

MY04847 Linau Mewah Group Sdn Bhd Audit Summary Report

Organization:	Linau Mewah Group Sdn Bhd		
Address:	Linau Mewah Group Sdn Bhd, Lot 515, Jalan Datuk Edward Jeli, Piasau Industrial Estate, 98000 Miri, Sarawak, Malaysia. P.O.Box 1599		
Standard(s):	MS2530-3 : Part 3 : General principles for Oil Palm Plantations and Organized Small Holders	Accreditation Body(s): DEPARTMENT STANDARDS MALAYSIA (DSM)	
Representative:	Mr Wong Kiing Ung (Plantation Controller) Tel : 013-8036390 Mr Roland Tieh (Sustainability Manager) Tel : 017-8257399		
Site(s) audited: Planted area	1. Linau Mewah Estate (4,725.95 ha) 2. Woodville Estate (612.50 ha) 3. Baramville Estate (155.8 ha) 4. Bakam Estate (263.99 ha) 5. Seramban Estate (98.60 ha) 6. Kenaban Estate (510.22 ha) 7. Adam Estate (534.80 ha) 8. Meting Estate (332.90 ha) 9. Linau Sinar Estate (512.10 ha)	Date(s) of audit(s):	16 th - 18 th May 2018
Visit Type:	MSPO Audit Stage 2	Type of certification assessment	Main Audit
Lead auditor:	Dickens Mambu (DM) (LA)	Additional team member(s): Audit Member (AM)	Abdul Khalik (AK) (AM)

This report is confidential and distribution is limited to the audit team, client representative and the SGS office.

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1. Audit objectives

The objectives of this audit were:

- to confirm that the management system conforms with all the requirements of the audit standard;
- to confirm that the organization has effectively implemented the planned management system;
- to confirm that the management system is capable of achieving the organization's policy objectives.

2. Scope of certification

The audit covered one site performing certification scope:

Production of FFB for Plantations in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3

The audit covered the MS 2530:2013 requirements particularly MSPO Certification Standard **MS2530-3:2013 Part 3** for production and service provision

Has this scope been amended as a result of this audit?

☐ Yes

☒ No

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This is a multi-site audit and an Appendix listing all relevant sites and/or remote locations has been established (attached) and agreed with the client

☒ Yes

☐ No

3. Current audit findings and conclusions

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives required by the standard(s). The audit methods used were interviews, observation of activities and review of documentation and records.

The structure of the audit was in accordance with the audit plan and audit planning matrix included as annexes to this summary report.

The audit team concludes that the organization ☒ has ☐ has not established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives.

Number of nonconformities identified: 2 Major 0 Minor

Therefore the audit team recommends that, based on the results of this audit and the system's demonstrated state of development and maturity, management system certification be:

☒ Granted / ☐ Continued / ☐ Withheld / ☐ Suspended until satisfactory corrective action is completed.

4. Previous Audit Results

The results of the last audit of this system have been reviewed, in particular to assure appropriate correction and corrective action has been implemented to address any nonconformity identified. This review has concluded that:

☐ Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective.

☐ The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

5. Audit Findings

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives. The audit methods used were interviews, observation of activities and review of documentation and records.

The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of the management system. ☒ Yes ☐ No

The organization has demonstrated effective implementation and maintenance / improvement of its management system. ☒ Yes ☐ No

The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement. ☒ Yes ☐ No

The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system. ☒ Yes ☐ No

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The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system. ☒ Yes ☐ No

Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard. ☒ Yes ☐ No

Certification claims are accurate and in accordance with SGS guidance ☒ N/A ☐ Yes ☐ No

6. Significant Audit Trails Followed

The specific processes, activities and functions reviewed are detailed in the Audit Plan. In performing the audit, various audit trails and linkages were developed, including the following primary audit trails, followed throughout:

Organization:	Linau Mewah Sdn Bhd		
Adress	Lot 515, Jalan Datuk Edward Jeli, Piasau Industrial Estate,98000, Miri, Sarawak , Malaysia Contact Person : Mr Roland Tieh (Certification Manager)		
MPOB License No.:	522463002000	Expiry date:	01/08/2018-31/07/2019
Scope of Activity:	Menjual dan Mengalih		
Visit Number:	02 (Stage 2)	Actual Visit Date:	16-18 th May 2018
Visit Due by Date:	Nil	For auditor information only	
Lead Auditor :	Dickens Mambu (DM)		
Audit Member	Abdul Khalik Arbi (AK)		
Additional Attendees and Roles	Jefferey Ridu (Training Auditor) (JR)		
Standard(s):	MSPO 2530:3: Plantations and Organized Smallholders		
Audit Language:	English & Malay		
Audit Scope:	1.The audit covered Three (3) site performing the following scope: Operations, comprising of management systems, process of Fresh Fruit bunches (FFB), documentation and site assessment. 2.The audit covered all the MSPO 2530 Part 3 requirements with no permissible exclusion of clause in compliance to the standard document		

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Date	Time	SGS Team	Organisational and Functional Units/ Processes and Activities	Key Contact
15 th May 2018	pm	AK	Arrive Miri (18.15pm)	AK
16 th May 2018	am	DM & JR	Arrive Miri (8.00 am)	DM / JR
16 th - 18 th May	8.00 am 8.30 8:45 4.00pm 5.00pm 6.00 pm	ALL	<u>Linau Mewah Estate (16th May 2018)</u> <u>Woodville Estate (17th May 2018)</u> <u>Baramville Estate(18th May 2018)</u> Miri Town to Estate Arrive Estate Opening Meeting Audit Process (Document) • Principle 1: Management commitment and responsibility • Principle 2: Transparency • Principle 3: Compliance to legal requirements • Principle 4: Social responsibility, health, safety and employment condition • Principle 5: Environment, natural resources, biodiversity and ecosystem services • Principle 6: Best practices • Principle 7 : New Planting Site Visit Estate site and Facility, environment components, safety and health requirement, Workers living conditions etc. Audit discussion and Closing (Each Interface) End of Audit Stage 2 Back to Miri Town / Airport	Estate Personnel

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Location and Maps

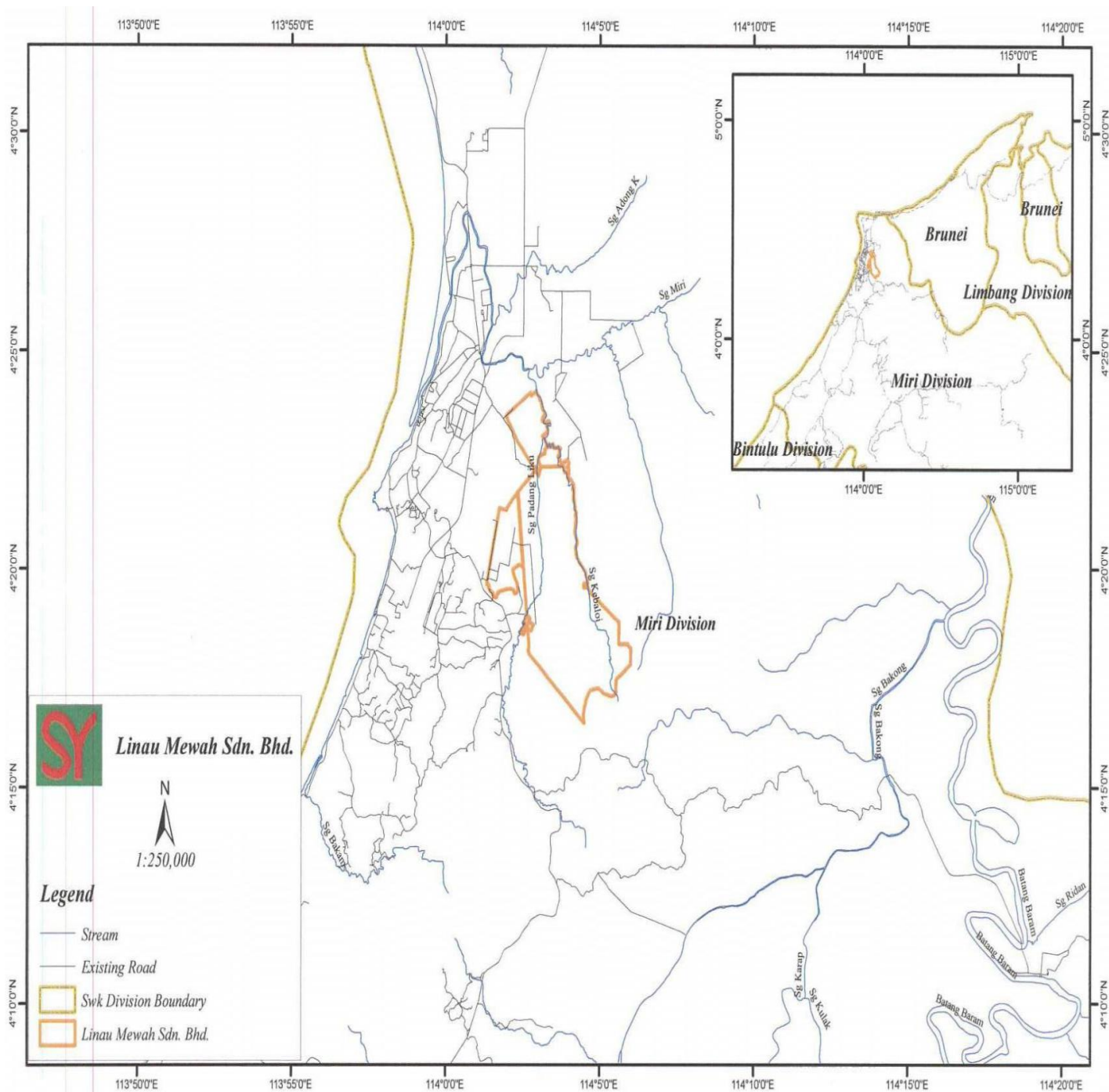
Linau Mewah Group estate comprised of 9 estate which are located in Bintulu and Miri division. Five estate located in Miri Division and the remaining 4 in Tubau, Bintulu area. The total hectare for all estate are 36,572.10 ha with planted area consists of 7,746.86 ha. The nearest estate to town area is Linau Mewah Estate which is a 45 minutes' drive from Miri Town and the farthest estate is Kenaban Estate, Tubau which is about 8 hours' drive from Bintulu town.

The GPS locations of the state are shown in Table 1.

Table 1: GPS Location

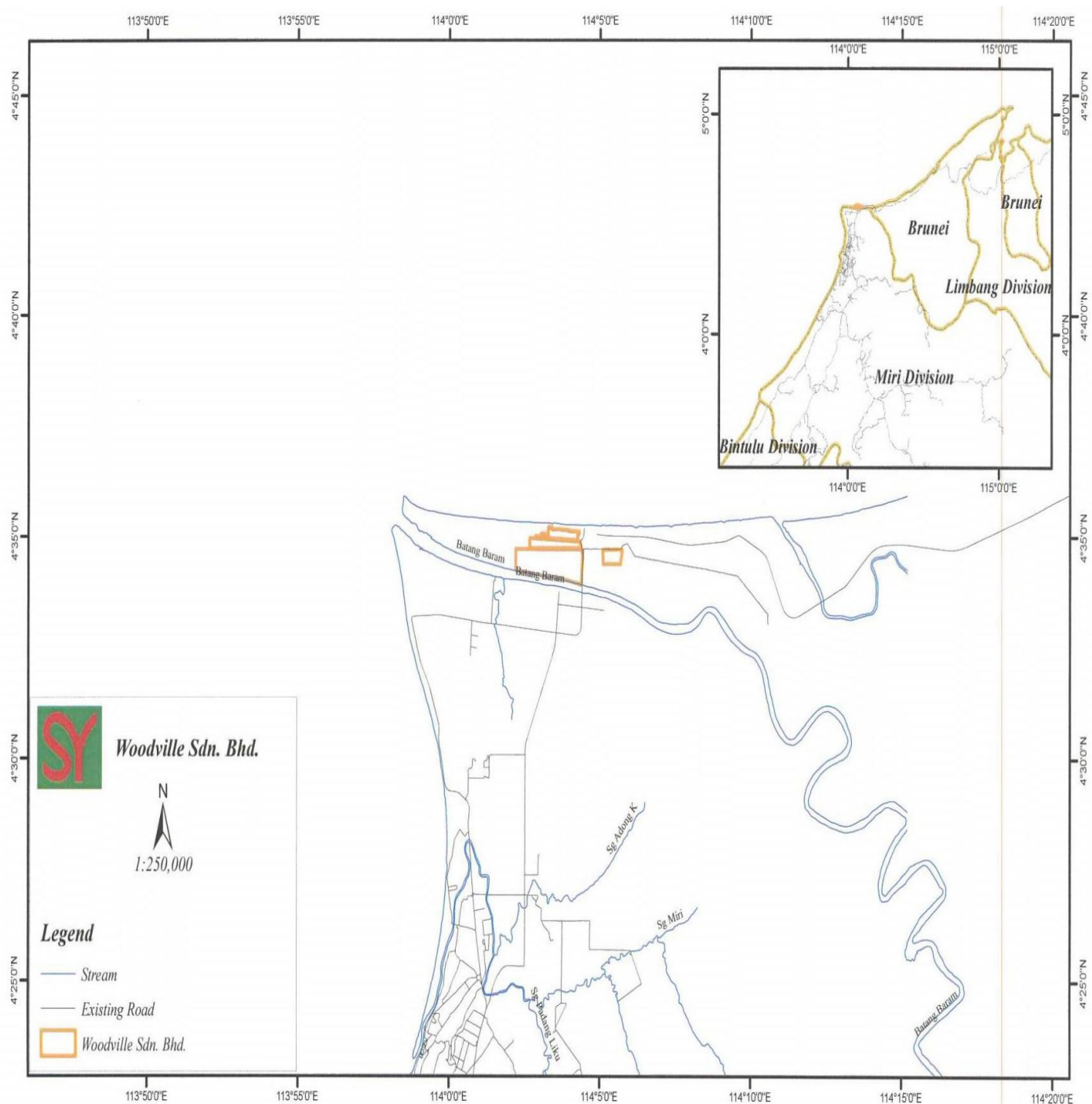
	Estate	Coordinate	Total Hectare (ha)	Total Planted Area (ha)
1	Linau Mewah Estate	04°20'07.7"N 114°02'05.3"E	5,140.996	4,725.95
2	Woodville Estate	04°34'36.9"N 114°05'18.0"E	1,839.624	612.50
3	Baramville Estate	04°20'07.7"N 114°02'05.3"E	578.0030	155.80
4	Bakam Estate	04°13'54.9"N 113°56'42.4"E	310.2641	263.99
5	Seramban Estate	04°17'54.0"N 114°01'92"E	227.5	98.60
6	Kenaban Estate	02°36'00"N 114°35'00"E	4,899.51	510.22
7	Adam Estate	02°27'30.0"N 114°44'30.0"E	8,512.2	534.80
8	Meting Estate	02°73'02.7"N 114°02'05.3"E	9,608	332.90
9	Linau Sinar Estate	02°35'00"N 114°35'00"E	5,456	512.10
Total Area			36,572.10	7,746.86

Linau Mewah Estate Locality Map



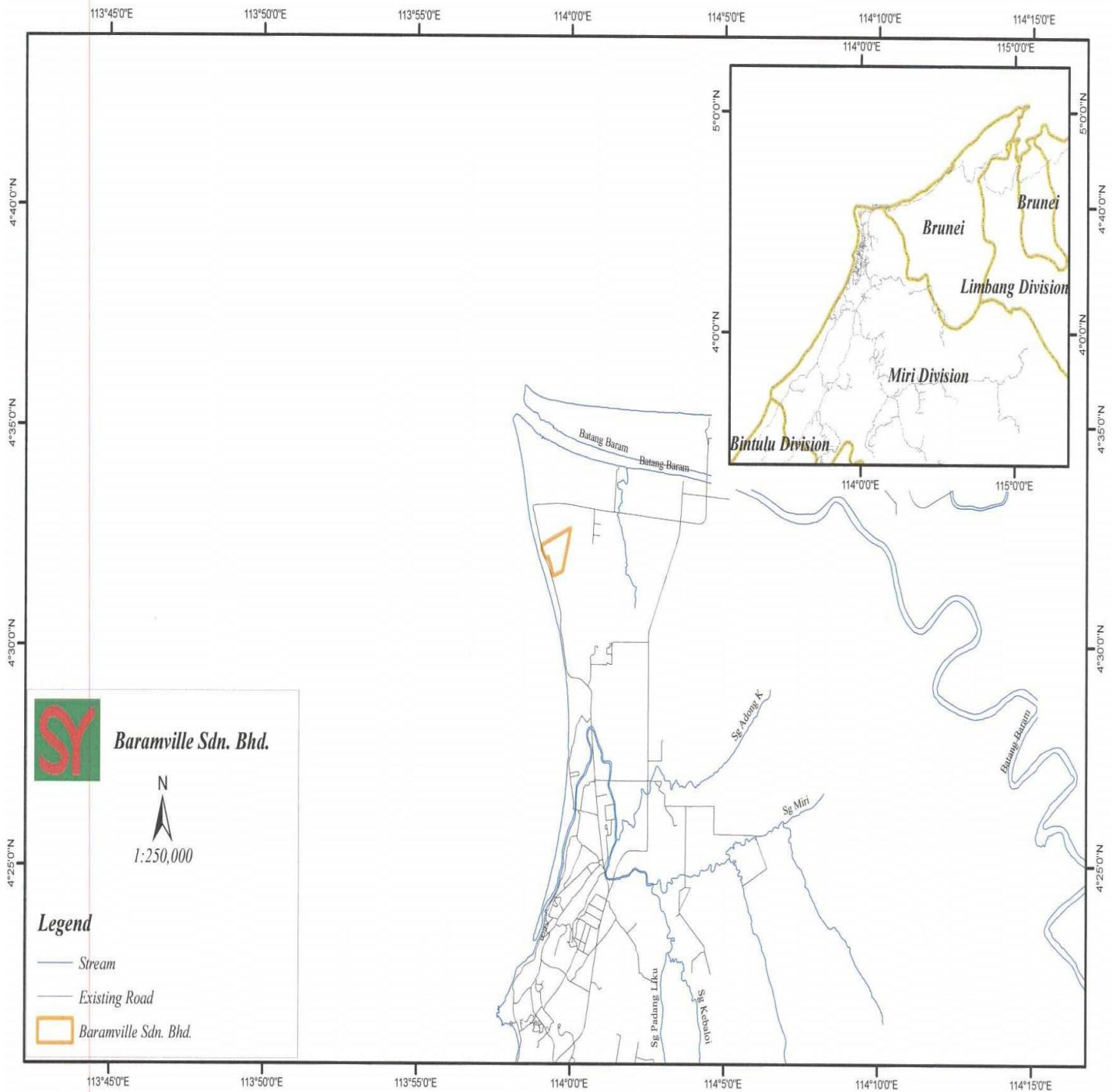
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Woodville Estate Locality Map



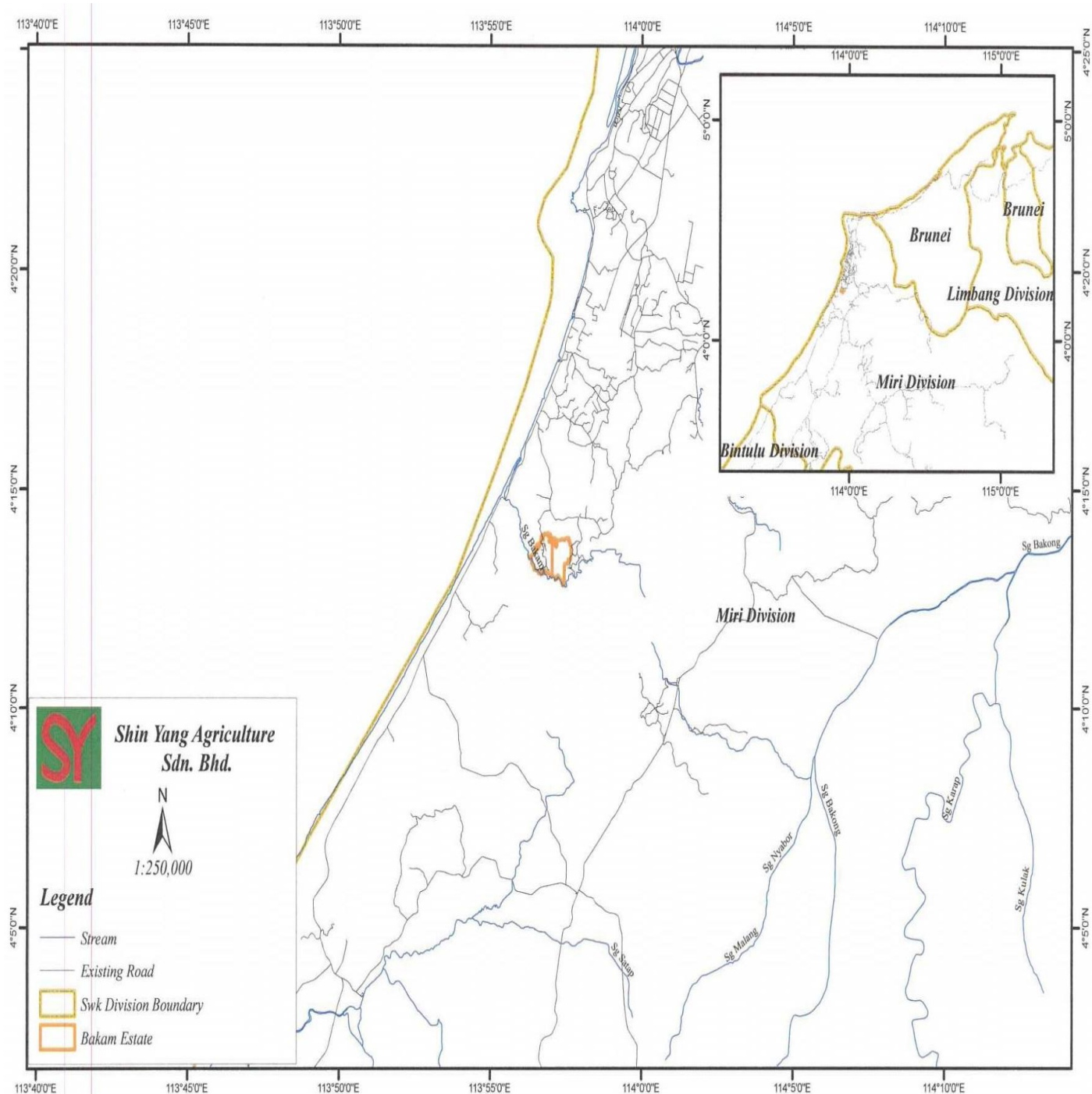
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Baramville Estate Locality Map



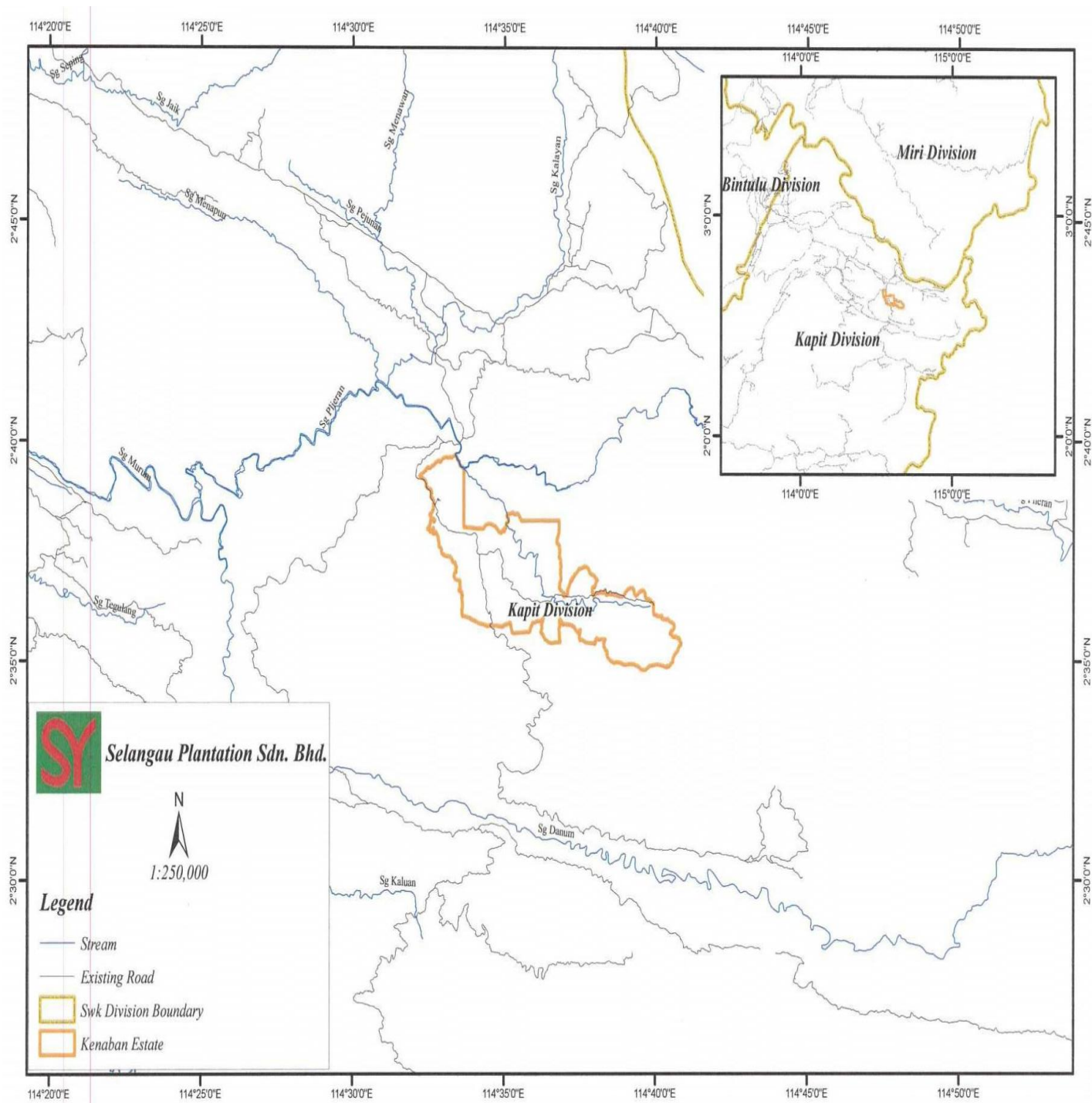
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Bakam Estate Locality Map



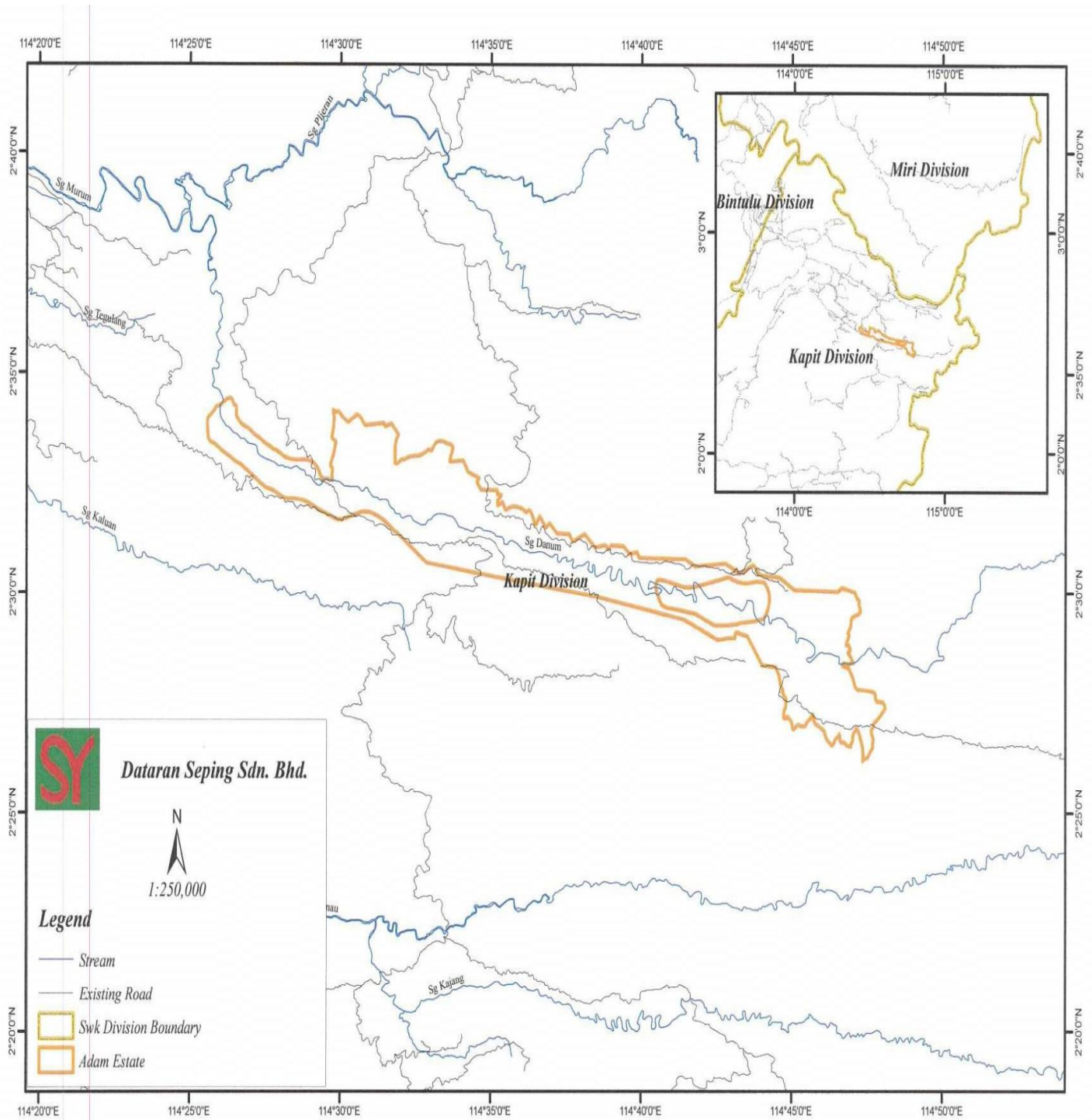
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Kenaban Estate Locality Map



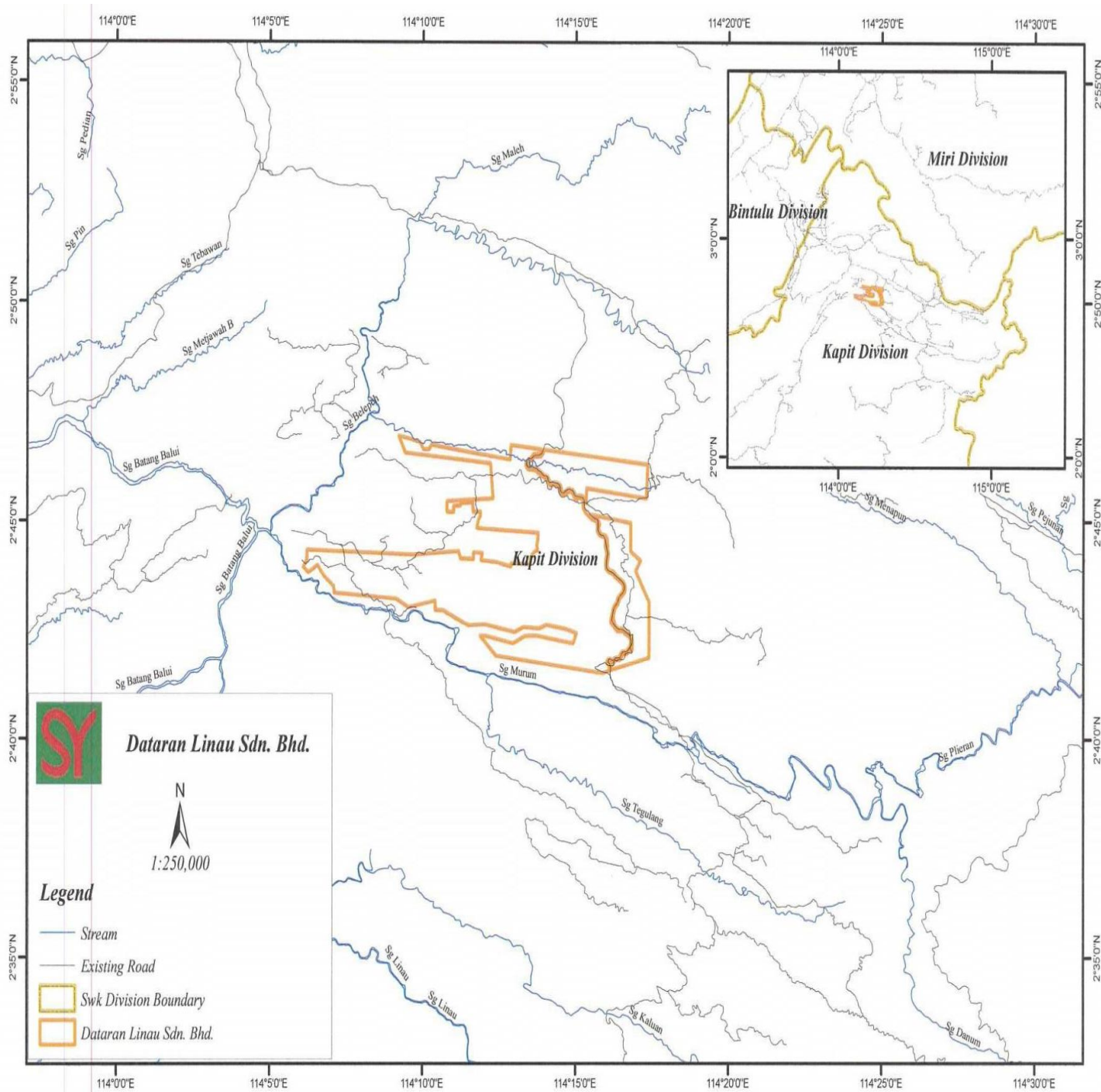
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Adam Estate Locality Map



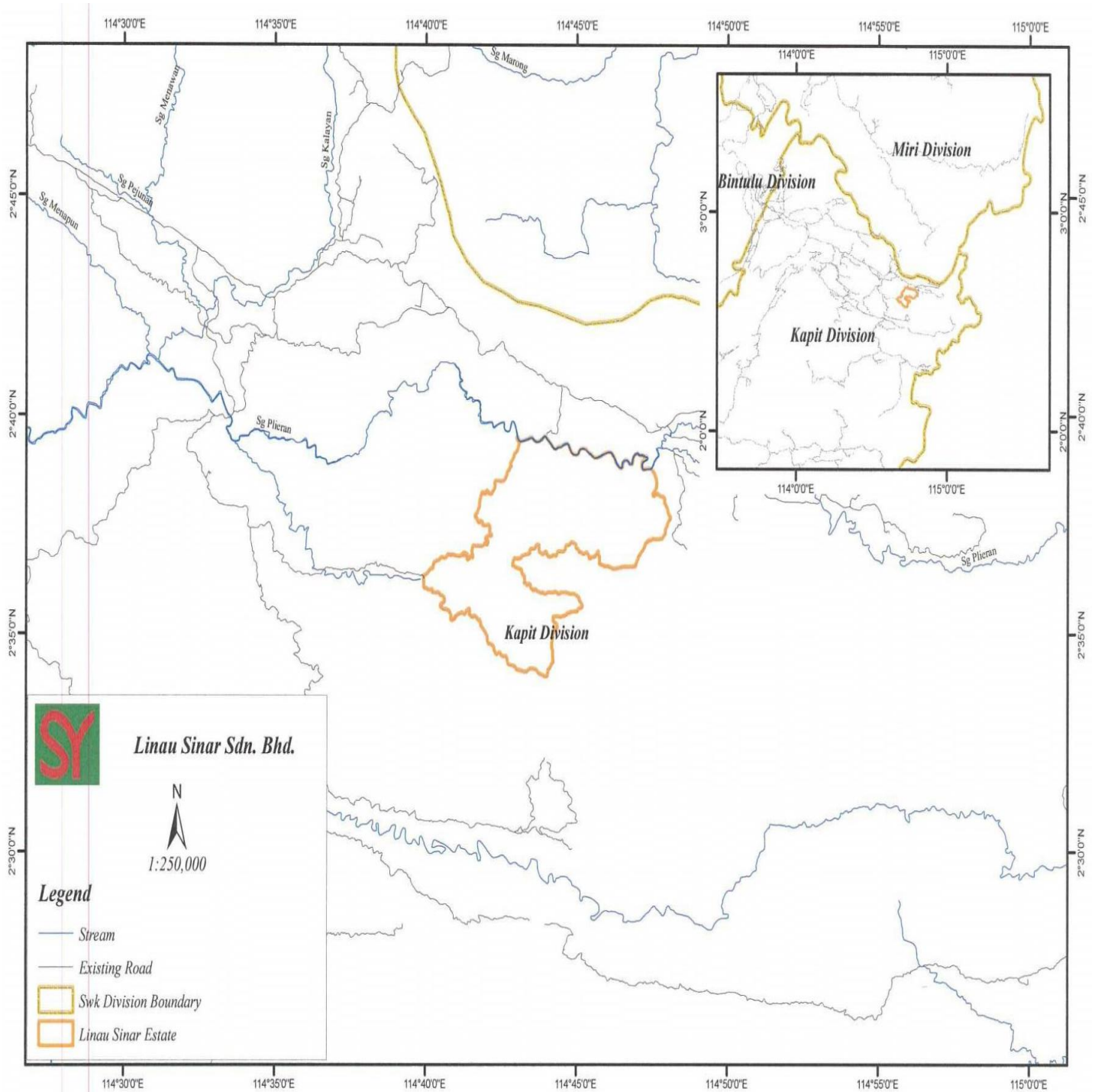
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Meting Estate Locality Map



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Linau Sinar Estate Locality Map



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Description of Estate Production

The FFB are sourced from the estate which are individually managed by Linau Mewah Group Estate through its parent company Shin Yang Group of companies. The crop yield from these estate is mention in **Table 2** below.

Table 2: FFB Production

Estate	FFB Production (MT)	
	Jan 2017 - Dec 2017 (Actual)	Jan 2018 - Dec 2018 (Projection)
Linau Mewah Estate	123,966.29	138,710.82
Woodvile Estate	11,868.85	15,072.00
Baramville Estate	4,348.27	5,013.00
Bakam Estate	4,011.08	5,280.00
Seramban Estate	188.63	389.00
Kenaban Estate	1,286.14	2,002.70
Adam Estate	6,033.44	8,768.78
Meting Estate	2,525.63	3,579.02
Linau Sinar Estate	266.02	1,218.00

*Sources from client

Area of Statement

The areas of supplying estates for this operating unit are listed in Table 3. Details of production area (mature/immature) are also listed.

Table 3: Area Statement of the Supplying Estates

Name of estate	Title Area (ha)	Plantation area					
		Immature (ha)	Mature (ha)	Production (ha)	Buffer zone / Unplanted (ha)	Land Issue	*Others
Linau Mewah Estate	Title: 5140.966 Planted: 4,725.95	31.51	4,694.44	4,694.44	403.00	-	30.00
Woodville Estate	Title: 1,839.624 Planted: 612.50	-	612.50	612.50	149.17	-	1077.95
Baramville Estate	Title: 578.0030 Planted: 155.80	-	155.80	155.80	43.80	-	378.41
Bakam Estate	Title: 310.2641 Planted: 263.99	-	263.99	263.99	20.90	-	25.37
Seramban Estate	Title: 227.5 Planted: 98.60	-	98.60	98.60	67.00	-	62.40
Kenaban Estate	Title: 4,899.51 Planted: 510.22	376.73	133.49	133.49	3000.00	-	1489.78
Adam Estate	Title: 8,512.20 Planted: 534.80	13.80	521.00	521.00	4435.00	-	3735.20
Meting Estate	Title: 6,608 Planted: 332.90	35.00	287.00	287.00	4458.00	-	4828.00
Linau Sinar Estate	Title: 5,456 Planted: 512.10	268.50	243.60	243.60	4701.00	-	242.90
*Others : Transmission tower, Quarry, Roads, line site, rives, water catchment area, office building ,etc							

Stakeholder Consultation and List of Stakeholders Contacted

A public announcement was made 30 days prior to the audit.

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/linau-mewah-sdn-bhd>

Stakeholder consultation took place in the form of meetings and interviews. Due to this is the main assessment, meetings with stakeholders were held in the respected estate office. Detail can be referred to **Appendix 2:**

Comment on MS2530-3 Compliance Status:

Comment on Principle 1

Policy on Implementation of MSPO –
MSPO policy is available

‘Sustainability Policy ‘ reference No: SY-LM/MSPO/SP/01 rev 0
(24/7/2017)

Signed by Mr Wong Kai Song, Executive Director , 24/7/17

Internal Audit

Linau Mewah, Woodville & Baramville Estates

Internal audit was conducted accordingly as per scheduled.

Estate	Date of audit	NC*
Linau Mewah	27/9/17	28
Seramban	27/9/17	18
Woodville	28/9/17	27
Baramville	28/9/17	21
Bakam	28/9/17	22
Meting	13/11/17	25
Adam	14/11/17	24
Kenaban	15/11/17	23
Linau Sinar	16/11/17	29

*NC=Non-Conformity

Linau Mewah estate

In the Linau Mewah audit there were 28 NC raised. Among issue raised :

1. Chemical store – Safety Data Sheet (SDS) is not available.
Closed on 18/12/17 – SDS is available in the store for each chemical.
2. No emergency Shower facility
Closed on 20/12/2017 whereby emergency shower was constructed and available for use.

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3. No safety signage at diesel tank
Closed on 20/11/2017 whereby signage has been display.

Woodville estate

In the Woodville estate audit there were 27 NC raised. Among issues raised :

1. Chemical store – Safety Data Sheet (SDS) is not available
Closed on 18/12/2017 – SDS has been available in the store for each chemical.
2. No spill kit for lubricant store.
Closed on 18/12/2017 whereas spill kit in placed.

Baramville estate

In the Baramville estate audit there were 21 NC raised. Among issue raised :

1. Empty chemical container – No triple rinsing, puncturing and proper storage. Closed on 18/12/2017. Training on Chemical handling was conducted by sustainability team on 13th May 2015.
2. No fire extinguisher in fertilizer store. Closed on 18/12/2017. The fire extinguisher is located at the fertilizer store.

Management Review –

Management Review was conducted on the 18th December 2018.

The following was the agenda:

- 1) Sustainability Management system
- 2) Internal audit findings
- 3) Compliance and Grievances
- 4) Enquiry Register Book
- 5) Stakeholder Meeting report / Minutes
- 6) Resource and Training Requirement
- 7) Compliance status on legal and other requirement
- 8) Raised up issues and decision making
- 9) Continual improvement

Continual Improvement -

The continual improvement plan is found in the 'Plans' file.

It includes the following categories:

- 1) Minimise use of certain pesticides
- 2) Environmental impacts
- 3) Maximizing recycling and minimizing waste or by product generation
- 4) Pollution Prevention and Reduction Plan
- 5) Social Impact
- 6) Mechanism to capture the performance

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Comment on Principle 2	<u>Transparency of documents relevant to MSPO requirements –</u> Ref. No: SY-LM/MSPO/PRO.007 Mechanism on Information request by stakeholders procedure was available. They have established a book , ' Information request by Stakeholder ' that has the following : 1) <i>Tarikh</i> 2) <i>Nama pihak Kepentingan</i> 3) <i>Permintaan oleh Pihak berkepentingan</i> 4) <i>Permintaan yang diterima</i> 5) <i>Maklum Balas / tindakan diambil</i> <u>Transparent method of communication and consultation –</u> Procedures shall be established for consultation and communication with the relevant stakeholders : Ref No: SY-LM/MSPO/PRO.005 Mechanism for Communication and Consultation Procedure The following are the sections available: 1) Objectives 2) Scope 3) Responsibility 4) Consultation with employees 5) Consultation with employees and other stakeholders <u>Traceability</u> The management has established the following standard operating procedure, Ref No: SY-LM/MSPO/SOP.001 Traceability on FFB to comply with the requirements for traceability of the FFB. In Appendix 1, the following is identified: 1) Harvesting 2) FFB Platform and Inspection 3) FFB Evacuation to Ramp 4) Dispatch to Mill 5) Submit Weighbridge chit from Mill 6) Filing of WB Chit 7) Review Backlog Report Checker will record the harvester name and grade in the Bunch Chit e.g Bunch Chit No: It will also record the following Name : Alimuddin Ripe: 35 PF / Rotten : NIL Date : 15/5/18 Name of checker: Rosli A Weighbridge Advice chit will be issued Ticket No: 068136 Vehicle No: B581 DLY No: 65879
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	Material : FFB 3B Time: 1.41 pm-2.08pm Nett : 9320kg Record of bunches : 1082 Date: 15/5/2018 Woodville, Baramville, Serambran, Bakam FFB will also be weighed at Linau Weighbridge. Each estate will be using separate delivery note when they deliver to the Lambir Oil Palms Mill Berhad, Sarawak Oil Palm. Linau Mewah Estate Ticket No: 068141 for 34,570 kg Weighed at SOP Ticket No: 621811 : 23090 kg FFB Quality Report is also recorded The mill will present a Weighbridge Advice Ticket for the individual delivery.
Comment on Principle 3	<u>Regulatory requirements –</u> The estate operation is in compliance with the applicable of local state, national and ratified international laws and regulations. The plantation sustainability team are responsible to monitored on the compliances. <u>Legal land use rights –</u> Management have provided provisional lease (PL) document which shows that the establishment of oil palm plantation is sited on state land. <u>Linau Mewah Estate</u> However, through EIA document, any land claims will have to be verified and settled with the help of the Sarawak Land and Survey Department <u>Customary rights –</u> <u>Linau Mewah Estate</u> The land obtained through provisional lease from Sarawak State government. Provisional lease for Lot 2149, Lot 2150, Lot 2169, Lot 2170, Lot 3937, Lot 3939, Lot 3954, Lot 3955, Lot 3956 and Lot 3957 is made available in estate office. The land is categorised state land in the PL. <u>Woodville Estate</u> The land is obtained through provisional lease from Sarawak State government. Provisional lease for Lot 2122, Lot 2126, Lot 2127, Lot 2139, Lot 2140, Lot 2141, Lot 2138, Lot 2142, Lot 70,74 and Lot 78 is made available in estate office. The land is categorised state land in the PL. <u>Baramville Estate</u> The land is obtained through provisional lease from Sarawak State government. Provisional lease for Lot 5896, Lot 873, Lot 874, Lot 875, Lot

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	12601, Lot 209, Lot 1279, Lot 367, Lot 369, Lot 370, Lot 1997, Lot 2082, Lot 3229, Lot 2124, and Lot 2129 is made available in the estate office. The land is categorized state land in the PL
Comment on Principle 4	<u>Social Impact Assessment</u> – The Social Impact Assessment was conducted on 24/7/2017 and sighted in the Ref No: SY-LM/MSPO/SIA/LM A revision was made on 7/3/18 to add on social aspects. Document is prepared by Rosenani Diget and verified by Mr. Roland Tieh. The management has established a Social Management Plan to identify the social aspects that needs to be conducted. Amongst the aspects identified are: 1) Social Impact assessment 2) List of Stakeholders 3) Internal Stakeholder Consultation and Communication Meeting 4) External stakeholder consultation and Complaints and Grievances 5) Social Committee 6) Contract agreement 7) Voluntary letter to keep Passport 8) Pay and condition 9) Facilities – line-site, workplace 10) Sexual Harassment <u>Complaints and grievances</u> – Ref. No: SY-LM/MSPO/PRO.006 Mechanism for complaints and Grievance resolution procedure (24/7/2017) is established as the system for dealing with complaints and grievances. <u>Commitment to contribute to local sustainable development</u> Stakeholders Meeting was conducted on 28/2/2018 in 2 sessions at Melinau 4, Imperial Palace Hotel, Miri, Sarawak chaired by Mr. Roland Tieh, the Sustainability Manager. The agenda includes Introduction to MSPO; Mechanism & procedures on complaints & grievances; Communication and Feedback on Social Impact Assessment (SIA). <u>Employees safety and health</u> An occupational safety and health policy and plan has been documented, effectively communicated and implemented. Ref No: SY-LM/MSPO/OSH/01 sighted by Executive Director , Mr Wong Kai Song on 24/7/17 <u>Employment Conditions</u>

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	The management has establish the policy 'Employment & Human Policy' signed by Mr Wong Kai Song (24/7/2017) on good social practices regarding human rights in respect of industrial harmony. A briefing was sighted on 17/10/2017 by the staff , Mr Aqmal, for workers in Phase 1C during the morning muster. <u>Training and Competency</u> The management has established a training matrix that include the following training categories: 1) Policy 2) Management system 3) Productivity 4) Safe work Procedure 5) Safety & Health 6) Environment 7) Social , HCV etc <u>Major 1</u> <u>Indicator 4.4.4.2</u> Safety and Health Management are not fully implemented accordingly. 1. Training on first aid kit needs to be done for the specific personnel as during our site visit to the store, workshop, office and crèche it was found that, this personnel has not been trained. 2. It was found that chemical herbicides is not stored properly. 3. Safety measures need to be taken for sharp tools. It was found that sickle and loading spike is not being properly managed. 4. Safety and awareness on no smoking area is not heeded. There were evidence of cigarette butts near the storage area of gas cylinder tanks.
Comment on Principle 5	<u>Environmental management programme –</u> Environment policy is available and signed by the Executive Director on 24th July 2017. <u>Efficiency of energy use and use of renewal energy –</u> Electric supply for Linau Mewah and Baramville Estates powered by Sarawak Energy Berhad (SEB) and for Woodville Estate is using generator to supply electricity. The management has provided record of fossil fuel, electricity and water consumption which comprises of usage records. The management has provided continuous improvement plan which comprises of certain aspects of environment, best practices and waste management. <u>Waste management and disposal –</u> From the estate management, waste product identification and records are made available.

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Reduction of pollution and emission –

The management has provided pollution prevention and reduction plan which is verified by the sustainability team and updated on the 24th July 2017.

Components of pollutant mentioned are GHG, erosion, noise pollutants and water pollutants.

Natural water resources –

It was observed that the management plan to maintain the quality and availability of the natural water resources was available.

From the plantation management, the document mentioned below are provided.

1. The plantation has provided SOP on establishment of riparian buffer.
2. Water Management Plan
3. Environmental Quarterly Report (EMR) with water analysis from the laboratory.
4. Record of water level measurement
5. Maps shows on riparian is available

During site visit on the ground, peat subsidence marker and underground water monitoring in placed. Record of water level was available

Status of rare, threatened or endangered species and high biodiversity value area –

The estate management has provided:

- a) List of endangered species IUCN
- b) Wildlife Protection Ordinance (Sarawak)
- c) Sarawak list of protection animals and plants
- d) Management plan for wildlife conservation is not available in the biodiversity assessment

Zero burning practices -

The estate management provides sustainability policy which was signed by the Executive Director on 24th July 2017 which mentioned that zero burning is practiced. Review on plantation Good Agriculture Practice (GAP) and Standard Operation Procedure (SOP) was conducted on January 2018 to remove the open burning procedure during land preparation.

Major 2 **Indicator 4.5.3.2**

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	Waste Management Plan to avoid or reduce pollution is not being fully implemented. Recycle program is available in the estate. However, during the implementation it need to be improved as during site visit at dumping site (Linau Mewah estate), it was observed that the plastic bottles and fertilizer bag was spotted all together in the dumping site.						
Comment on Principle 6	<u>Site management</u> – Management have provided SOP on Best Practices. The Ref No: SY - LM/MSPO/SOP.010 and signed by the Executive Director on 24th July 2017. Objectives of the SOP for Best Practices 1. Provide sets of practical standard procedure for best practices that is important for enhancing the management of existing oil palm cultivation 2. Reduce environment impact especially GHG emission and subsidence 3. Reduce negative impact related to oil palm cultivation on peat 4. Minimize GHG emissions and potential impacts to the environment 5. Ensure employer and workers follow the procedures and have good relationship. <u>Economic and financial viability plan</u> – The Business Management Plan for 4 years (2017-2020) is made available by the Management. Items within the business management plan are: 1.Crop Projection 2.Cash flow statement 3.Capital Expenditure <u>Transparent and fair pricing dealing</u> – Pricing mechanism for the CPO price is properly documented in the contract agreement with Sarawak Oil Palm Mill (Lambir). The duration of the agreement is from 1st September 2016- 31st August 2018.						
Comment on Principle 7	<u>High biodiversity value</u> – Not applicable as there are no development of New Plantings at Linau Mewah Group of Estates. <u>Peat land</u> – Not applicable as there are no development of New Plantings at Linau Mewah Group of Estates. <u>Social and environmental impact assessment</u> – Not applicable as there are no development of New Plantings at Linau Mewah Group of Estates <u>Soil survey</u> – Not applicable as there are no development of New Plantings at Linau Mewah Group of Estates						
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	<u>Planting on steep terrain and/or on marginal and fragile soils –</u> Not applicable as there are no development of New Plantings at Linau Mewah Group of Estates.
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7. Nonconformities

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NonConformity		N° 1 of 2		Major 1			
	Date Recorded>	16 th May 2018		Due Date>	16 th July 2018	Date Closed>	2 nd July 2018
Department / Function:		Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.4.2	
Document Ref.:		Criterion 4: Safety and Health		Issue / Rev. Status:		Closed	
Details of Nonconformity:		Safety and Health Management is not fully implemented accordingly					
Objective Evidence:		1. Training on first aid kit need to be done for the specific personnel as during site visit to store, workshop, office and crèche it was found that, this personnel has not been trained. 2. It was found that chemical herbicides is not stored properly. 3. Safety measures need to be taken for sharp tools. It was found that sickle and loading spike is not being properly managed. 4. Safety and awareness on no smoking area is not heeded. There was evidence of cigarette butts near the storage area of cylinder tanks.					
Close-out evidence:		a) First Aid in Every Home Training provided on 11th June 2018 to personnel in store, workshop, office and crèche including operation personnel such as person-in-charge (Senior Supervisor & Cadet Assistant) on the correct use and maintenance of first aid kit. (APPENDIX 1) b) (i) Training provided on 25th May 2018 (Linau Mewah Estate), 6th June 2018 (Woodville Estate) and 9th June 2018 (Baramville Estate) on Chemical Handling and Storage. (APPENDIX 2) (ii) Store the chemical herbicides in proper manner as stated in SOP.013 Chemical Handling and Storage. (APPENDIX 3A & 3B) c) Training provided on 12th June 2018 to harvesters and mandors on safe use and storage of sickle and loading spike and other sharp tools. (APPENDIX 4) d) Training provided on 24th May 2018 to staff workshop on danger smoking at storage area of oxygen tanks and the disciplinary action will be taken in case they are found smoking near the oxygen tank storage area. (APPENDIX 5)					
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NonConformity	N° 2 of 2		Major 2			
	Date Recorded>	16 th May 2018	Due Date>	16 th July 2018	Date Closed>	2 nd July 2018
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.5.3.2	
Document Ref.:	Criterion 5: Waste Management		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Waste management plan to avoid or reduce pollution is not fully implemented.					
Objective Evidence:	Recycle program was available in the estate. However, during the implementation it need to be improved as during site visit at dumping site (Linau Mewah estate), it was observed plastic bottles and fertilizer bag was spotted all together in the dumping site.					
Close-out evidence:	a) The plastic bottles and fertilizer bags have been removed from the dumping site on 25 th May 2018. (APPENDIX 6) b) Warning sign (in Malay) has been placed at the dumping site that states that “No burning of wastes is allowed and Plastic bottles / containers, plastic bags, tyres, metal drums cannot be disposed at dumping site”. (APPENDIX 7) c) Training was provided on 25 th May 2018 to supervisor and workers who collect and dump rubbish at dumping site stating that “No burning of wastes is allowed and Plastic bottles / containers, plastic bags, tyres, metal drums cannot be disposed at dumping site”. (APPENDIX 8)					

Nonconformities detailed here shall be addressed through the organization's corrective action process, in accordance with the relevant corrective action requirements of the audit standard, including actions to analyse the cause of the nonconformity and prevent recurrence, and complete records maintained.

- ☐ Corrective actions to address identified major nonconformities shall be carried out immediately and SGS notified of the actions taken within 30 days. An SGS auditor will perform a **follow up visit** within 60 days to confirm the actions taken, evaluate their effectiveness, and determine whether certification can be granted or continued.
- ☒ Corrective actions to address identified major nonconformities shall be carried out immediately and **records with supporting evidence sent to the SGS auditor** for close-out within 60 days.
- ☐ Corrective Actions to address identified minor non conformities shall be documented on an action plan and sent by the client to the auditor within 60 days for review. If the actions are deemed to be satisfactory they will be followed up at the next scheduled visit
- ☐ Corrective Actions to address identified minor non-conformities have been detailed on an action plan and the intended action reviewed by the Auditor, deemed to be satisfactory and will be followed up at the next scheduled visit.
- ☒ Appropriate immediate action taken in response to each non-conformance as required

Note:- Initial, Re-certification and Extension audits – recommendation for certification cannot be made unless check box 4 is completed. For re-certification audits the time scales indicated may need to be reduced in order to ensure re-certification prior to expiry of current certification.

Note: At the next scheduled audit visit, the SGS audit team will follow up on *all* identified nonconformities to confirm the effectiveness of the corrective actions taken.

8. General Observations & Opportunities for Improvement

Positive Observations:

- The support from Linau Mewah Group Sdn Bhd personnel, especially the ground staff contribute to the smoothness and successful of the audit process.
- The spirit of unity and enthusiasm of the personnel towards achieving MSPO certification is impressive.
- The unit has dedicated staffs who are assets to the company. Their cooperative, knowledgeable and hospitality are commendable
- Organised documentation & highly commitment towards certification

Important Observations and Opportunities for Improvements:

- Safety and health should be implemented accordingly.
- The management should carry out waste management plan inline to reduce pollution onto surrounding area.

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Appendix 1

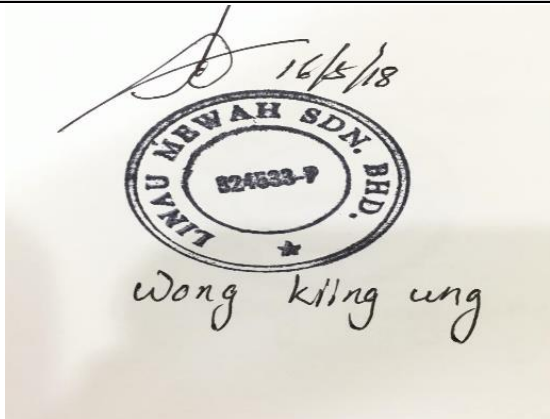
Multi –Site Address List

Site name / Address	Audit Dates	Activities at this site
1. Linau Mewah Estate	16/05/2018	Normal field operation : Harvesting, Manuring, etc.
2. Woodville Estate	17/05/2018	Normal field operation : Harvesting, Manuring, etc.
3. Baramville Estate	18/05/2018	Normal field operation : Harvesting, Manuring, etc.
4. Bakam Estate	Nil	Nil
5. Seramban Estate	Nil	Nil
6. Kenaban Estate	Nil	Nil
7. Adam Estate	Nil	Nil
8. Meting Estate	Nil	Nil
9. Linau Sinar Estate	Nil	Nil

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Appendix 2: List of Stakeholders Interviewed

Stakeholder	Type of Stakeholder	Issues raised	Comments/Action Taken
En Batang ak Gendal	External Stakeholders Local Community	No issue raised by the community and they appreciate work opportunities given.	NIL
Ms Liaw Sze Cheng	External Stakeholders (SY Forestry)	No Issue raised and she informed that the estate management will inform them if there is any update or new info on MSPO.	NIL
Mr Chiong Kung Yong Mr Jong Sze Kiung	External Stakeholders (Tai Hai Ying Enterprise)	Stakeholders request continuous detail briefing on MSPO requirement especially to the contractor by the estate management.	The estate sustainability team has been informed on the request by the stakeholders. This will be

Signed on behalf of Linau Mewah Group Sdn Bhd	Signed on behalf of SGS Malaysia Sdn Bhd
 Wong Kiing Ung Senior Manager Plantation 16th May 2018	 Dickens Mambu Certification and Business Enhancement Regional Head Certification (Sarawak)

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