill Office |
| Day 2 | <ul style="list-style-type: none"> • Mill – facilities inspection (chemical, schedule waste stores, workshop, effluence ponds, grading etc.) • Observation of milling processes, interview Mill workers/Engineers, weighbridge, laboratory etc. • Inspection/observation of staff/workers housing & living conditions, facilities & amenities, interview foreign workers, domestic waste treatment etc. • Stakeholders' dialogues/interviews (contractors, FFB suppliers, local community representatives, adjacent landowners) • Closing meeting • Presentation of Audit Checklist / Report |

4.2.2.3. Assessment Parameters

- Evaluate implementation, including effectiveness of the management system
- Information & evidence about conformity to all requirements
- Performance monitoring, measuring, reporting
- Reviewing against key performance objectives & targets
- Performance as regards legal compliance
- Operational control of the client's process
- Internal auditing & Management review
- Management responsibilities for policies
- Links between the normative requirements, policy
- Competence of personnel
- Customer specific requirements
- Traceability of FFB
- Use of PPE / Safety & Health training program
- Revisit other points/areas of buffer zone, Riparian reserves, boundaries
- Implementation of Policies & procedures at all stores (fertilizer, chemical, schedule waste store)
- Improvements to workers' quarters – health & safety
- Infrastructure / roads & drainage / natural water management
- Continuous improvement plan & implementation
- Implementation of environmental management plan

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5.0. SURVEILLANCE ASSESSMENT

5.1. SURVEILLANCE AUDIT REPORT

PRINCIPLE 1: MANAGEMENT COMMITMENT & RESPONSIBILITY

Criterion 4.1.1: Malaysian Sustainable Palm Oil (MSPO) Policy

| Indicator | Requirement | Compliance | Findings |
|-----------|---|---|--|
| 4.1.1.1 | Policy for the implementation of MSPO shall be established. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | MSPO Policy of SALCRA signed by the General Manager on 1 st April 2020. |
| 4.1.1.2 | The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The policy declares SALCRA's commitment to the certification process to ensure sustainable development and continuous improvement. |

Criterion 4.1.2: Internal Audit

| Indicator | Requirement | Compliance | Findings |
|-----------|---|---|---|
| 4.1.2.1 | Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The IA is conducted annually, the last being on 08/04/2021. Among the 80 indicators, the IA Report stated 78 instances of compliance and 2 issues of concern. There was no non-compliance. |
| 4.1.2.2 | The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Noted: SALCRA MSPO Internal Audit prepared by Patricia Chan, endorsed by Bobby Sangai and approved by GM Joseph Blandoi on 18/06/2020. |

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| | | | |
|---------|--|---|---|
| 4.1.2.3 | Report shall be made available to the management for their review. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | This year's IA Report will be brought up to the forthcoming Management Review Meeting set for May 2021. The last SALCRA MR Meeting on 26/08/2020 deliberated on the general performance of the mills and estates during the year's internal audit. |
|---------|--|---|---|

Criterion 4.1.3: Management review

| Indicator | Requirement | Compliance | Findings |
|-----------|---|---|---|
| 4.1.3.1 | The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The last SALCRA MR Meeting was conducted on 26/08/2020 which noted 2 NC in the IA for SEPOM. The next MR Meeting is scheduled to be in May 2021. A definite improvement is noted as this year's IA did not detect any NC. |

Criterion 4.1.4: Continuous Improvement

| Indicator | Requirement | Compliance | Findings |
|-----------|---|---|---|
| 4.1.4.1 | The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The minutes of the last MR Meeting on 26/08/2020 highlighted issues for rectification based on findings from the MSPO IA as well as the external audit by BQAS. A Continual Improvement Plan 2021 drawn up on 31/03/2021 includes a list of events on a social aspect (farewell and welcoming of staff, Friday community sports, aid to children of SePOM employees), A programme to promote the positive impacts is noted in the Social Impact Assessment (SIA) in page 56 and file SEPOM-FRM 103.1 under Objectives & Target had been updated and sign by the Mill Manager, Mr Clement Anak Joseph, dated 31 st March, 2021. |

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|---------|--|---|---|
| 4.1.4.2 | The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Safety notices, MSPO policy and work procedures are posted on notice boards strategically located throughout the mill. Workers are reminded during the morning muster or tool box talk on safety procedures as well as provided with any new information affecting operation. |
|---------|--|---|---|

| | |
|---------------------|---------------------|
| PRINCIPLE 2: | TRANSPARENCY |
|---------------------|---------------------|

| |
|---|
| Criterion 4.2.1: Transparency of information and documents relevant to MSPO requirements |
|---|

| Indicator | Requirement | Compliance | Findings |
|-----------|--|---|---|
| 4.2.1.1 | 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. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The languages used are English and Bahasa Malaysia as noted on the notice boards and documents. Information on display refers to the company policy, MSPO policy and posters on protected and fully protected wildlife. |
| 4.2.1.2 | 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. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Management documents on the various policies in MSPO, company Mission and Vision statements, DOE and DOSH permits for the operation of various equipment are available on the notice board inside the office. |

| |
|--|
| 4.2.2: Transparent Method of Communication & Consultation |
|--|

| Indicator | Requirement | Compliance | Findings |
|-----------|--|---|---|
| 4.2.2.1 | Procedures shall be established for consultation and communication with the relevant stakeholders. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The manner of disseminating information is defined in the SALCRA General Procedure Guideline GPG 7.2 Consultation and Communication approved by the previous General Manager Datu Vasco Sabat Singkang on 01/10/2018. |
| 4.2.2.2 | The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1 | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Sighted: Letter of appointment of the mill manager Mr Clement anak Joseph as a Consultation and Communication of Stakeholders Representative signed by |

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| | | | |
|---------|--|---|---|
| | | | the Acting Chief Operating Officer Mr Will Paul on 24/03/2021 (ref. no. SE/HR/ADM/03-21/25. |
| 4.2.2.3 | List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>SEPOPM maintains several lists of stakeholders based on categories such as:</p> <ol style="list-style-type: none"> 1) Government agencies (43) updated as of 26/03/2021 2) Smallholders (961) as of 01/03/2021 3) Debtor listing (6) as of 01/02/2021 4) Creditor listing (39) as of 01/02/2021 <p>With due regards to the current pandemic, stakeholders are now approached on an individual basis to collect information and brief on mill requirements.</p> <p>Example: the workers (Mr Ong Hock Hin and Mr Welfred Santok anak Nyanau) of a would be contractor Levast Engineering are appraised of their performance and briefed on safety and environmental impacts before acceptance to conduct tasks involving work at height. Ref. Daftar Pembekal dan Kontraktor dated 06/04/2021.</p> |

4.2.3: Traceability

| Indicator | Requirement | Compliance | Findings |
|-----------|---|---|---|
| 4.2.3.1 | The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Sighted: SEPOM Traceability Procedure ref. no. SePOM – SOP 901, date issued 24/11/2017; Edition 1; Date 01/03/2021 prepared by Deputy SHR MR, verified by SHE MR and approved by the manager. |
| 4.2.3.2 | The management shall conduct regular inspections on compliance with the established traceability system. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The Daily FFB/Production & Stock/Despatch Statement is signed by the Lab Assistant, Mill Engineer And the Mill Manager. |

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| | | | |
|---------|--|---|---|
| | | | The cumulative delivery of CPO to Sime Darby Oils Bintulul SB (contract no. SE(CPO)006/SDOB/MAR/2021 is 250 tons inclusive of the 61.68 tons delivered on 04/04/2021. |
| 4.2.3.3 | The management shall identify and assign suitable employees to implement and maintain the traceability system. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Mr Ahmad Syafiq Bin Othman mill engineer is the Management Representative for MSPO SCCS via an appointment letter of 14/09/2021 issued by the mill manager Mr Clement Joseph. |
| 4.2.3.4 | Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Sighted Delivery Ticket No. 625347 dated 04/04/2021 to Sime Darby Oils Bintulu Sdn Bhd aboard truck no. QAA 8711Y. The nett CPO weight of 41.03 metric tons is captured in the SEPOM Despatch CPO Sime Darby Austral maintained by the Weighbridge Department. The entry for 04/04/2021 records multiple trips in the day based on a specific contract, totalling 61.68 tons. |

| | |
|---------------------|---|
| PRINCIPLE 3: | COMPLIANCE TO LEGAL REQUIREMENTS |
|---------------------|---|

Criterion 4.3.1: Regulatory requirements

| Indicator | Requirement | Compliance | Findings |
|-----------|---|---|--|
| 4.3.1.1 | All operations shall be in compliance is with applicable local, national and ratified international laws and regulations. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The office noticeboard displays various permits and written approvals from relevant authorities such DOE and DOSH on the installation and use of equipment for operations. Sample of assessment conducted (monthly) as in Pematuhan Perundangan (Compliance Obligations) No. Borang: SePOM - FRM 102.1, issued date: 02/01/2021 monitors the compliance status on the requirements of DOE, |

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| | | | Sarawak on Environmental Quality Act 1974. |
| 4.3.1.2 | The management shall list all relevant laws related to their operations in a legal requirement register. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | SEPOM Senarai Akta, Peraturan, Perintah, Tata Amaln, Garis Panduan & Arahan (List of Legal Register) contains the following: <ul style="list-style-type: none"> ● Jabatan Alam Sekitar (7 legislation) ● Jabatan Keselamatan & Kesihatan (JKKP) – 16 legislation ● Lembaga Minyak Sawit Malaysia – 3 legislation ● Jabatan Tenaga Kerga Sarawak – 1 legislation ● PERKESO - 1 ● KWSP - 1 ● BOMBA -1 ● Jabatan Bekalan Elektrik -1 ● Jabatan Hutan Sarawak - 1 ● Lembaga Sumber Asli & Alam Sekitar Sarawak (NREB) -1 ● Suruhanjaya Syarikat Malaysia (SSM) - 1 |
| 4.3.1.3 | The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The Legal Register is updated as soon as the monthly assessment of the Compliance Obligation has been conducted. |
| 4.3.1.4 | The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Miss Pelicity anak Martin is responsible for the Legal Monitoring Compliance as per appointment letter dated 25/03/2021 issued by the Mill Manager Mr Clement Joseph ref. no. SE and /HR/ADM/03-21/29. |
| Criterion 4.3.2: Land Use Rights | | | |
| Indicator | Requirement | Compliance | Findings |
| 4.3.2.1 | The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Noted: Memorandum of Sublease signed on 31/05/2010 between SALCRA (by GM) as Sublessor and Serian Oil Palm Mill (by the Chief Operating Officer) for the use of |

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| | | | Lot 233, Block 11, Sungai Kedup Land District. The mill is established on State land. |
| 4.3.2.2 | The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The mill is established on State land as per Grant of State Land registered on 02/08/2007 on 30.514 ha at Lot 233, Block 11, Sungai Kedup Land District in the locality of Sg Simingking, Mentung, Serian. The parcel of land is to be held in perpetuity by SALCRA from 06/05/1994 onwards. |
| 4.3.2.3 | Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground, where practicable. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The mill site is within the State Land is leased to SePOM for 15 years and renewable every 15 years. Only the mill compound is fenced up. The leased land is marked with boundary pegs, two of which had been ascertained at: <ul style="list-style-type: none"> ● N 00° 57' 31.1" E 110° 37' 41.4" and ● N 00° 57' 29.1" E 110° 37' 43.0". |
| 4.3.2.4 | Where there are, or have been disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC). | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | There has been no disputes on the use of State land. Usage of lots other State land involves rental as in customary lands for dumping of mill waste. Example of such agreement: <ul style="list-style-type: none"> ● With Mr Paul anak Lambi at Field Lot 13, Block A, Kedup 2 OPEat RM500/month (for mill waste) ● Mr Jimmy anak Empaleng at ield Lot 13, Block A, Kedup 2 OPE at RM1000/month (for EFB & decanter cake) ● Mr Agong anak Agok at Field Lot 257, Block 11, Sg Kedup Land District for RM700/month (for EFB) The agreement is renewable every year. |

Criterion 4.3.3: Customary Rights

| Indicator | Requirement | Compliance | Findings |
|-----------|-------------|------------|----------|
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| 4.3.3.1 | Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | As noted above, SePOM pays rental for the use of the NCR lots as dumping of mill waste, EFB and decanter cake. |
| 4.3.3.2 | Maps of an appropriate scale showing extent of recognized customary rights shall be made available. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Sighted: Plan Showing Proposed Area to be Leased to SALCRA Jaya Sdn Bhd on a scale of 1:3,250, dated around 2010. |
| 4.3.3.3 | Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Land owners of lots used as dump sites are paid rental based on the agreement with SePOM. |

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| PRINCIPLE 4: | SOCIAL RESPONSIBILITY, HEALTH, SAFETY, & EMPLOYMENT CONDITION |
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Criterion 4.4.1: Social impact assessment (SIA)

| Indicator | Requirement | Compliance | Findings |
|-----------|---|---|---|
| 4.4.1.1 | Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>Sighted SIA report dated July 2018 for SePOM done by environmental consultant Perunding Armada.</p> <p>The impact assessment categorises 2 types of severity – minor and major.</p> <p>Among the impacts with minor severity (all low risk) are:</p> <ul style="list-style-type: none"> air quality impacts from emissions and increase in ambient noise levels related to operations. <p>The impacts with major severity are all positive such as:</p> <ul style="list-style-type: none"> in-migration of local workers creation of employment opportunities increase in business opportunities for local people |

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Criterion 4.4.2: Complaints and grievances

| Indicator | Requirement | Compliance | Findings |
|-----------|---|---|---|
| 4.4.2.1 | A system for dealing with complaints and grievances shall be established and documented. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | SePOM relies on SALCRA General Procedure GPG 7.4 Handling of Complaints and Grievances signed by the previous GM Datu Vasco Sabat Singkang, dated 01/10/2018, issue No. 1. It states that complaints and resolutions for the past 24 months shall be made available upon request. |
| 4.4.2.2 | The system shall be able to resolves disputes in an effective, timely and appropriate manner, which is accepted by all parties. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The section on Responsibilites and Procedure in the above-mentioned Guideline, states that the officer submits the Complaint Record Book to the HOD, EM or MM within 3 working days from the date of the complaints received. |
| 4.4.2.3 | A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The Guideline mentioned above contains a sample of the form to be used in filing a complaint. The form is in BM and kept in the Complaint and Grievance Register book. |
| 4.4.2.4 | Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Through the following methods: <ul style="list-style-type: none"> • Suggestion box installed at the guard house (provided with complaint forms) – for public use • Verbal reminder at morning muster for staff and workers (now conducted briefly on a reduced scale during the current pandemic) • WhatsApp groups for all staff and for safety and health personnel for dissemination. |
| 4.4.2.5 | Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | This is emphasized in the General Procedure Guideline GPG 7.4. The Comoplaint and Grievance Register has been maintained snce 13/07/2020 with |

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| | | | <p>the first complaint by a worker on a burnt bulb in his room.</p> <p>For 2021 to date, a total of 3 complaints had been received from workers regarding malfunction in electrical fittings. All complaints were successfully acted upon within the 3 days specified for resolution.</p> |
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Criterion 4.4.3: Commitment to contribute to local sustainable development

| Indicator | Requirement | Compliance | Findings |
|-----------|--|---|---|
| 4.4.3.1 | 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. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>Since the last audit by BQAS auditors, the mill has been engaged with the local community through:</p> <ul style="list-style-type: none"> • Providing vehicles for transfer of household effects involving workers from the surrounding kampung • Lending of a projector for use by a neighbouring estate (Melikin OPE) • Lending of 3 sets canopy (sun tent) for a village event at Kampung Sumpas Tampek. <p>A good practice noted is a list of events drawn up on 31/03/2021 as a Continual Improvement Plan 2021 on a social aspect (farewell and welcoming of staff, Friday community sports, aid to children of SePOM employees),</p> |

Criterion 4.4.4: Employees safety and health

| Indicator | Requirement | Compliance | Findings |
|-----------|--|---|--|
| 4.4.4.1 | An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act139) shall be documented, effectively communicated and implemented. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>Sighted: SALCRA Safety and Health Policy and Objectives signed by the General Manager Mr Joseph Blandoi on 09/03/2020. Available in English and BM, it is displayed on the office notice board as well as that in the plant premises.</p> |

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| 4.4.4.2 | The occupational safety and health plan shall cover the following: | | |
| A. | A safety and health policy, which is communicated and implemented. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Safety issues are communicated through: <ul style="list-style-type: none"> • Verbal reminder at morning muster for staff and workers (now conducted briefly on a reduced scale during the current pandemic) • WhatsApp groups for all staff and for safety and health personnel for dissemination • Bulletins and posters on all noticeboards • Safety signage at strategic locations throughout the plant area |
| B. | The risks of all operations shall be assessed and documented | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | SePOM has documented its hazard identification, risk assessment and risk control ref. no. SEPOM -FRM 603.1, dated 02-02-2015 covering such activities as: <ul style="list-style-type: none"> • Sterilizing in the Oil Room • Sterilizing for the Kernel Station • Process operation for the Kernel Recovery Plant The risks in each station is assessed into likelihood, severity, risk score (a multiple of likelihood and severity) and given a risk level (whether low, medium or high). Control measures are themn specified. <p>Among the assessment made are:</p> <ul style="list-style-type: none"> • High risk level activities at the Boiler 3 Station involving cutting of steel plates, transfer of pipes using ropes, use of welding set and disc cutter and working inside the steam drum and mud drum. The control measures are to follow the SOP for the work to be conducted and the precautions for the materials (such as oxygen) with close |

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| | | | <p>monitoring by the Project Supervisor and Mill Manager.</p> <ul style="list-style-type: none"> • Activities with low risk level at the Process operation for the Kernel Recovery Plant include draining of steam trap. The control measure is to ensure intact insulation of the steam trap to be acted upon by the process supervisor. |
| C. | <p>An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:</p> <p>i) all employees involved are adequately trained on safe working practices; and</p> <p>ii) all precautions attached to products should be properly observed and applied.</p> | <p><input checked="" type="checkbox"/> Compliance</p> <p><input type="checkbox"/> OFI</p> <p><input type="checkbox"/> NC - Minor</p> <p><input type="checkbox"/> NC - Major</p> | <p>The SePOM Training Plan for 2021 covers 5 courses:</p> <ol style="list-style-type: none"> 1. MSPO2530-4:2013 and the MSPO Policy 2. Briefing on MSPO to new workers, students, contractor and other external stakeholders 3. FFB Grading 4. Traceability SOP 5. Briefing on MSPO to smallholders <p>For 2020, the following training had been conducted:</p> <ul style="list-style-type: none"> • In-house Scheduled Waste Management course for 48 workers in 4 sessions from 17 – 25 Sept. 2020. • External training for 2 workers to attain Authorised Gas Tester and Authorised Entrant and Standby Person (AGT and AESP) on 17 – 18 August 2020. • Training on water treatment for 11 workers (06/03/2020) • Training on Personal Chemical Exposure Monitoring and Local Exhaust Ventilation System for 32 workers on 13/02/2020. |
| D. | <p>The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous</p> | <p><input checked="" type="checkbox"/> Compliance</p> <p><input type="checkbox"/> OFI</p> <p><input type="checkbox"/> NC - Minor</p> <p><input type="checkbox"/> NC - Major</p> | <p>Workers at the site were observed to be wearing PPE. There was safety signage on ear protection requirement in areas identified to have high noise levels.</p> |

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| | operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). | | Among the items handed out to the workers were face masks – a total of 16 masks were issued on 10/04/2021 to 10 workers. Other items issued such as helmets, ear plugs and safety shoes were recorded against the name of a worker requiring them. It was noted that Georgie anak Nicholas has received a pair of safety shoes on 23/07/2020 and a set of ear plugs on 02/11/2020. |
| 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. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Sighted: SePOM Kawalan Bahan Kimia (Chemical Control) ref. no. SePOM - SOP 402, issue no. 01, date issued 02-01-2011, edition no. 02, date edited 01-03-2021 approved by the Mill Manager Mr Clement Joseph. |
| 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. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The Mill Engineer Mr Ahmad Shafiq Bin Othman is the responsible person being appointed as the Secretary of the SePOM's OSH Committee for 2 years via appointment letter dated 17/09/2020 from the Mill Manager Mr Clement Joseph. |
| 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. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | SePOM has a combined OSH and Environmental Performance Monitoring Committee in place with the Mill Manager as the chairman. |

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| | Records from such meetings shall be kept and the concerns of the employees and any remedial actions taken shall be recorded. | | <p>Conducted quarterly, its last meeting was on 09/12/2020, attended by 30 personnel, the committee deliberated on the following safety & health issues:</p> <ul style="list-style-type: none"> • Lighting at the workers quarters • Assessment of ergonomic risks at the work place • Access ladder & platform at the Fruit Conveyor Line • Inspection of plant equipment • Rest shed at the Process Area • Lighting for lane at the guard house and SePOM living quarters <p>The next meeting scheduled for end of March / early April had to be postponed due to concerns for the pandemic.</p> |
| H. | Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees | <p><input checked="" type="checkbox"/> Compliance</p> <p><input type="checkbox"/> OFI</p> <p><input type="checkbox"/> NC - Minor</p> <p><input type="checkbox"/> NC - Major</p> | <p>Sighted: Manual Prosedur Kesediaan Menghadapi Kecemasan & Kamalangan (Emergency Preparedness & Response) ref. no. SePOM -SOP 602, issue no. 1, date issued: 02-11-2011; edition no. 01, edition date 01-03-2021 which covers:</p> <ul style="list-style-type: none"> • Emergency/injury • Spillage (chemicals, scheduled waste, CPO, effluent discharge into the environment) • Breach of containment/major spillage (for spillage occurring / breaking through the mill boundary) • Minor spillage – spillage within the confines of the SePOM plant • List of emergency contact numbers • List of equipment to handle cleaning up of the environment |
| I. | Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite. | <p><input checked="" type="checkbox"/> Compliance</p> <p><input type="checkbox"/> OFI</p> <p><input type="checkbox"/> NC - Minor</p> <p><input type="checkbox"/> NC - Major</p> | <p>There are 15 trained first aiders with their certificates expiring on 23/09/2021. Four sets of First Aid Kit are available and located at the following locations:</p> |

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| | | | <ol style="list-style-type: none"> 1. Office 2. Supervisor room 3. General Supervisor room 4. Store <p>An inspection of one box indicates that the item with the shortest shelf life was alcohol swabs due to expire on 23/06/2021.</p> |
| J. | Records shall be kept of all accidents and be reviewed periodically at quarterly intervals. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>SePOM submits an annual report to DOSH on JKKP 8 form, the latest being on 26/01/2021 for the previous year by Miss Pelicity anak Martin.</p> <p>No accident was recorded for 2020 among a workforce of 181 personnel with SePOM achieving 434,000 manhours of work.</p> |

Criterion 4.4.5: Employment conditions

| Indicator | Requirement | Compliance | Findings |
|-----------|---|---|--|
| 4.4.5.1 | 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. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>Sighted: SALCRA Social Policy & Objectives signed by Joseph Blandoi on 01/04/2020.</p> <p>The policy is displayed on the office noticeboard as well as on the noticeboards located in the plant premises. Aspects of the policy are routinely referred to in communication (WhatsApp groups discussion and briefing before work among small groups).</p> |
| 4.4.5.2 | The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, color, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>These sentiments are expounded in the Objectives of its Policy, among which are:</p> <ul style="list-style-type: none"> • Creating employment opportunities for its participants and local communities as a whole • Providing CSR as voluntary activities by delivering economic, social and environmental benefits for all its stakeholders. |

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| 4.4.5.3 | 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. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Noted for a 34-year old worker in the Fruit Reception whose gross pay for February 2021 was RM1,247.18 which is over and above the minimum wage level. Statutory deductions included in his pay were for EPF, SOCSO and the EIS. Among the benefits he enjoyed were allowances for a motorcycle (at RM1.50/day at work) and night shift (RM2.50 on duty). |
| 4.4.5.4. | 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. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>A contractor is hired for the following operations:</p> <ul style="list-style-type: none"> • transportation [of mill products (CP & PK) and wastes (EFB, decanter cake and general waste)] and • the supply, delivery, installation, testing, commissioning and guarantee of the smoke particulate filtering/trapping system <p>Employees of the contractor are paid according to the terms specified in the contract.</p> <p>Sample of agreement sighted: Contract Agreement SEPOM/04/TENDER/2018 between Serian Palm Oil Mill and Yong CL Engineering Sdn Bhd.</p> |
| 4.4.5.5. | 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. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>SePOM maintains the following lists (valid as of February 2021) of its staff and workers:</p> <ul style="list-style-type: none"> • Staff (39) • Daily-paid workers in the Processing Division (Shift A) at 32 personnel • Daily-paid workers in the Processing Division (Shift B) at 33 personnel • General Division (27) • Boiler & Engine Room (11) • Maintenance (17) • Grading (6) • Laboratory (5) |

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| | | | <ul style="list-style-type: none"> • Store (2) • Security (3) • FFB Collection Centre (4) <p>The list is complete with full names, worker number, NRIC no., date of work commencement, post held, station, wage rate (except for staff).</p> |
| 4.4.5.6 | All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Sample of contract sighted: Surat Tawaran/Syarat-syarat Pekerjaan for James Neil anak Maco aged 18 years old hired on 04/12/2018, duly signed by the worker and witnessed by the HR clerk Marvin anak Vincent Amew on 04/12/2018. |
| 4.4.5.7 | The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>The punch card system is used with the punch card machine located at the guard house.</p> <p>The recorded working time is transferred into the checkroll to generate the monthly payroll.</p> |
| 4.4.5.8 | The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirement applicable. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>In compliance.</p> <p>Sample sighted: February 2021 checkroll. The information in the punch card of Mr Basri Bin Buang was found to tally with the record in the checkroll.</p> |
| 4.4.5.9 | Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | In the above sample, the overtime rate tallies with the amount in the employment contract. |
| 4.4.5.10 | Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>Among the incentives the workers at SePOM enjoyed are:</p> <ul style="list-style-type: none"> • Motorcycle allowance (for those not staying in company quarters) |

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| | payment, support of professional development, medical care provisions and improvement of social surroundings. | | <ul style="list-style-type: none"> Free water and electricity at company-built quarters School bus for employees with children School children assistance (uniform & stationery) Cooking gas (for staff) Annual bonus (depending on mill performance) |
| 4.4.5.11 | In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Quarters visited are presentable in the form of comfortable concrete terrace style accommodation. Tenants are encouraged to maintain gardens but no livestock (poultry). |
| 4.4.5.12 | The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | This is specifically mentioned in one of the Objectives as "to encourage early reporting of any allegations of sexual harassment" in the SALCRA Sexual Harassment Policy & Objectives signed by the GM Mr Joseph Blandoi on 01/04/2020. |
| 4.4.5.13 | The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. | <input type="checkbox"/> Compliance <input checked="" type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>In essence, the management respects the employees' right to associate themselves with trade unions although this is not stated outright in the Social Policy & Objectives. The focus of the Policy is on improving quality of life of the rural communities through participation in land development programme.</p> <p>OFI: Consider to include a clause to the effect that the management respects the right of workers and their access to a platform for collective bargaining.</p> |
| 4.4.5.14 | Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor | The youngest worker on the payroll is 23 year-old Mr Bronson anak Jaludin working as an engine operator hired on 1 st September 2020. |

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Criterion 4.4.6: Training & Competency

| Indicator | Requirement | Compliance | Findings |
|-----------|--|---|---|
| 4.4.6.1 | All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Training of employees of contractors is catered for in the SePOM Training Plan for 2021 which covers 5 courses: <ol style="list-style-type: none"> 1. MSPO2530-4:2013 and the MSPO Policy 2. Briefing on MSPO to new workers, students, contractor and other external stakeholders (including contractors) 3. FFB Grading 4. Traceability SOP 5. Briefing on MSPO to smallholders Contractor employees are subject to an induction and appraisal prior to being assigned. Sample noted for Levast Engineering Sdn Bhd on 06/04/2021. |
| 4.4.6.2 | Training needs of individual employees shall be identified prior to the planning and implementation of the training programs in order to provide the specific skill and competency required to all employees based on their job description. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The training needs of each worker or groups of participants are described in the Training Plan against the type of courses to be conducted for the year as seen in Jadual Latihan (Training Plan) ref. no. SePOM – FRM 301.6B, date issued: 02/01/2011, edition no. 01, date edited 05/09/2012. |
| 4.4.6.3 | A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The SePOM Training Plan for 2021 covers 5 courses: <ol style="list-style-type: none"> 1. MSPO2530-4:2013 and the MSPO Policy 2. Briefing on MSPO to new workers, students, contractor and other external stakeholders (including contractors) 3. FFB Grading 4. Traceability SOP 5. Briefing on MSPO to smallholders |

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| PRINCIPLE 5: | ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY & ECOSYSTEM SERVICES |
|---------------------|--|

Criterion 4.5.1: Environmental management plan

| Indicator | Requirement | Compliance | Findings |
|-----------|---|---|---|
| 4.5.1.1 | An environmental policy and management plan which shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>SEPOM environment policy was established on 1st April, 2020, approved and signed by the general manager, Mr Joseph Blandoi, for the whole of SALCRA Organization. The environmental management plan is found to be compliance with existing environmental laws.</p> <p>As for the Serian Oil Palm Mill, there had been two Environment Policy revisions, namely Revised (02), dated 28 August 2019, approved and signed by Mr. Sikin Sentok, the Chief Operating officer.</p> <p>With the change in the COO, the current Revised (3), dated 23 July 2020, was approved and signed by the current Acting Chief Operating Officer, Mr. Wil Paul Bilun.</p> <p>The contents remain the same, only a change in the signatory.</p> |
| 4.5.1.2 | The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>a) SEPOM environment policy was established on 1st April 2020, approved and signed by the general manager, Mr. Joseph Blandoi.</p> <p>b) Noted in the document SEPOM-FRM 601.1-2 under Significant Environmental Aspects and Impacts Registrar Form approved and signed by Mr. Clement Anak Joseph dated 09 04 2020.</p> <p>Verified Doc No: SePOM-EMM Attachment 09 - Risk and Opportunity Assessment (Environment Aspect & Impact), Revision 01, dated 23 July</p> |

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| | | | 2020, signed by the Mill Manager , Mr. Clement Anak Joseph. |
| 4.5.1.3 | An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Noted in document SEPOM-FRM 601.1-2 Mengenalpasti Aspek & Penilaian Impek Alam Sekitar developed had also included the action plans and recommendations to mitigate the negative effects and to promote the positive impact. |
| 4.5.1.4 | A programme to promote the positive impacts should be included in the continual improvement plan. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | A programme to promote the positive impacts is noted in the Social Impact Assessment (SIA) in page 56 and file SEPOM-FRM 103.1 under Objectives & Target had been updated and sign by the Mill Manager, Mr Clement Anak Joseph, dated 31st March, 2021. |
| 4.5.1.5 | 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. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Verified "Borang Latihan (Training Plan)", Doc. No. SePOM-FRM 301.6A, Trainings for 2021 are as follows: 1.Kursus dan Latihan MSPO MS2530-4:2013 dan Polisi MSPO - February 2021 2.Taklimat MSPO MS2530-4:2013 dan Alam Sekitar kepada Petugas Baru, Pelajar, Kontraktor dan luar yang ada kaitan dengan kilang - April 2021. 3.Latihan Grader BTS -May 2021. 4.Latihan SOP Traceability - July 2021. 5.Taklimat MSPO kepada Pekebun Kecil - August 2021. |
| 4.5.1.6 | Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Verified in file SEPOM-FRM 104.2 under Rekod Kehadiran , regular meetings and discussions or consultation with employees were conducted in relation to environmental quality issues. |

Criterion 4.5.2: Efficiency of energy use and use of renewable energy

| Indicator | Requirement | Compliance | Findings |
|-----------|-------------|------------|----------|
|-----------|-------------|------------|----------|

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| 4.5.2.1 | 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. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Sighted in file SePOM-FRM 701.1-2, 704.2 Document under Pengukuran & Pematuhan Alam Sekitar. SEPOM using their own steam turbine system to generate renewable energy to electricity. Data were compiled from year 2015 to February 2021 for environmental performance indicator to improve efficiency of the use of diesel every month at the OPM. |
| 4.5.2.2 | Palm oil millers shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Sighted in file Management Budget 2021, estimated of non-renewable energy were recorded under consumable. <ul style="list-style-type: none"> ● 2021 - 204,400 liters ● 2020 - 235,463 liters [actual] ● 2019 - 225,833 liters [actual] ● 2018 - 194,731 liters [actual] |
| 4.5.2.3 | The use of renewable energy should be applied where possible. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Renewable energy from the steam turbine system is used at the POM, office and housing quarters when there is processing of FFB. Diesel generated power will be used when there is no processing of FFB. |

Criterion 4.5.3: Waste management and disposal

| Indicator | Requirement | Compliance | Findings |
|-----------|---|---|--|
| 4.5.3.1 | All waste products and sources of pollution shall be identified and documented. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | There is SOP known as SALCRA General Procedure Guideline for Handling of Wastes (N0: GPG 7.5) dated 01.10.2018 and signed by the General manager, Datu Vasco Sabat Singkang. There is also Manual Procedure for Operational Control of Scheduled Wastes. This Manual is known as SEPOM Waste Management Plan ref.: SePOM-SOP 403 and 503. Revision 01 dated 1 |

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| | | | <p>March 2021, approved and signed by Mill Manager, Mr. Clement Joseph.</p> <p>This comprises:</p> <p>a) Jadual Ke 2: Peraturan-Peraturan Kualiti Alam Sekililing (Buangan Terjadual) 2005;</p> <p>b) Jadual ke 5: Peraturan-Peraturan Kualiti Alam Sekililing (Buangan Terjadual)2005;</p> <p>c) Jadual ke 6: Peraturan-Peraturan Kualiti Alam Sekililing (Buangan Terjadual)2005;</p> <p>d) Jadual ke 7: Peraturan-Peraturan Kualiti Alam Sekililing (Buangan Terjadual)2005;</p> <p>The Scheduled wastes are disposed of by selected Contractor, Trienikens (Sarawak) Sdn. Bhd.</p> |
| 4.5.3.2 | <p>A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for:</p> <p>a) Identifying and monitoring sources of waste and pollution;</p> <p>b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.</p> | <p><input checked="" type="checkbox"/> Compliance</p> <p><input type="checkbox"/> OFI</p> <p><input type="checkbox"/> NC - Minor</p> <p><input type="checkbox"/> NC - Major</p> | <p>Sighted in the Objective & Target, Doc Ref.: SePOM - FRM 103.1</p> <p>SePOM had implemented waste management plan to reduce 5% of the waste in year 2021. Disposal of schedule waste was done by an appointed contractor that is licensed by the Department of Environment, Trienekens (Sarawak) Sdn Bhd. Records on the usage and disposal were well recorded and documented.</p> |
| 4.5.3.3 | <p>The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled</p> | <p><input checked="" type="checkbox"/> Compliance</p> <p><input type="checkbox"/> OFI</p> <p><input type="checkbox"/> NC - Minor</p> <p><input type="checkbox"/> NC - Major</p> | <p>Sighted the Standard operating procedure for the handling of used chemicals classified as Scheduled Waste has been developed and implemented. Noted in SEPOM-SOP 402 under Chemical Control.</p> |

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| | waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Wastes) Regulations, 2005. | | |
| 4.5.3.4 | Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | It was reported that domestic waste are disposed on twice weekly basis to Serian Municipal council dumpsite at Batu 8 Serian/Sri Aman Road, Serian. |

Criterion 4.5.4: Reduction of pollution and emission including greenhouse gas

| Indicator | Requirement | Compliance | Findings | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------|--|---|---|--------------------|-------|------|----|-------|-------------|--------|-----|------|--------|--------|---------|--------|------|---------|------|-------------|----|------|------------|-------------|-------------|----|------|-------------|--------------|--|--|--|--------------------|
| 4.5.4.1 | An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>The assessment of all polluting activities is well documented in the file ref: SePOM-FRM 601.2, Noted that SePOM-EMM Attachment 09 Form; Revision 01 (Revised on 23.07.2020) entitled "RISK AND OPPORTUNITY ASSESSMENT (Environmental Aspects and Impact)" was approved and signed by EMR. The EMM Form has seven columns - Environmental Aspect, Environmental Impact, Risk, Action to Address Risk, Opportunity, Action to Address Opportunity and Compliance Obligation.</p> <p><u>Waste Records for Jan. 2020 to Dec. 2020</u></p> <p>Internal document shows the quantity of wastes as followed:</p> <p>a) POME (Open system): 22,824.41 KG b) EFB dumping: 137,057.20 KG c) Domestic wastes: 47,735 KG d) Shell & Fiber: 13,193.1 KG e) Decanter: 11,048.70 KG</p> <p><u>GHG Measurement (Ref: GHG Emission Assessment File)</u></p> <p>SePOM 1 also calculated GHG emission from fuel usage, Electricity and Industrial process (POME). The estimated GHG Value for the period Jan 2018 to Dec 2018 is shown below:</p> <table border="1"> <thead> <tr> <th>Material</th> <th>Total</th> <th>Unit</th> <th>EF</th> <th>GHG V</th> </tr> </thead> <tbody> <tr> <td>Electricity</td> <td>83,885</td> <td>KWH</td> <td>0.89</td> <td>74,658</td> </tr> <tr> <td>Diesel</td> <td>235,463</td> <td>Litres</td> <td>3.14</td> <td>739,353</td> </tr> <tr> <td>POME</td> <td>207,498,135</td> <td>KG</td> <td>0.16</td> <td>33,199,701</td> </tr> <tr> <td>EFB dumping</td> <td>139,657,580</td> <td>KG</td> <td>1.13</td> <td>157,813,065</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td></td> <td>191,826,778</td> </tr> </tbody> </table> | Material | Total | Unit | EF | GHG V | Electricity | 83,885 | KWH | 0.89 | 74,658 | Diesel | 235,463 | Litres | 3.14 | 739,353 | POME | 207,498,135 | KG | 0.16 | 33,199,701 | EFB dumping | 139,657,580 | KG | 1.13 | 157,813,065 | Total | | | | 191,826,778 |
| Material | Total | Unit | EF | GHG V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Electricity | 83,885 | KWH | 0.89 | 74,658 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diesel | 235,463 | Litres | 3.14 | 739,353 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| POME | 207,498,135 | KG | 0.16 | 33,199,701 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EFB dumping | 139,657,580 | KG | 1.13 | 157,813,065 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | | | | 191,826,778 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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Source of EF - ISC20511-03-15, V2.3EU;

Biograce 2011; IFEU 2009; BLE 2010; Stitchnote et.AI (2010) & IFEU 2009.

CPO Production = 63,845,580.00 Kg/Year CPO

GHG Emission + 3.004542819 Kg CO2eg/Kg CPO

Effluent Discharge Flow Rate

Noted that SePOM keeps Effluent Treatment Plant Daily Log Sheet (Ref. File Effluent Treatment Plant SePOM). The Log Sheet shows the daily rate of effluent discharge. For example, on 12.04.2021 at 0900 hour the flow meter reading showed that at the flow through the Inlet was 413470.61cu.M while at the outlet was 429520 cu. M.

Monthly Analysis of Effluent Discharge

Quality of effluent discharge is analyzed monthly since SePOM commenced operation. The Parameters and the results for sample taken on 9.03.2021 is shown below.

| Parameters | Monsoon Drain A | Monsoon Drain B | Final Discharge |
|----------------|-----------------|-----------------|-----------------|
| pH | 6.14 | 6.21 | 6.35 |
| Temperature °C | 29.2 | 29.3 | 28.8 |
| COD mg/L | 12.0 | 10.6 | 14.2 |
| BOD mg/L | 3 | 3 | 6 |
| SS mg/L | 22 | 30 | 2 |
| TS mg/L | 44 | 84 | 66 |
| NH3-N mg/L | 1.26 | 1.96 | 1.68 |
| Total N mg/L | 4.98 | 5.10 | 8.96 |
| O&G | <2.0 | <2.0 | <2.0 |

Ref: File Effluent Sampling Report (SePOM)

Stack Emission Monitoring

Stack emission is being monitored on daily basis by Global Engineering & Supply Sdn Bhd. (Ref: File CEMS & Stack Sampling) as per requirement of the EQ (Clean Air) Regulations 2014 to ensure that the Second Schedule Emission Limit (150g/cu.m) is complied with.

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| | | | Sighted Stock Emission Monitoring record in DIS (Data Interface System) or CEMS Report File. For example, Boiler 3 Opacity (%) Monthly Report dated 9 February 2021 was recorded at Minimum = 00.00%, Maximum = 60.34% and the average was 07.31% which is way below the Permissible limit of 40%. |
| 4.5.4.2 | An action plan to reduce identified significant pollutants and emissions shall be established and implemented. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The action plan to reduce the identified significant pollutants and emissions can be viewed in file ref: SePOM-FRM 103, endorsed by the Mill Manager on 31 March 2021. |
| 4.5.4.3 | Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The information in regards to POME, can be viewed in the Process Flow of the POME Treatment Plant Operation, prepared by Teknologi Enviro Kimia (M) Sdn Berhad, drawing ref: SEPOM/2019/01, complied with standards as stipulated in the relevant Environment Quality. The average final discharge of treated effluent as of 2020 was 216,294 ton bts, which is within the limits of state and national policies and regulations. |

Criterion 4.5.5: Natural water resources

| Indicator | Requirement | Compliance | Findings |
|-----------|--|---|--|
| 4.5.5.1. | The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | There is Water Management Plan (WMP) already established in order to promote the efficient use of water and meet the water conservation requirements under Sarawak Water Resources Enactment 1998 and the water quality criteria are based on the National Water Quality Standards for Malaysia. The WMP document was prepared and reviewed by a team led by the Mill Engineer, Mr. Ahmad Syafiq Othman and Approved by the Mill Manger, Mr. Clement Joseph on 1 st December 2017. Ref: SePOM Water management Plan File. |

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|----|--|---|--|
| A. | Assessment of water usage and sources. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The sources of water for the Mill come from Sg. Semingking. The water is being treated by the Mill's own water treatment plant. The SePOM WMP is comprehensive in its monitoring of monthly water usage (cu.M) by various process including for boiler operation, engine room operation, kernel plant operation, Press station operation, housing usage and other usage. Ref. File Water Management Plan. |
| B. | Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | In the Objectives and Targets file ref: SePOM-FRM 103.1, the monitoring and sampling of the drainage including 2 monsoon drains was the responsible of assigned lab assistant. The detail can be viewed at file ref: SePOM-FRM 103.1. monitoring is to conducted every month. |
| | Ways to optimize water and nutrient usage and reduce wastage (having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Ways to optimizes water usage can be viewed in the Bil. 4 - Water Management Plan 2017, established on 1 st December, 2017, signed and approved by the mill manager. |
| 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. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | The process of open discharge of POME into a drainage that led to Sungai Semingking and monitoring of PH before final discharge can be viewed in file ref: Bil 4.2.3 - Water Management Plan 2017, established on 1 st December 2017, signed and approved by the mill manager. |

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Standard: MS 2530-4:2013

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PRINCIPLE 6: BEST PRACTICES

Criterion 4.6.1: Site management

| Indicator | Requirement | Compliance | Findings |
|-----------|---|---|--|
| 4.6.6.1 | Standard operating procedures shall be appropriately documented and consistently implemented and monitored. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Mill has 28 documented SOP. SePOM – SOP 101- 108, 201 – 202, 301, 401 – 403, 501 – 505, 601 – 602, 701 – 705, 801, 901 – 903. 1. Occupational Health & Safety policy, 2. Legal Policy, 3. Objectives, Targets and Program, 4. Internal & External communication, 5. Internal Audit, 6. Management Review, 7. Control of documents, 8. Record Control, 9. Competence, Training & Awareness, 10. Control of suppliers & contractors, 11. Chemical control, 12. Operational control of scheduled wastes, 13. Establishment of Operational control, 14. Mill maintenance, 15. Control of solid waste, 16. Cleaning and sanitation control, 17. Control of effluent pond, 18. Desludging, 19. Evaluation of environmental impacts, 20. Emergency and preparedness & response, 21. Environmental monitoring & measurement, 22. Evaluation of compliance, 23. Calibration, 24. Purchasing, 25. Customer complaints, 26. Mass Balance Supply Chain, 27. Traceability procedures. 28. Covid-19 Control All procedures had been sighted and verified. |
| 4.6.6.2 | All palm oil mills shall implement best practices. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Mill implement best practices based on Manual and procedures as guidelines |

Criterion 4.6. 2: Economic and financial viability plan

| Indicator | Requirement | Compliance | Findings |
|-----------|-------------|------------|----------|
|-----------|-------------|------------|----------|

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| | | | |
|---------|---|---|---|
| 4.6.2.1 | A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Management Plan for SePOM is documented on annual basis. Viewed SePOM Management Plan [budget] for 2021. Budget framework <ul style="list-style-type: none"> • Zero based and activity based budgeting technique • Use of Balanced Scorecard Management system Strategic planning time frame – 5 years. Sighted and verified. |
|---------|---|---|---|

Criterion 4.6. 3: Transparent and fair price dealing

| Indicator | Requirement | Compliance | Findings |
|-----------|--|---|--|
| 4.6.3.1 | Pricing mechanisms for the products and other services shall be documented and effectively implemented. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | SALCRA product & services pricing is the responsibility of Marketing & Sales Dept @ HQ. FFB purchase price: <ul style="list-style-type: none"> • For smallholders purchase price is advised daily from HQ [mechanism – average bunch pricing] • For bigger supplier actual price given is informed monthly by HQ. Example March 2021 pricing is given on the 6th April 2021. CPO / PK pricing computation is also issued monthly from HQ. Price determinants are MPOB, Peninsula Malaysia rates, selling & distribution costs, Viewed & verified doc Memo Purchase prices of FFB by SePOM for March 2021 dated 6 th April 2021. |
| 4.6.3.2 | All contracts shall be fair, legal and transparent and agreed payments shall be made in a timely manner. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Viewed and verified Contract Agreement with 1. SGT SB – sale / purchase of Palm Kernel Shell ref SE/HR/ADM/11-2020/17-1 dd 02.12. 2020 @RM183.00 [ex-mill] |

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| | | | |
|--|--|--|---|
| | | | <p>2. Siselia Anak Linggut – Perjanjian Kontrak buah tandan segar [BTS] dd 05.04.2021.</p> <p>3. Salcra Jaya Sdn Bhd on transportation of CPO and PK dd 4th July 2018. Amendment on Terms of the Contract Agreement dated 12.03.2020 to incorporate the Requirements under MSPO Supply Chain Certification Standard (MSPO SCCS) Clause 9.1.</p> <p>4.Koperasi Permodalan Salcra Sarawak Berhad - Purchase of Palm Kernel Shell (PKS) from Serian Palm Oil Mill Sdn Bhd. dd 2.12. 2020 @ RM110.00/Mt (Ex-Mill).</p> <p>Viewed contract. Evidenced in terms and contract conditions its' fair and legally Enforceable.</p> |
|--|--|--|---|

Criterion 4.6.4: Contractor

| Indicator | Requirement | Compliance | Findings |
|-----------|--|---|---|
| 4.6.4.1 | In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>Evidenced noted:</p> <p>1. Annual Training Plan on MSPO SePOM FRM 301.6A – Plan for Year 2021 prepared by Deputy EMR and Approved by Mill Manager dated 10.02.2021. - Briefing to Contractors conducted on the 06.04.2021.</p> <p>2. Contractor Agreement SePOM DOC 401.1 dd 02 01 11 entitled "Keperluan Keselamatan, Kesihatan, Alam Sekitar, Keselamatan Makanan dan Kualiti untuk pembekal dan contractor" .</p> <p>Viewed and verified compliant</p> |

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| | | | |
|---------|---|---|--|
| 4.6.4.2 | The management shall provide evidence of agreed contracts with the contractor. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>Viewed and verified Contract Agreement with SGTT SB – sale / purchase of Palm Kernel Shell ref SE/HR/ADM/11-2020/17-1 dd 02.12. 2020 @RM183.00 [ex-mill]</p> <p>1. Koperasi Permodalan Salcra Sarawak Berhad - Purchase of Palm Kernel Shell (PKS) from Serian Palm Oil Mill Sdn Bhd. dd 2.12. 2020 @ RM110.00/Mt (Ex-Mill).</p> <p>2. Siselia Anak Linggut – Perjanjian Kontrak Buah Tandan Segar [BTS] dd 05.04.2021 .</p> <p>3. Salcra Jaya Sdn Bhd on transportation of CPO and PK dd 4th July 2018. Amendment on Terms of the Contract Agreement dated 12.03.2020 to incorporate the Requirements under MSPO Supply Chain Certification Standard (MSPO SCCS) Clause 9.1.</p> <p>Viewed contract. Evidenced as fair and legally enforceable.</p> |
| 4.6.4.3 | The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | Physical inspection conducted on both days during this Surveillance Audit. |
| 4.6.4.4 | The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted. | <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | <p>Controls points at SEPOM</p> <ul style="list-style-type: none"> • Mill entrance by Auxiliary police • RAMP by Grader • Mill sites – by Mill Engineer • Office – Finance & Admin <p>Viewed all related documentations. In compliance</p> |

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5.2. SUMMARY OF FINDINGS

| Principles | P1 | P2 | P3 | P4 | P5 | P6 | Total |
|--|----------|----------|----------|----------|----------|----------|----------|
| No of NC: Major | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| No of NC: Minor | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| No of OFI: Opportunity for Improvement | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| Total | 0 | 0 | 0 | 1 | 0 | 0 | 1 |

Finding No 1.

Criterion 4.4.5: Employment conditions

| Indicator | Requirement | Compliance | Findings |
|-----------|--|---|--|
| 4.4.5.13 | The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. | <input type="checkbox"/> Compliance <input checked="" type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major | In essence, the management respects the employees' right to associate themselves with trade unions although this is not stated outright in the Social Policy & Objectives. The focus of the Policy is on improving quality of life of the rural communities through participation in land development programme. OFI: Consider to include a clause to the effect that the management respects the right of workers and their access to a platform for collective bargaining. |

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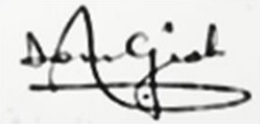
Ref No: BQ/SEPOM/SVA03/04/21

Standard: MS 2530-4:2013


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5.3. AUDIT CONCLUSION

| | Summary Statement of Lead Auditor | Signature |
|--|---|---|
| | <p>The purpose of this Surveillance Audit is to evaluate the implementation, including effectiveness, of Serian Oil Palm Mill management systems and that the requirement of the Standards MS2530-4:2013 is fulfilled.</p> <p>Only 1 Finding is observed in this Audit classified as OFI [opportunity for improvement].</p> <p>SEPOM had continually demonstrated effectiveness of the management system and fulfilled the requirement of the Standards MS2530-4:2013.</p> <p>It is therefore recommended that Salcra –Serian Palm Oil Mill Sdn Bhd certification continue to be maintained.</p> |  Dominic Retan Giah Date: April 13, 2021 |

5.4. ACKNOWLEDGEMENT BY CERTIFIED ENTITY

| | Signature |
|--|---|
| <p>This is to acknowledge and confirm the Audit Visits/Assessments described in this Report and the Acceptance of the Contents and Findings in the said Audit Report.</p> |  Mr Clement Joseph Mill Manager 03 06 2021 |

5.5. CORRECTIVE ACTION REPORT & CLOSURE

Corrective Action Report was raised on 13 04 2021

The Corrective Action Reports were closed out by Lead Auditor on 15 07 2021

| | | | |
|--|---|--|--|
| | Certification Body: ACB MSPO CB15 MSPO Certification Services | SALCRA – SERIAN PALM OIL MILL SDN BHD | Corrective Action Report Surveillance Audit Year 03 Date: 12 04 2021 |
| | Standards: MS 2530-4:2013 | Ref: BQ/SEPOM/SVA03/04/21 | CAR No: 01 |

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| 1. | Findings | To be completed by Auditor |
|----|--|---|
| | <p>MSPO Clause 4.4.5.13 states: "The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions."</p> <p>Evidence: The focus of the SALCRA Social Policy & Objectives is on improving quality of life of the rural communities through participation in land development programme but there is no outright reference to the right of workers to form associations for the purpose of negotiating work conditions.</p> <p>Finding: Consider to include a clause to the effect that the management respects the right of workers and their access to a platform for collective bargaining.</p> | |
| 2. | Classification | To be completed by Auditor |
| | <input type="checkbox"/> NC 1: Major non-conformity <input type="checkbox"/> NC 2: Minor non-conformity Type of follow up | <input checked="" type="checkbox"/> OFI: Opportunity for improvements <input type="checkbox"/> On-site audit <input checked="" type="checkbox"/> Document review [off-site audit] |
| 3. | Confirmation | To be completed by Client |
| | Findings & classification are correct | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| | Date: 03 06 2021 | Name: Clement anak Joseph Job Title: Mill Manager |
| 4. | Root cause[s] of NC or OFI | To be completed by Client |
| | Remarks: Unclear statement in the Social Policy. | |
| 5. | Corrective action taken (s) | To be completed by Client |
| | Remarks: Amendment of the Social Policy has been done (Refer Attachment 1). Pending approval by management. | Signature: |
| | Date: 03 06 2021 | Name: Clement anak Joseph Job Title: Mill Manager |
| 6. | Closure of NC or OFI findings | To be completed by Lead Auditor |
| | Remarks: Action for closing NC or OFI has been implemented and is found acceptable. | |
| | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| | Date: 15 07 2021 | |

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Ref No: BQ/SEPOM/SVA03/04/21

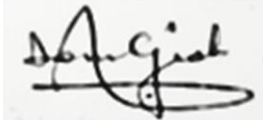
Standard: MS 2530-4:2013

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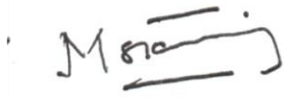
Report Date: 30 07 2021

6.0. OFFICIAL SIGN-OFF

6.1. ASSESSMENT RECOMMENDATION BY LEAD AUDITOR

| | | Signature |
|--|--|---|
| | <p>Based on the Findings/Action taken by Auditee/Closures above, SEPOM – Serian Palm Oil Mill Sdn Bhd had been able to demonstrate and improved on its continual compliance to and with requirements of the MSPO MS2530-4:2013 Standard for General Principles for Palm Oil Mills.</p> <p>Therefore, it is the recommendation of the Audit team that the Certification of SEPOM under MSPO MS2530-4:2013 Standard continue to be maintained.</p> |  Dominic Retan Giah Date: 20 07 2021 |

6.2. ASSESSMENT REVIEW – TECHNICAL REVIEWER

| | |
|---|--|
| <p>I/the undersigned, being the Technical Reviewer, confirm that I have examined thoroughly all contents of this Report in its' entirety.</p> <p>I confirm that, to the best of my knowledge the information and conclusions included in this report have been prepared in compliance with the Standards requirements; and done in good faith and that the Lead Auditor recommendations had been based upon this information.</p> <p>I, hereby confirm that, the Certification of , SEPOM – Serian Palm Oil Mill Sdn Bhd under the Standard MSPO2530-4:2013 under General Principles for Palm Oil Mill be maintained.</p> |  Maxwell S Landong 30 07 2021 |
|---|--|



7.0. CONCLUSION

7.1. CERTIFICATION: BQAS MANAGEMENT

In reference to MS 2530-4:2013, BQAS Management hereby approved of:

- Issuance of the certificate.
- Issuance of the certificate as soon as implementation of corrective action(s) has been demonstrated.
- Maintenance of the certificate.**
- Maintenance of the certificate as soon as implementation of corrective action has been demonstrated.

7.2. NEXT SURVEILLANCE ASSESSMENT PLAN

SVA 04 – tentatively to be in April / May, 2022.

8.0. APPENDICES / ATTACHMENTS

Nil

FOOTNOTES

All audit findings are based on a sampling process, targeted towards reliable evidence for effective implementation and compliance of the management system. Where applicable findings and required corrective action were or will be agreed upon with the responsible managers or management representatives, steps have been or will be defined to resolve such non-conformity. Further business aspects may exist, positive or negative, which have not been reviewed by the audit team. It is the organization's responsibility to investigate and evaluate the potential impact and scope of findings, thus continuously ensuring full compliance to the applied standard(s).