

Malaysian Sustainable Palm Oil (MSPO) Summary Report

Organization:	Southern HockJoo Plantation Sdn. Bhd. – 14159-X		
Address:	Estate Location Address: Batu 11 1/2 Jalan Batu Talam, 27620 Raub, Pahang, Malaysia Head Office Address: Wisma Southern, 6th Floor, No. 26 – 34, Jalan Dato Hamzah, 41000 Klang, Selangor, Malaysia		
MSPO Standard(s) Used:	MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders	Accreditation Body(s):	Department Standards of Malaysia
Representative:	Mr. Ravindran Subramaniam – Plantation Controller ravin@southern.com.my +60 12 637 5746 Mr. Mohammad Idrus Bin Beni – Estate Person in Charge idrusmorib77@gmail.com +60 9 4530 045 Mr. Ramli bin Sulaiman – Account Supervisor wefinsrasul@gmail.com +60 11 1080 7816		
Site(s) audited:	Hock Joo Estate	Date(s) of audit(s):	2 nd & 3 rd May 2019
Audit Scope:	Production of Oil Palm Fresh Fruit Bunch (FFB) in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3		
Mill Capacity:	Nil	Total Area (Certified):	394.5249 ha
Visit Certification Assessment:	Main Assessment (Stage 2)	Number of Sites:	1 estate
Lead auditor:	Afiq Othman	Additional team member(s):	Nil
Certificate Number:			
Date of Issue:		Date of Expiry	
This report is confidential and distribution is limited to the audit team, client representative and the SGS office.			

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 MSPO Certification

- Production of Oil Palm Fresh Fruit Bunch (FFB) in compliance to the MSPO Certification Standard **MS2530-3:2013 Part 3**

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 Certification

Currently **Southern HockJoo Plantation Sdn. Bhd. – Hock Joo Estate** is being certified with other certification scheme as below:

Current Certification (Please tick the certification you are currently certified)			
☐	ISO 9001 (only for mill)	☐	HACCP
☐	EMS 14001 (only for mill)	☐	RSPO
☐	OHSAS 18001 (only for mill)	☐	ISCC
☐	ISO 22001	☐	GMP Plus
☐	HALAL	☐	KOSHER
☐	Co-GAP	☐	None / Others:

4. Assessment Process and Audit Programme

4.1. Sampling Method (not applicable)

Sampling Methodology and Rationale
Sampling of the estates to be audited has been conducted in accordance to the Risk Management (MPOB/MSPO/RMP/06) documents as below: $S = r\sqrt{n}$ Risk Factor: Not Applicable Since this is an individual certification. Sampling method is not applicable.

The methodology for objective evidence collection included physical site inspection, observation of tasks and processes, interview with workers, families and stakeholders, documentation review and monitoring data. Detailed audit plan can be referred below.

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4.2. Audit Plan

The assessment was conducted in 2 audit days (2 man-days) and involving an estate. The audit covers documentation review, internal procedures, management system, field inspection as well as identification of any significant issues for both environment or social issues.

Date	Time	SGS Team	Organisational and Functional Units/ Processes and Activities	Key Contact
2 nd May 2019	A.M	ALL		Audit Team & Estate Management
	0830		Audit Team arrive at Hock Joo Estate	
	0900		Opening Meeting	
			Safety briefing & brief presentation estate introduction by the management	
			Opening slides by SGS Team	
	0900-1200		<u>Site Visit</u> Buffer zone, boundary area, HCV or conservation area, landfill, operation (harvesting/ spraying/ manuring) area, water treatment plant, storage area, workshop and labour quarters and stakeholder consultation	
	P.M 1200-1300		Lunch Break	
	1300-1600		Continue Audit – Documentation Review	
3 rd May 2019	1630-1700	ALL	Debrief of day 1 audit findings	Audit Team & Estate Management
	1730		Depart from the estate to accommodation	
	A.M			
	0900-1230		Continue documentation review	
3 rd May 2019	P.M 1230-1430	ALL	Lunch Break & Friday prayer	Audit Team & Estate Management
	1430-1700		Continue Audit – Documentation Review	

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	1700-1730		Closing meeting	
	1730		Depart from the estate	

4.3. Certification Body

Auditor	Role	Qualification, Education, Working Experience.
Afiq 'Aliyyuddin Othman	Lead Auditor	- MSPO Certified Lead Auditor - BSc. (Hons) Marine Technology - A year experience working in Ministry of Natural Resources and Environment - 5 years experiences working for Sime Darby Plantation Berhad as Sustainability and Quality Management. - A year experience working for SGS (M) Sdn. Bhd. as auditor

4.4. Audit Planning Matrix

		Visits:	MA (Stg 2)	SA1	SA2	SA3	SA4
		Dates:	2 & 3/5/2019				
		Auditor(s):	1. Afiq Othman				
Area / Department / Process / Function	Standard						
Hock Joo Estate	MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders		X	O	O	O	O

*For each completed visit, mark "X" in the box for each department or process covered. For planned visits, indicate with an "O" in the box for each process to be covered.

5. Previous Audit Results (not applicable)

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.

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6. Audit Findings Summary and Recommendations

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
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
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: 0 Major 2 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.		

7. Significant Audit Trails Followed

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

7.1. Details of Certified Entity

Estate/ Mill	Location Address	Geo-Coordinate (GPS)
		Latitude, Longitude
Hock Joo Estate	Batu 11 1/2 Jalan Batu Talam, 27620 Raub, Pahang, Malaysia	N 3°54'17", E 101°48'49"

Table 1: Address and Coordinates of Estate



Figure 1: Estate Map

Description of the supply base

Hock Joo Estate was established in April 1973. It is located in Raub, Pahang which well-known with mass plantation of durian region. The estate is neighbouring with other plantation known as Cheroh Estate and also with small village. With a total manpower of over 11 workers consist of local and Indonesia origins, the estate runs its oil palm plantation planted on 394.16 ha. Currently the estate supplies its crops to Tian Siang Palm Oil Mill which runs by different entity.

Estate	FFB Production (MT)	
	Period:	
	Actual FY (2017/2018)	Estimated (FY 2018/2019)
Hock Joo Estate	7182.42	8100.00
TOTAL FFB Produced	7182.42	8100.00

Table 2: FFB Production (Actual & Estimated)

7.2. Area of Plantations

Certified Area Statement (Ha)						
Estate	Titled Area	Planted (Ha)		Conservation	HCV	Others
		Immature Area	Mature Area			
Hock Joo Estate	394.5249	0	394.1600	0.1149	0	0.2500
TOTAL	394.5249	0	394.1600	0.1149	0	0.2500

Table 3: Hectare Statement

7.3. Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation took place in the form of meetings and interviews. The interviews and meetings were intended to obtain input from the stakeholders followed by an evaluation of the relationship between the stakeholder and the company. See **Appendix 1** for stakeholder's details and comments.

7.4. Comment on MS2530-3 Compliance Status

Comment on Principle 1	<u>Policy on Implementation of MSPO –</u> A policy for the implementation of MSPO has been established signed by Industrial & Plantation Senior Director. The policy emphasizes on commitment towards continual improvement. <u>Internal Audit –</u> Internal audit was planned and conducted regularly to determine the strong and weak points and potential area for further improvement for at least once a year as per the established Internal Audit Procedure. The internal audit procedure and audit results were available during the main assessment, followed by the identification of root cause of each nonconformity and corrective action plan. Details of corrective action for non-conformities raised was carried out within stipulated timeline as per its SOP. Observed the internal audit result was discussed in management review meeting. <u>Management Review –</u> The management periodically review the adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification based on internal audit result. Management review was conducted after the said internal and another round of meeting conducted after the MSPO Stage 1 audit has taken place. <u>Continual Improvement –</u> Continual improvement plan was established based on consideration of
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	the main social and environmental impact and opportunities of the company. As to date, the company has not practiced any new technique or new technologies in their operation.
Comment on Principle 2	<u>Transparency of documents relevant to MSPO requirements –</u> Consultation and Communication Procedure has been established by the company with process flow of communication process included in the procedure. The company uses stakeholder meeting as one of the mediums to communicate necessary information to relevant stakeholders. Any additional information will be communicated to stakeholder upon request as long as it is not subjected to privacy and confidentiality. Stakeholder meeting done in 2018 targeted for neighbouring communities, government bodies and suppliers. Copies of complaint and grievance form has been provided to stakeholders during the last stakeholder meeting. The workers have been briefed on how to lodge complaints to the estate management. Noted “peti cadangan” and complaints forms being made available in front of the office. Explained by the management, stakeholders may submit their official request through various mediums such as letter, memo, phone, email or even come by the estate office to extend their intentions. <u>Transparent method of communication and consultation –</u> SOP Established Stakeholder Consultation and Communication Procedure Ref No PRO-P2C2/CC Rev R00 dated 1/6/18. Process flow of communication included in the procedure. A social Management Officer has been appointed which is the Estate PIC to be responsible of consultation and communication with relevant stakeholders. Relevant stakeholders have been identified by establishing lists of stakeholders categorizing government bodies, suppliers, buyers and internal stakeholders. As of the date of audit, no specific complaint was recorded. However, the estate distributed feedback forms to its stakeholders during stakeholder meetings mentioned above. All communication records such as feedback forms and meeting minutes resulted from the stakeholder meetings are being retained appropriately. <u>Traceability –</u> The company has established Traceability. Based on records reviewed, it shows that the estate is implementing traceability system as per established procedure. Personnel was appointed (Estate PIC) to ensure that the SOP is being implemented accordingly. The appointed personnel will record all information pertaining traceability in Daily Crop Record as part of continuous monitoring. As the record’s name suggested, it is being

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	recorded on daily basis. Noted all records of sales, delivery or transportation are being maintained appropriately. Inspection of the implementation is being done annually through MSPO Internal Audit to ensure the system is being implemented continuously.
Comment on Principle 3	<u>Regulatory requirements –</u> It was found that the operation is in compliance with the applicable local, state, national and ratified international laws and regulations based on interview, documentations review and site visit. The estate is maintaining Legal Register which was created on 1/6/18. Ever since the establishment. The estate has been maintaining and updating the legal register. Noted the new Minimum Wages Order (Amendment) 2018 which had been made effective January 2019 was included into the register. Together with it, the requirement of Employment Insurance System and SOCSO for foreign workers were also included. Sighted MPOB licenses (refer appendix 2 for detail of license) and other several licenses and permits. The Group Company has appointed a representative from HQ to take charge on monitoring compliance and to track and update the changes in regulatory requirements. The appointed personnel will inform the estate should there be any changes in the requirements. <u>Land use rights –</u> HJE occupies a land with a total of 394.5249 ha which separated into 5 land titles. The estate managed to present all land titles for the plantation area. All legality and ownership documents were found to be well maintained. Record of quit rent evident also shown that payment was made in timely manner and no outstanding payment. The total hectareage of the estate is 394.5249 ha (as per land titles) and planted with Oil Palm approximately for 394.16 ha. Sighted several boundary markers has been installed to clearly demarcate its area. Observed the operations of estate does not diminish other land users right. The estate has clearly demarcated the area by trench system. <u>Customary rights –</u> Not applicable. There are no issues or encumbered by customary rights in the estates.
Comment on Principle 4	<u>Social Impact Assessment –</u> SIA conducted internally by Social Management Officer. It was done to identify positive and negative impacts. Every feedback is being recorded and addressed accordingly by the estate management. Noted from the inputs given by engaged stakeholders, no negative impact was highlighted.

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	Social Management Plan – Available. The plan was meant to mitigate negative impacts and to promote positive impacts identified. All feedbacks provided by the stakeholders were compiled into document FOM-P4C1/SIA. Each feedback was classified either negative or positive. Based on the management explanation, they will continue maintaining the identified positive impacts. Negative impacts on the other hand were recorded into SIA Control Measure Action Plan FOM-P4C1/SCP to mitigate the negative impacts. For every feedback received, an acknowledgment notice will be issued to the stakeholder and action plan to address the issue will be informed by the estate management. <u>Complaints and grievances –</u> SOP Established Stakeholder Consultation and Communication Procedure dated 1/6/18. Process flow of communication included in the procedure to specify on suggested period should be taken to resolve any complaint received. Complaint and grievance dealing process is a subset of the SOP mentioned earlier. The relevant stakeholders have been made aware of the complaints and grievance mechanism. It was communicated during series of stakeholder meetings and briefing with workers. Copies of feedback form were provided during the meetings and briefings done. It also made available at the estate office. Noted all the complaint and feedback forms from Social Impact Assessment and Stakeholder Meetings are being retained accordingly. <u>Commitment to contribute to local sustainable developments –</u> The estate management has been actively helping and contributing to the local communities in vicinity. Observed all CSR records were retained appropriately by the estate. <u>Employees health and safety –</u> Sighted “Polisi Keselamatan dan Kesihatan Pekerjaan” signed by Dr Nick Low dated 1/6/18. The establishment of the policy has been communicated through trainings and stakeholder meetings conducted. Each worker was provided with copy of policies established. OSH Plan was sighted during the audit. The plan consists of the requirement of indicator 4.4.4.2 of this standard. HIRARC has been established covering all activities in the estate such as harvesting, spraying, manuring etc. CHRA Report available in the estate as a documented result of the assessment. the assessment was carried out by DOSH licensed assessor. Number of workers have been sent for medical surveillance in accordance to the CHRA Report requirement. Based on the results noted that they are fit to work.
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	Training programme 2019 was sighted. Based on sampled training record noted that the training has been conducted as planned. Further assessed during interview session with several workers interviewed admit that they have been given relevant training on safe working procedure. Sighted PPE issuance record is being well maintained in "PPE Issuance Book". Among PPE provided is Safety Helmet, Glove, Safety Shoes, Sickle Cover. During site visit to the activity area observed workers were adequately equipped with PPE. The workers claimed the management provided them with the necessary PPE. Broken or unfit PPE will be replaced for free by the management provided they return the old or broken PPE. Safe Work Manual has been established. The manual covers various activities including operational and non-operational activities. Safety manuals for storage of chemical and empty container, spraying manual, issuance of chemical, rat baiting and chemical mixing were made available during the audit. Sighted committee OSH organisation chart of the estate has been established. The number of management representatives and worker representatives are well balanced. Sampled appointment letters from estate are available among management representatives and worker representatives. OSH meeting is being conducted on quarterly basis since the establishment of the OSH Committee. Last meeting conducted was in February 2019. Sighted ERP for Fire, Injury/ illness, chemical spillage and other chemical related incidents and electrical shock. Personnel in charge of chemical storage was found to be understood on the ERP for chemical spillage. Relevant ERPs were displayed at relevant areas such as store, housing area and other operation areas. The estate has a competent first aider in the estate which is the Hospital Assistant. Internal First Aid Training was also conducted for the workers. Observed that first aid kit was available at the site during operation activity. 0 accident case recorded in year 2018 and 0 accident recorded in 2019 (up to the point of audit). JKPP 8 for 2018 was submitted through MYKKP and received by DOSH on 10/1/19 <u>Employment conditions –</u> A policy has been established to ensure the company is operating on good social practices regarding human rights in respect of industrial harmony such as Equality/ no discrimination, No child labour, No sexual harassment and Freedom of Association. Based on observation and interview session noted that no discriminatory practices in the estate.
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	The estate has started paying worker according to the new Minimum Wages Order (Amendment) 2018 starting January 2019 based on sampled worker pay slips. Besides ensuring the workers are being paid based according to requirement, the estate also monitors salary payment made to contract workers engaged to ensure they are being paid based on legal or industry minimum standards. The management has established records that provide an accurate account of all employees namely "Employee Registration Card". It is being used to entail all required details for all employees and contractors. Noted from sampled employment contracts, the workers have been given fair contracts and have been signed by both parties employee and employer. Working hours were reflected in each employment contracts. Worker's attendance is being recorded into attendance book. Contract workers attendance is being monitored progressively. HJE uses the checkroll book to monitor the attendance and time recording of the workers. Among other social benefit offers by the employer are free outpatient medical treatment from the estate's clinic, free accommodation, free water and electricity supplies, incentives and bonuses for workers and staffs. During the site visit to the accommodation provided by the employer, noted it was in good condition, no broken or damage parts, clean surrounding, rubbish bin for each house, smooth drainage system. No indication of sexual harassment happening in the estate. Despite not having the issue, the estate management has established a guideline namely "Tatacara Aduan Gangguan Seksual" as a reference to handle any sexual harassment cases. None of the workers are union members. However, the estate management has shown their respect towards freedom of association through a memo saying they will not obstruct any desire of association (union). The memo is being displayed in front of the management office which can be seen by the worker. A simple election was done internally for the workers to have worker's representatives of their own choosing. No underage worker is being employed in the estate as per company procedure. <u>Training and competency –</u> Sighted training plan for 2019 being developed into several programmes. Training Plan for 2019 has been established. Training needs analysis was established prior to developing training programme. Noted from the training needs, the estate has identified the applicability of each training type against job functions available. Observed the training plan is being executed progressively.
Comment on Principle 5	<u>Environmental management programme –</u> Environmental policy seen established on 01/06/18 and a procedure seen, DOC-P5C1/EMP. Also sighted the EMP for 2018 established with

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	relevant objectives that emphasize on good management practice and mitigation of environmental impacts. Evidence of Environmental Management Plan was communicated to all employees through training sessions conducted for the workers. A program to promote the positive impacts was indicated in the continual improvement plan and also being included into environmental monitoring plan of the estate. Series of trainings were included into training program and implemented accordingly to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives. Number of meetings were conducted to discussed on any environmental issues happening in the estate. It is usually being done concurrently with the quarterly OSH meeting. <u>Efficiency of energy use and use of renewal energy –</u> Consumption of non-renewable energy is being closely monitored through establishment of baseline values and trends not only for day to day usage but also through determination of projection of consumption for the coming years. The estate assesses the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period. As to date, no renewable energy was adopted by the estate. <u>Waste management and disposal –</u> List of all waste products and sources of pollution were identified and documented appropriately. Waste management plan was established containing identification and monitoring of waste sources. For each identified waste source, the estate has determined the appropriate measure to ensure all waste generated in the estate is being handled responsibly. At the point of audit, noted that no disposal of scheduled waste or empty chemical container has been made. However, a proper storage for such waste has been constructed. Relevant SOP of Handling of Used Chemical has been established covering the aspects of handling labelling, storing and disposal to ensure they meet the local authority requirements. The estate is doing its best to minimize waste production by reusing chemical containers for the purpose of chemical mixing for pesticide. Domestic waste is being disposed into identified landfill in the estate. Rubbish collection is being done regularly from the housing area to avoid unpleasant environment. <u>Reduction of pollution and emission –</u>
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	Assessment of polluting activities has been carried out in the estate. The document is being incorporated together with the action plan namely "Pollution Prevention Plan". the execution of the plan is being monitored continuously by the estate management. <u>Natural water resources –</u> Water Management Plan was sighted at the estate. Water is being sourced from local agency. The water usage is being monitored on monthly basis. Volume used is being recorded and the records were well maintained. To monitor the outgoing water from the estate, the management had identified several water sampling points in the estate. Water samples were sent to accredited laboratory. From the lab results observed partial of parameters tested were within permissible limits. As part of optimizing water usage, the estate collects excess water from chemical mixing activity to be used for another chemical mixing activity. Buffer zones have been established in certain areas in the estate to continue preserve water courses flowing in and out of the estate. During site visit noted the vegetation around the buffer zones is adequate and no sign of agro-chemical activity done in the area. Buffer zones were well maintained. No construction of bund, weirs and dams across in the estate. To retain moisture in the field, field drains and inward slanted terrace were constructed to help with the water retention. <u>Status of rare, threatened or endangered species and high biodiversity value area –</u> Biodiversity assessment done by appointed consultant. Noted the estate has only been provided with draft report. Based on the draft report, several wild animals and birds with vulnerable and endangered categories were detected within the plantation. Appropriate signages of illegal hunting and fishing have been erected to discourage such activities. They were available at estate main entrance and in certain area in the plantation fields Biodiversity Management Plan has been established based on appointed biodiversity consultant advices. The plan was received by the estate from the appointed consultant not too long before the audit day, hence the plan has yet to be carried out. However, the frequency of monitoring has been identified. The implementation will be verified in the next audit. <u>Zero burning practices –</u> Zero Burning commitments were reflected in the established Environment Policy mentioned earlier. To top it off, the prohibition of adopting burning method is also being mentioned in Replanting SOP of the company. Noted no traces of open burning in the estate either at replanted field or housing area.
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Comment on Principle 6	<u>Implementation of standard best practices / Site management –</u> Standard Operating Procedure on Good Agricultural Practice has been established consisting 21 types of operational activity. Based on observation of the auditor during site visit to the field, noted that the field management is in accordance to the SOP. Further verification through interview with harvesting contract workers exhibit good understanding of the company standards. The implementation is being monitored periodically through internal audit and visit by Plantation Controller. The estate occupied almost 80% hilly area. No indication of soil erosion. A proper terracing system was found to be in place. Adequate soil and water conservations in the estate were found to be available. Apart from having field block map, the physical identification on the ground was found to be available. <u>Economic and financial viability plan –</u> Business plan has been established to demonstrate attention to economic and financial viability through long-term management planning. Performance review for the past years has been carried out and evident from the performance review report. The operational plan of 2 years ahead until 2021 was made available during the audit. From the business plan reviewed noted that the plan not only covers operational plan and budgeting but also on other indirect general charges and other indirect expenses. No replanting programmes. Oldest field in the estate was from year 1995. According to the manager the soonest replanting is expected to be done is in 2021 Periodically, the business plan is being monitored through several identified methods such as Daily Production Reports, Monthly Estate Production Performance Report and Quarterly Performance Report. <u>Transparent and fair pricing dealing –</u> Sighted contract agreements between the estate and appointed contractors for outsourced services such as for FFB Transportation and harvesting contract work. The contract agreement between the estate and contractor was made available and signed by both sides. Noted that pricing mechanism was documented in the agreement. Payment to the contractor done on monthly basis. Noted no complaint ever received from the contractor regarding late payment etc. <u>Contractor –</u> From few sampled contract agreements made between the estate and appointed contractors, noted that it has been agreed and signed by both parties. Observed that all sampled contracts containing special clause on MSPO adherence and compliance requirement
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Comment on Principle 7	Note: the whole Principle 7 is not applicable for this audit as there is no new planting in the plantations area. <u>High biodiversity value</u> – <u>Peat land</u> – <u>Social and environmental impact assessment</u> – <u>Soil survey</u> – <u>Planting on steep terrain and/or on marginal and fragile soils</u> – <u>Customary land</u> -
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8. Nonconformities

8.1. Non-Conformity Statement MS2530-3:2013 Part 3

Non-Conformity	N° 1 of 2	☐ Major	☒ Minor
Department / Function:	Principle 5, Waste management & disposal	Standard Ref.:	4.5.3.3
Document Ref.:		Issue / Rev. Status:	Open (Due by 2 nd February 2020)
Details of Nonconformity:	Waste handling was not in accordance to established SOP Handling of Used Chemicals Procedure PRO-P5C3/HUC		
Objective Evidence:	1. Noted from the 5.3.1.1 of the SOP observed "Inform DOE of the wastes generated through DOE Second Schedule: Notification of Scheduled Waste.". However, no evidence of such notification has been made. 2. Labelling of scheduled waste as required in by the EQ (SW) Regulations 2005 were not fully adhered. Appropriate label was not pasted on containers. 3. Empty paint containers were found in recycle bin located at the labour housing area.		
Root Cause Analysis:	Lack of awareness among the employees pertaining the requirement of scheduled waste management.		
Correction & Corrective Action:	Correction: 1. Management has applied for E-SWIS. 2. Appropriate label has been pasted as per requirement 3. Training on difference of scheduled waste and recycle waste has been given to workers Corrective Action: 1. Moving forwards, scheduled waste will be managed as per requirement. 2. The management will continuously conduct awareness training for the workers.		

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Non-Conformity	N° 2 of 2	☐ Major	☒ Minor
Department / Function:	Principle 5, Natural water resources	Standard Ref.:	4.5.5.1
Document Ref.:		Issue / Rev. Status:	Open (Due by 2 nd Feb 2020)
Details of Nonconformity:	Monitoring of outgoing water was not fully implemented.		
Objective Evidence:	4 water sampling points identified in the estate. The points were reflected on Water Sampling Point Map. The last samples sent for lab testing was on 20/2/19. However, the results sighted at the estate were only from 3 sampling points instead of 4 points.		
Root Cause Analysis:	During the last water sampling activity done, the employee thought there were only 3 sampling points identified whereas in actual it was 4 points instead of 3 points.		
Correction & Corrective Action:	Correction: Sample will be taken from the overlooked sampling point and will be sent for lab test Corrective Action: A marker has been erected to at every sampling point as per identified in the estate map.		

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 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 90 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.

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9. General Observations & Opportunities for Improvement

9.1. Observations

OBS #	Indicator	Observation/Opportunity for Improvement					
OBS 01	4.4.6.1	Date Recorded>	3 May 19	Due Date>	-	Date Closed>	-
		Details: All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.					
		Training records sampled: Training type: First Aid Date planned: Feb 2019 Date conducted: 28/1/19 Trainer: Hospital Assistant, Mr Gunaseelan a/l Seenivasan. Participants: Estate Manager, Staff, Workers. During interview session with Mr. Perakas, Bunch Counter, he admitted that he has not been given First Aid Training. However, from the attendance list and evaluation records reviewed, observed that his name was in the attendance list together with his signature. His statement and the record reviewed were contradicting.					

OBS #	Indicator	Observation/Opportunity for Improvement					
OBS 02	4.5.6.1	Date Recorded>	3 May 19	Due Date>	-	Date Closed>	-
		Details: Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.					
		Noted from the report, the biodiversity assessment was only done Mammalians, Reptilians, Amphibians and Avifauna. No assessment was done for flora.					

OBS #	Indicator	Observation/Opportunity for Improvement					
OBS 03	4.5.6.3	Date Recorded>	3 May 19	Due Date>	-	Date Closed>	-

OBS #	Indicator	Observation/Opportunity for Improvement
		Details: A management plan to comply with Indicator 1 shall be established and effectively implemented, if required. The biodiversity management plan was only received during the audit day. No evidence of implementation has been carried out as the plan was recently received from the appointed consultant. The implementation will be verified during the next surveillance audit.

OBS #	Indicator	Observation/Opportunity for Improvement					
OBS 04	4.6.4.1	Date Recorded>	3 May 19	Due Date>	-	Date Closed>	-
		Details: Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information. Special clause only available on contract agreement between the estate and the FFB Transporters, Muthiah AL Chinniah. Statement sighted from the contract "Pihak kontraktor bertanggungjawab sepenuhnya untuk mengguna pakai Polisi dan keperluan terhadap MSPO (Minyak Sawit Mampan Malaysia) didalam menjalankan kerja yang telah diberikan oleh pihak lading" However, such clause was not included in the contract agreement between the estate and harvesting contractor. Sampled from Vijayakumar AL S. Muniandy contract agreement.					

Appendix 1: List of Stakeholders Contacted

Stakeholders Details	Relationship	Stakeholder's Input / Comments	Clients Feedback / Response
Mr. Rosman Bin Din (Cheroh Estate)	Neighbouring estate	- He was invited to stakeholder meeting conducted by HJE - The management explained to all the attendees on HJE implementation of MSPO and its complaints procedure - He lodged a complaint to the estate management pertaining cattle's invasion and the estate management took prompt action to resolve it - HJE and Cheroh Estate are on good terms. They exchange knowledge quite often.	Noted by the management.

Appendix 2: MPOB License

MPOB License Number (Mill/ Estate)	Scope of Activity	Expiry Date
<u>Hock Joo Estate</u> 501538602000	Menjual dan mengalih FFB	31/03/2020

-End of Report-