



Malaysian Sustainable Palm Oil (MSPO)

Summary Report

Type of audit : Stage 2 MSPO Audit

Organization:	SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate		
Address:	Estate Location Address: Ladang Bukit Ijok Lot.3, 45800 Jeram, Selangor Darul Ehsan Malaysia Postal Address: As above		
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:	1) Mr Ravindran Subramaniam – Plantation Controller 2) Mr. Jayadevan Pillay – Estate Manager		
Email: Telephone:	1) Mr Ravindran Subramaniam – Plantation Controller ravin@southern.com.my +60 12 637 5746 2) Mr. Jayadevan Pillay – Estate Manager jyadevan76@yahoo.com +60 10-9167160		
Site(s) audited:	single site	Date(s) of audit(s):	12 th Apr 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:	n.a	Total Area (Certified):	605.307 ha
Visit Certification Assessment:	Main Assessment	Number of Sites:	1
Lead auditor:	James S H Ong	Additional team member(s):	En Afiq Othman
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.			

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	1 of 34

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); Production in compliance to MS2530-3:2013 Part 3

This is a single -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 Realty (Malaya) Sdn Bhd - Padang Piol Estate** is not being certified with other certification scheme as below:

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

4. Assessment Process and Audit Programme

4.1. Sampling Method

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: LOW (1.0) $S = 1.0 (\sqrt{1}) = 1$ 1 estate to be visited Since this is a single site audit , one (1) estate the estate has been visited during the Surveillance Assessment 1 audit according to the formula stated in MSPO Risk Management Document.

The assessment was conducted based on random samples and therefore nonconformities may exist which have not been identified. 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.

4.2. Audit Plan

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	2 of 34

The assessment was conducted in **01** audit day and involving **01 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.

Organization:	SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate		
Address:	Lat,Long: : N 3°15'23.58" E 101°24'05.02" Kuala Selangor, Selangor Malaysia Contact person: 1) Mr Ravindran Subramaniam – Plantation Controller email : ravin@southern.com.my Mobile: +60 12 637 5746:		
Visit Number:	MSPO Stage 2 Main Assessment	Actual Visit Date:	12 th April 2019
Visit Due by Date:	-	For auditor information only	
Lead Auditor	James S H Ong , SGS (Malaysia) Sdn Bhd Mobile: +6012 3736605 email : james.ong@sgs.com		
Team Member(s):	En Afiq Othman Mobile : +6 013 3545 321 Email: afiq.othman@sgs.com		
Additional Attendees and Roles	-		
Standard(s):	MS2530-3:2013 Part 3: Oil Palm Plantations & organised Smallholders		
Scope	Estate 605.307 ha		
Audit Language:	English & Bahasa Melayu		
Audit Scope:	Production of FFB in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3		

Date	Time	Auditor	Organisational and Functional Units/ Processes and Activities	Key Contact
12/04/19	7:00 a.m		Meet up @ Tesco Puncak Alam for breakfast and transport arrangement	
	7:30 a.m		Travel and arrival at Bukit Ijok Estate (BIE)	
	8:00 a.m		Opening Meeting by BIE , SGS (Malaysia) Sdn Bhd and audit briefing	
	9:00 – 12:30		JO	AO
			MS 2530-3-2013 (Part 3)	
			Site visit –	

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	3 of 34

		JO , and AO	- Field operation & interview workers , contractors - Environmental – waste , water , soil management , biodiversity - Linesite & Boundary - Storage , chemical Handling - PPE / Safety	
			Document review	
			• Principle 1 Management commitment and responsibility • Principle 3: Transparency • Principle 4: Social responsibility, health, safety and employment condition	• Principle 2: Compliance to legal • Principle 5: Environment, natural resources, biodiversity and ecosystem services • Principle 6: Best practices • Principle 7
			-	
	12:30 – 1:30		Lunch	
	1:30 – 5:00	JO and AO	Document review , interview with relevant workers , representative	
	5:00		Finalising MA Findings and CAR Form Presentation	
	5:30 p.m		Closing Meeting presentation Findings for BIE and recommendation Question and discussion	
	6:00		Travel out of Bukit Ijok Estate	

4.3. Certification Body_Auditor Profile

Auditor	Role	Qualification, Education, Working Experience.
James S H Ong	Lead Auditor	James S H Ong, a Bachelor of Agriculture Science holder. He has many years working experience in agriculture sector in Malaysia and has been working in estates as well in the agrochemical and fertilizer industry. He is well versed with Good

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	4 of 34

		Agricultural practices .He has undergone ISO 14001 and RSPO Lead Auditor and RSPO Supply Chain training and involved in a number of audits on oil palm plantations, supply chains and traders. He is also involved in ISCC audits.
Afiq Othman	Auditor	En , Afiq Othman is a Bachelor holder in Marine Technology . He was a member of the Sime Darby Sustainability Department involved in internal audit as well as preparation of the Units for certification . Upon joining SGS (M) Sdn Bhd he completed the EMS and QMS Lead Auditor Course , MSPO Lead Auditor Course , Level 2 PEFC course . He has also completed the hours to qualify to be a MSPO Lead Auditor . .

4.4. Audit Planning Matrix

		Visits:	Stage1	MA (Stg 2)	SA1	SA2	SA3	SA4
		Dates:	13/2/19	12/4/19				
Area / Department / Process / Function	Auditor(s):	Standard MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders	1. MSR 2. Afiq	1. James S H Ong 2. Afiq Othman				
	Principle 1		x	x	O	O	O	O
	Principle 2		x	x				
	Principle 3		x	x				
	Principle 4		x	x				
	Principle 5		x	x				
	Principle 6		x	x				
	Principle 7		n.a	n.a				

*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 as this is a Main audit

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.

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	5 of 34

- ☐ 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.

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 05 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 / Recommended ☐ 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

Bukit Ijok Estate is located in the district of Kuala Selangor , Ijok in the State of Selangor , Malaysia.

Bukit Ijok Estate borders neighbours such of Felda Bukit Cerakah, villages of Kampung Bukit Hijau , Kampung Parit Mahang and the housing development of Puncak Alam .

Table 1 is the Address and the GPS coordinate of the audited site

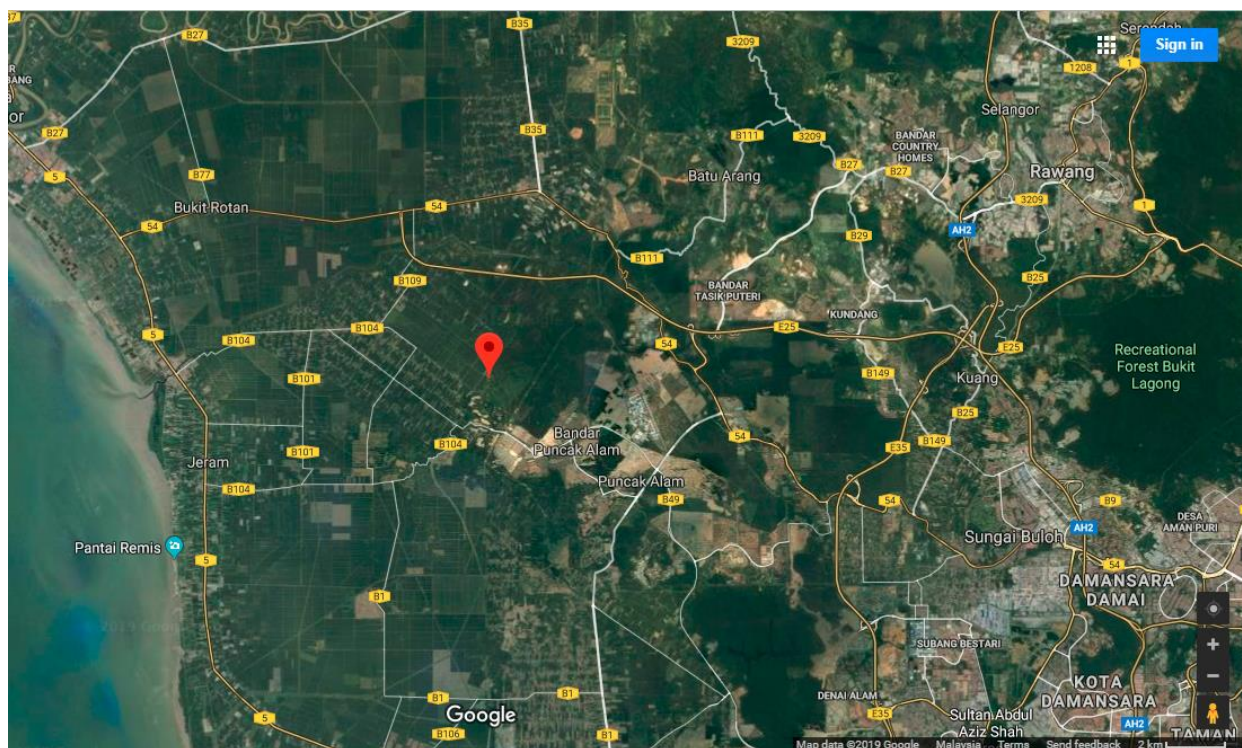
Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	6 of 34

Table 1: Address and Coordinates of Estate audited

Estate	Location Address	Geo-Coordinate (GPS)
		Latitude, Longitude
SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate	Ladang Bukit Ijok Lot.3, 45800 Jeram, Selangor Darul Ehsan Malaysia	N 3°15'23.58", E 101°24'05.02"

Please refer to **Figure 1** for the overall location and **Figure 2** for the estate map

Figure 1: Overall location Map of SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate



Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	7 of 34

Description of Supply Base

The FFB harvested within the estate will be delivered to be processed in Golconda Palm Oil Mill. The actual and estimated crop production are listed in **Table 2** below.

Table 2: FFB Production

Estate	FFB Production (MT) Period: Jan – Dec	
	Previous Actual FY (2018)	Budget /Estimate / Projection (FY 2019)
SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate	6,896.84	7,162.00
TOTAL FFB SENT TO PALM OIL MILL	6,896.84	7,162.00

7.2. Area of Plantations

Table 3: Hectarage Statement of Supplying Estates

Certified Area Statement (Ha)						
Estate	Titled Area (Ha)	Planted (Ha)		*Conservation (Ha)	HCV/ High biodiversity value (ha) (Ha)	** Others (Ha)
		Immature Area (Ha)	Mature Area (Ha)			
Bukit Ijok Estate	605.307	40.80	529.69	4.93	0.00	29.887
Total	605.307	40.80	529.69	4.93	0.00	29.887

* Please describe if information available

* e.g Conservation area : riparian reserve, waterways , forest buffer zone , jungle area, etc

** Others : non-crop area : Nursery , road, linesite ,office , workshop, TNB power lines etc

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	9 of 34

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 2** for stakeholder's details and comments.

Below is the 30 day public notification on the SGS website .

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/southern-realty-malaya-sdn-bhd-bukit-ijok-estate>

7.4. Comment on MS2530-3 Compliance Status

Comment on Principle 1	<u>Policy on Implementation of MSPO –</u> As reported in 4.1.1.1, The company has established MSPO policy entitled “<i>Polisi Kelestarian</i>” dated on 1st June 2018 signed by Mr. Nick Low, Senior Director of Industrial and Plantations. The policy emphasizes the company commitment towards sustainable development and continuous improvement in plantation operation. It is being communicated through several ways such as by displaying the policy at office, awareness training, induction programme and stakeholder meeting. <u>Internal Audit –</u> As reported under 4.1.2.1, Internal Audit was planned to be conducted at least once not exceeding a year period. This requirement was clearly indicated in the Internal Audit Procedure developed. Noted the audit was carried according to the audit plan evident during the audit. Internal Audit Report was produced at the end of the audit and brought up to the management and reviewed accordingly. Observed the root causes and corrective actions were identified for each non-conformance raised and closed within permitted the timeframes. <u>Management Review –</u> As reported in 4.1.2.3, A series of management review meeting was done prior to the stage 2 audit. First management review done after internal audit has been conducted while the second meeting was done after external stage 1 audit. The last meeting was held to discuss on all critical and non-critical findings and to discuss on the timeline require to implement all corrective actions. Management review was done twice prior to MSPO Stage 2 audit. Noted the 1st was conducted on 27/12/18. It was conducted after Internal Audit has been carried out to discuss on the outcome from the internal audit and the status of corrective actions taken. The 2nd meeting was held on 1/3/19 to discussed on the findings raised during MSPO Stage 1 audit (external) and to discuss if any complaints have been made by stakeholder. <u>Continual Improvement -</u>
------------------------	---

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA	Issue n°:	10	Page n°:	10 of 34	

	As reported in 4.1.4.1 , The company has identified Continues Improvement Plans for several criteria such as environmental, social, safety and health. As the day of audit, noted no new technique being implemented in the estate.
Comment on Principle 2	<u>Transparency of documents relevant to MSPO requirements</u> – As reported in 4.2.1.1 Bukit Ijok SOP Established Stakeholder Consultation and Communication Procedure Ref No BIE-PRO-P2C2/CC Rev R00 dated 1/6/18. Process flow of communication included in the procedure. Merbau SOP Established Stakeholder Consultation and Communication Procedure Ref No MRE-PRO-P2C2/CC Rev R00 dated 1/6/18. Process flow of communication included in the procedure. Stakeholder meeting done twice in 2018. Conducted on 1) 15/3/18 Neighbourhood , communities, school, temple 2) and 29/3/18 targeted for neighboring, suppliers, contractors and government bodies. The meetings were conducted for both Bukit Ijok and Merbau Estates. However an OBSERVATION 01 is raised under 4.2.1.1 (refer to Section 9.3 for details) Also reported under 4.2.1.2 , management documents for the estate are made publicly available upon request and during the stakeholder meeting. a. Records of Request and response b. Policy c. Social Impact Assessment d. Land titles e. Records of Complaints and Grievances All management documents requested by external stakeholders will be handled by Social Management Officer (SMO). For land titles and other documents where this is prevented by commercial confidentiality, the 'Stakeholder complaints & Grievances Feedback Form ' will be used or an email sent to the Plantation Department Office , HQ for approval. <u>Transparent method of communication and consultation</u> – As reported in 4.2.2.1 , the company has established a procedure for consultation and communication with the relevant stakeholders as per in the Stakeholder Consultation and Communication Procedure (Ref No.: MRE-PRO-P2C2/CC) dated 01 June 2018

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA	Issue n°:	10	Page n°:	11 of 34	

	In 4.2.2.2, it is also reported , Social Management Officer appointment letter dated 1/6/18 – Mr. Rethnakumar Rajkumar , field supervisor , appointed by Estate Manager Mr. Jayadevan Pillay. The appointee in charge for both estates Bukit Ijok and Merbau since the management team is among the same members. However OBSERVATION 02 is raised under 4.2.2.3. (refer to Section 9.3 for details) <u>Traceability</u> – As reported in 4.2.3.1 , Bukit Ijok /Merbau Estate Traceability Procedure established dated 1/6/18 ref no BIE/MRE-PRO-P2C3/TP rev no R00. Prepared by Mr. Rajesh and approved by Mr. Jaya Devan Documentation sighted related to traceability as per SOP: From every block the count of the bunches is reported by the tractor driver using a tally counter . Then the tractor will be delivered to be weighed at the WB station A WB ticket is generated e.g 010891 Block 1M 11A , 658 bunches , 5080 MT The WB personnel will record in the ‘FFB from Field ‘ Book ‘ e.g on the 8th April, 3668 bunches recorded. A total weight is generated ; 010901 , BIE Seal 729385 Wt: 27670 kg FFB Despatch Note: 97166 is also generated with seal 729385 Upon receipt at the mill , Golconda POM, a Mill WB ticket is generated WB Ticket No: 589681 Date; 8/4/19 Supplier: Ijok Estate Weight: 28,510 kg BIE / MRE uses the Estate weight to pay the workers NOT the mill weight . This is recorded in the ‘ Harvesters Attendance Records Form ‘ for the month . Field No. Form available Harvester Attendance Record can be seen from QC harvesting Record QC Harvesting Record Form available (BIE-FOM-P2C3/HAR) Dispatch Note well maintained Daily Crop Records available Monthly Field Bunches Performance available. The appointed PIC for traceability, Mrs. Indra will ensure that the SOP is being implemented accordingly.
--	--

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL		Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA	Issue n°:	10	Page n°:	12 of 34

Comment on Principle 3	<u>Regulatory requirements –</u> As reported in 4.3.1.1 , Ref: PPE-LST-P3C1/LRR 1/6/18 , Rev 00 1) Local Act / Regulation / guidelines – 30 <u>Ladang Bukit Ijok</u> MPOB License 508871502000, 570.49 ha, <i>Menjual dan Mengalih FFB#</i> valid thru 30/6/19 MPOB License 506715711000, Nursery, valid thru 30/11/19 Noted air compressor permit is being applied through MYKKP and it's '<i>Kebenaran Memasang Jentera (No. Kelulusan : SL/19/PTI/27399</i> dated 18 March 2019 form JKPP , Selangor. Now awaiting their inspection on 18/4/19 Diesel permit currently is being applied through BLESS System. The diesel is currently being stored in the estate despite that the permit is yet to be granted by the authority . <i>Ulasan Permohonan Lesen Perniagaan – Permit diesel (Simpan) untuk Kerja Ladang</i> dated 5/4/19 for 12,000 lits Receipt for diesel permit No. Bill 03001212 dated 28/3/19 Visit by Bomba on 10/4/19 Weighbridge calibration record. Borang D Serial No:180106 for 60 MT . Valid from 22/11/18 <u>Merbau</u> MPOB License 501283202000, 442.40 ha, <i>Menjual dan Mengalih FFB#</i> valid thru 31/3/20 However some laws has not been included . As a result , an OBSERVATION 03 is raised (refer to Section 9.3 for the details) <u>Legal land use rights –</u> As reported in 4.3.2.1 , BIE consist of 17 blocks with a total of 523.28 ha planted out of a titled land of 605.3076 ha MRE consist of 22 blocks with a planted hectareage of 442.40 ha out of the titled ha , 457.30 ha . The planted hectarage exceeds the MPOB license hectarage which is 347.65 ha. Merbau Sighted boundary marker installed. 14 markers installed. Map available. Noted the operations of estate do not diminish other land users right. Bukit Ijok Sighted boundary marker installed. 4 markers installed. Map available. Noted the operations of estate do not diminish other land users right.
-------------------------------	--

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	13 of 34

	No Hakmilik	Hectarage (ha)	Quit Rent	Grant
	0054142 (Merbau)	457.30	available	available
	0051660 (Bkt Ijok)	605.3076	available	available
<u>Customary rights –</u> As reported in 4.3.3.1, there is no issue or encumbered by customary rights in the estates. Scale maps prepared by AAR sighted for : 1) Bukit Ijok Estate 1:15,000 2) Merbau Estate 1:12,500				
Comment on Principle 4	<u>Social Impact Assessment –</u> As reported in 4.4.1.1, Verification during the audit showed that there is evidence that the Social Impact Assessment that has been conducted by the company covering the estate within the company's certification scope (Social Impact Assessment – Ref No. BIE/MRE-FOM-P4C1/SIA) that include the following to ensure identification, timetable and action taken to response : 1) Stakeholder 2) Feedbacks 3) Stakeholder area of concern 4) SC No. 5) Positive/ negative 6) Need control measure? Yes/ No? 7) Action completion date 8) Status Observed that the Assessment has been conducted on 29 March 2018 covering 73 stakeholders such as local authorities, smallholders, local communities, workers and the suppliers. Based on the SIA no negative issues were raised. Feedbacks were noted e.g MPOB, DOSH Selangor, SRJK(T) Ladang Bt ijok and IJM land (developer) <u>Complaints and grievances –</u> As reported in 4.4.2.1, Complaint and grievance dealing process is being included in the SOP mentioned above. Bukit Ijok & Merbau Estate SOP Established Stakeholder Consultation and Communication Procedure Ref No BIE/MRE-PRO-P2C2/CC Rev R00 dated 1/6/18. Process flow of communication included in the procedure.			

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	14 of 34

	However under 4.4.2.4, OBSERVATION 04 is raised . (refer to Section 9.3 for the details) <u>Commitment to contribute to local sustainable developments –</u> As reported in 4.4.3.1 , CSR record recorded in the BIE/MRE-DOC - P4C3/CSR 1. Gotong-royong dated 11/8/18 – provide tractor and trailer to transport out collected rubbish, equipment for gotong royong and food. 2. Jan 2019 - Grass cutting Temple Sri Maha Mariamman 3. Jan 2019 _ SRJK(T) Ladang Bt Ijok donation of A4 papers <u>Employees health and safety –</u> As reported in 4.4.4.2, OSH Plan sighted ref no BIE-DOC-P4C4/HSP and MRE-DOC-P4C4/HSP dated 1/6/18 ref R00. a) OSH policy communicated on 11/2/19. Each worker was provided with copy of policies established. b) HIRARC has been established covering 20 activities in the estate created on 23/2/18. Each process is recorded in the HIRARC form BIE-FOM-P4C4/HI that records the following - Activity - Hazard - Potential harm / consequence - R/NR - Current prevention and protective measures - Risk evaluation (L , S , Score 0 - Risk level Training programme 2019 sighted (refer to 4.4.6.1.). Sampled spraying training record in 2018 dated 2/10/18 conducted by third party. c) Sighted PPE issuance record is being well maintained in “PPE Issuance file ”. Among PPE provided is Safety Helmet, Glove, Safety Shoes, Respirator , goggles , wellington boots Sickle Cove e.g on 2/1/19 Ms R. Radhamani S.Rajoo and Wahyu d) Sighted Safe Work Manual established dated 1/11/18 Version 1. The manual covers various activities including operational and non-operational. Safety manual for storage of chemical and empty container, spraying manual, issuance of chemical, rat baiting and chemical mixing. Sighted CHRA report dated 3/4/14. The assessment was conducted by LHL Risk Management Services. DOSH Reg. No. SL/06/04/5520. Chemical register available. 8 employees were sent for medical surveillance as required by CHRA Report. They were sent to Klinik Ng and Singh (registered OHD). From the test result released on 20/10/18 for 5 employees (fit to work) whereas another 3 results is yet to be received as they were sent at a later date than the other 5 employees. e) Available. Management Rep Appointment Letter of Dr. Gunaseelan a// Seenivasan dated 1/6/18. appointed responsible person(s) for workers' safety and health. The appointed person(s) of trust
--	--

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA	Issue n°:	10	Page n°:	15 of 34	

	have knowledge and access to latest national regulations and collective agreements . He has the following : 1) Hospital Assistant Grade 1 2) Dip. In Human Resource Management 3) Cert. occupational Safety and Health 4) Homeopathy Medical Science (B.H.MS in Homeopathic medical Science f) OSH meeting conducted as the following dates 25/5/18, 24/8/18 and 21/11/18. The latest meeting was conducted on 20/02/19 The meeting combined 3 estate Bukit ijok, Merbau and Golconda. Issues discussed: - Laporan kemalangan - Emergency response Team - First aid box - Work place inspection - Gender & Environment g) Sighted ERP for Fire, Injury/ illness, chemical spillage and other chemical related incidents and electrical shock. h) First aider Mr. Gunaseelan, HA. Internal first aid training conducted on 9/6/18. i) No accident recorded in year 2018. Current practice, JKKP 8 is being submitted on 28/01/19 . No. Ruj JKKP 8/32987/2018 . Even though they have the above information , practices and some requirement under this indicator was not presented and as a result an OBSERVATION 05 is raised under 4.4.4.2 (See Section 9.3 for details) <u>Employment conditions</u> – As reported in 4.4.5.1 , The policy on good social practices has been indicated in the “Labour Right and Ethics Policy” that is signed by the Industrial and Plantation Senior Director on 01 June 2018. The policy emphasizes on 1. Equality/ no discrimination 2. No child labour 3. No sexual harassment 4. Freedom of association . Sighted briefing for contractor workers dated 11/2/19 targeted for workers. As reported in 4.4.5.3, Sampled permanent worker payslips for Jan 19: 1. Lacham AP Munian (Sprayer) – RM1438.54 (daily rate) 2. Herman (Indonesia)(Harvester) - RM2076.00 (piece rate) 3. Sumon (Bangladesh)(Harvester) - RM2076.72 (piece rate) Payment made in accordance to Min Wage Order 2018. In March 2019 , out of 39 workers , only 1 worker did not achieved the minimum wage per month .
--	---

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA	Issue n°:	10	Page n°:	16 of 34	

	However based on the days P.Radhamani Rajoo was present , for 21 days (Feb 25 – March 25) , she was paid the correct minimum wage of RM42.31 per day As reported in 4.4.5.4 , Sampled of contractors engaged Xin Yong Tractors Earth Works and L Selvee Transport: 1. Subramaniam (JCB Driver) – Jan 19, RM2,530.05 2. Annathurai Arumugam (Transporter) – Jan 19, RM,2663.60 Based on sample , all the workers were paid based on the legal minimum As reported under 4.4.5.5 , Such record has been established as “Employee Registration Card” entailing all required details for all employees and contractors. Although Employment Contract and Appointment Letter for the workers are available . Sighted Contract Agreement for permanent workers: 1. Lacham AP Munian (Sprayer). Date joined 6/2/94 2. Indonesian Herman (Harvester). Date joined 25/11/18 3. Bangladesh Uddin Md Sumon (Harvester). Date joined 30/11/18 4. R.Radhamani a/p Rajoo (general worker) . Date joined : 1/1/2005 Some details were not clearly spelt out and as a result a MINOR non-conformity 01 was raised under 4.4.5.6 . (refer to 8.1 for the details) In addition, a MINOR NC 02 was also raised under 4.4.5.9 as it was not in line with legal regulations and collective agreements. (refer to 8.1 for the details) As reported in 4.4.5.11 Quarters are being provided for the estate workers with basic electricity and water supply The estate has started to repair the drainage system so that waste-water channeled to the main drain. They have removed the extensions and started to separate the chicken and goat ‘housing ‘ from the house compound. The carpenter was seen repairing the door during the audit. Based on the 2019 Budget about 250K is budgeted under account code G06 for various upgrade and maintenance for housing ,new housing , weighbridge , workshop etc . The labour cost required for the line-site was also budgeted. However an OBSERVATION 06 is raised under 4.4.5.11 as there was still much to be done . (refer to Section 9.3 for the details)
--	---

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA	Issue n°:	10	Page n°:	17 of 34	

	As reported under 4.4.5 13, The management of the estate is respecting the right of the workers to form or join union that is described in the documented “Labour Right and Ethic Policy” established by the management of Bukit Ijok and Merbau Estate. 11 out of all workers are union members represented by Union representative A. Marayee A/P Angamuthu (spray operator). Interview with A. Marayee showed that she is satisfied with the management However no representation for non-union workers . As a result MINOR NC 03 was raised under 4.4.5.13. (refer to Section 8.1 for the details) <u>Training and competency –</u> As reported in 4.4.6.1 , sighted training programme for 2019 during the audit FOM-P4C6/TP Rev R00. Noted in the programme several trainings have been listed taking into considerations of environment, safety, health and social aspects. Noted no training was conducted for 2019 as of the audit date. The soonest training planned was in March 2019.
Comment on Principle 5	<u>Environmental management programme –</u> As reported in 4.4.5.1 , The company has established “Environmental Policy” dated on 1st June 2018 signed by Industrial and Plantation Director, Dr. Nick Low to exhibit the commitment towards conserving and preserving environment. “Environment Management Plan” has been established through establishment of environmental objectives, identification of negative impacts from Aspect Impact Analysis, establishment of mitigation actions required for negative impacts and monitoring necessity. Addition to the Environmental Management Plan, the estate has established Continual Improvement Plan comprises of all actions planned to improve their operations in terms of all aspects such as environmental, safety, health and social. Several trainings covering environmental aspects have been planned and conducted to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives. Periodically the management will hold a meeting together with other employees to discuss on environmental issue being faced by the estate. Meeting minutes are being retained appropriately for future reference. However an OBSERVATION 07 is raised under 4.5.1.2 (see Section 9.3 for details)

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA	Issue n°:	10	Page n°:	18 of 34	

	<u>Efficiency of energy use and use of renewal energy –</u> As reported under 4.5.2.1 , the estate closely monitors the usage non-renewable energy such diesel usage and electricity. They even estimate the usage for the coming year to ensure the consumption is at optimal level and no over consumption. No renewable energy being adopted in the estate at the point of audit. <u>Waste management and disposal –</u> As reported in 4.5.3.1 , Waste sources have been identified for several types of waste such as scheduled waste from estate operation and domestic waste from labour line and office and by-products from the estate operations. Waste Management Plan was developed to ensure all wastes identified are being managed responsibly and efficiently. To provide a standard guideline and to meet the requirement of scheduled waste management, the estate has established a specific procedure for such activity. To ensure that waste management is being kept minimal, the estate practices recycle where applicable such as reusing empty chemical container for chemical mixing purpose and recycling other recyclable items. Domestic waste is being disposed at designated RORO Bin located at the linesite and being managed properly to avoid from unpleasant environment. Appointed contractor will come and collect every fortnight. However, the contractor will come should the management requested to have the rubbish collected earlier than scheduled. By-products such empty bunch and fronds being used to recycle nutrients in the field through natural decomposition. However a non-conformity MINOR 04 was raised under 4.5.3.2 for not in line with implementation and legal . (See Section 8.1 for details) <u>Reduction of pollution and emission –</u> As reported under 4.5.4 1, polluting activity assessment was done together with Aspect Impact Analysis (AIA) Assessment. Together with the analysis, the mitigation action plan of each identified polluting activities was also included in the AIA. <u>Natural water resources –</u> As reported in 4.5.5.1, Water Management Plan has been established. The plan covers assessment of water usage and sources, monitoring of outgoing water from the estate despite not having river or natural streams flow in the estate, establishment of buffer zone wherever deemed necessary by the
--	---

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA	Issue n°:	10	Page n°:	19 of 34	

	management, practicing rain water collection and recycling excess water from chemical mixing activity for the next chemical mixing purpose <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 as the assessment was done not too long before the audit date. 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 on the day of audit, hence it has yet to be carried out. Due to incomplete assessment , an OBSERVATION 08 under 4.5.6.1 (see Section 9.3 for details) <u>Zero burning practices –</u> As reported in 4.5.7.1 , 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.
Comment on Principle 6	<u>Site management –</u> As reported in 4.6.1.1, 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 land being occupied by the estate is mostly flat area. However, there were some areas that have identified as hilly areas. A proper terracing system was found to be in place. However MINOR NC 05 is raised under 4.6.1.1 as SOP was not implemented. Apart from having field block map, the physical identification on the ground was found to be available.

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA	Issue n°:	10	Page n°:	20 of 34	

	<u>Economic and financial viability plan –</u> As reported in 4.6.2.1 , Business plan has been established to demonstrate attention to economic and financial viability through long-term management planning. The past 2 years performance was reviewed. The operational plan of 2 years ahead 2020 and 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. The estate has been having replanting programme prior to this audit. However, the programme experiences few hiccups due to quotation matters. Noted that all replanting programme have been deferred to later of this year. 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> As reported in 4.6.3.1, Sighted contract agreements between the estate and appointed contractors for outsourced services such as for machinery works and FFB Transportation. 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>Subcontractor –</u> As reported in 4.6.4.1 : From all 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
Comment on Principle 7	<i>Note: the whole Principle 7 is not applicable for this audit as there is no new planting in the plantations area.</i> <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>

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA	Issue n°:	10	Page n°:	21 of 34	

	Customary land -
--	------------------

7.5 Comment on MS2530-4 Compliance Status

Not applicable for farm audit

8. Nonconformities

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

NonConformity	N° 1 of 5	☐ Major	☒ Minor
Department / Function:	Employment contract	Standard Ref.: Indicator	4.4.5.6
Document Ref.:	MS2530-3:2013	Issue / Rev. Status:	Open
Details of Nonconformity	All employees were provided with contracts that have been signed by both employee and employer, however there were difference between the local and the foreign worker's contract . A copy of employment contract is available for each and every employee indicated in the employment records.		
Evidence	Sighted Contract Agreement for permanent workers: 1. Lacham AP Munian (Sprayer). Date joined 6/2/94 2. Indonesian Herman (Harvester). Date joined 25/11/18 3. Bangladesh Uddin Md Sumon (Harvester). Date joined 30/11/18 4. R.Radhamani a/p Rajoo (general worker) . Date joined : 1/1/2005 The public holidays provided to foreign workers was different from local workers. The foreign workers contract Cuti umum showed only 10 days whereas the local contract state...<i>peruntukkan Majikan</i>		
Close-out evidence:	The estate has submitted on 10/5/19 the following Corrective Actions to address the identified minor non-conformities and was documented on an action plan and sent by the client to the auditor within 90 days for review. The actions are deemed to be satisfactory and they will be followed up at the next scheduled visit <u>Root Cause / Potential Root Cause:</u>		

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	22 of 34

	When making a foreign worker agreement, have forgotten the eligibility of foreign workers' holiday holidays <u>Correction / Remedial Action:</u> To standardize agreement between local and foreigner to leave. Every worker should be eligible for 13 days public holiday per year calendar
--	---

NonConformity	N° 2 of 5	☐ Major	☒ Minor
Department / Function:	Approval deduction	Standard Ref.: Indicator	4.4.5.9
Document Ref.:	MS2530-3:2013	Issue / Rev. Status:	Open
Details of Nonconformity	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements		
Evidence	Pay slip of all employees are available as evidence of salary payment. The pay slip contains the following information: - Total daily rated payment - Total piece rated payment - Public holiday pay - No. of Working Day - OT hours achieved and payment rate - Special Allowance Based on copies of payment evidence, noted that all workers have been fairly compensated. Pay slip of all employees are available as evidence of salary payment. The pay slip contain the following information for Madurai Veeran A/I Kathan : - Offered day : 26 days - Daily rate: 42.31 - Last Month Average: 42.31 - This moth Average: 42.31 - Gross: 2215.26 - Net RM 1928.91 Income - Normal day : 24 amount: RM 1015.44 - Normal day (overtime) 87 hrs : RM690.18 - Rest day 3 : RM253.86 - Rest day o/t 10 : RM105.78 - Days x offer: 1 - Workers underpayment : 150.00		

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	23 of 34

	- Deduction: - worker EPF 55yrs RM 65 - SOCSO Insurance (S1) 0 - Worker SOCSO A : 0 - Temple deduction: 5.00 - Cash Advance : RM200.00 - Elec coll- Tax invoice : RM16.35 Total : RM 286.35 Total income: Gross – total deduction = 2215.26 – 286.35= RM 1928.91 Employer contribution worker EPF 55y-o : RM 77 SOCSO Insurance (S1) 0 Worker SOCSO:A : RM 28.10 Deduction was done for electricity and temple . On 9/4/19 , they have submitted a letter to JTK for it's clarification , however the estate has been deducting prior to the approval from JTK
Close-out evidence:	The estate has submitted on 10/5/19 the following Corrective Actions to address the identified minor non-conformities and was documented on an action plan and sent by the client to the auditor within 90 days for review. The actions are deemed to be satisfactory and they will be followed up at the next scheduled visit <u>Root Cause / Potential Root Cause:</u> Lack of understanding on procedure matters in obtaining approval JTK on any deduction made on workers' wages <u>Correction / Remedial Action</u> The Bukit Ijok management has decided to stop the salary deduction. Pending JTK approval and to be referred to legal officer.

NonConformity	N° 3 of 5	☐ Major	☒ Minor
Department / Function:	Non-union worker representation	Standard Ref.: Indicator	4.4.5.13

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	24 of 34

Document Ref.:	MS2530-3:2013	Issue / Rev. Status:	Open
Details of Nonconformity	The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to 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.		
Evidence	11 out of all workers are union members represented by Union representative A. Marayee AP Angamuthu (sprayer). Interview with Marayee showed that she is satisfied with the management . Non- union employees have the right to organize and negotiate their work conditions However , upon checking with the 28 non-union foreign workers , there was no representation amongst the Bangladesh and the Indonesian workers although Mr Wahyu said he was appointed by the Management . The representative need to be elected amongst the workers themselves and not by the management.. No employee -employer meeting conducted as yet		
Close-out evidence:	The estate has submitted on 10/5/19 the following Corrective Actions to address the identified minor non-conformities and was documented on an action plan and sent by the client to the auditor within 90 days for review. The actions are deemed to be satisfactory and they will be followed up at the next scheduled visit <u>Root Cause / Potential Root Cause:</u> Earlier any Bangladesh or Indonesian workers issue handle by local union leader. <u>Correction / Remedial Action</u> Now two foreign workers voluntarily become workers leader and agreed by other foreign workers. 1. Wahyu – Indonesian Leader Hossain Md Moylon – Bangladesh Leader		

NonConformity	N° 4 of 5	☐ Major	☒ Minor
Department / Function:	Implementation of waste management plan	Standard Ref.:	4.5.3.2
		Indicator	

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	25 of 34

Document Ref.:	MS2530-3:2013	Issue / Rev. Status:	Open
Details of Nonconformity	Waste Management Plan DOC-P5C3/WMP was not fully implemented.		
Evidence	Identification of waste sources has been done and documented in LST-P5C3/WPS. Noted the Waste Management Plan specifies on scheduled waste management 6.3.4.1 "Scheduled Waste: a proper storage area shall be identified to keep these scheduled wastes in accordance to DOE requirement". 1. However, during site visit to labour line observed an empty lubricant container and empty paint containers were found inside Ro-Ro Bin. 2nd schedule (Notification of Scheduled Waste Generated) of Environmental Quality (Scheduled Waste) Regulation 2005 has yet to be submitted.		
Close-out evidence:	The estate has submitted on 10/5/19 the following Corrective Actions to address the identified minor non-conformities and was documented on an action plan and sent by the client to the auditor within 90 days for review. The actions are deemed to be satisfactory and they will be followed up at the next scheduled visit <u>Root Cause / Potential Root Cause:</u> Workers are unaware of the segregation of waste and chemical waste to be placed in the scheduled waste store. <u>Correction / Remedial Action</u> Conduct new training on environmental awareness to workers and waste product disposal procedure awareness training.		

NonConformity	N° 5 of 5	☐ Major	☒ Minor
Department / Function:	Soil conservation _ GAP	Standard Ref.:	4.6.1.2
		Indicator	
Document Ref.:	MS2530-3:2013	Issue / Rev. Status:	Open
Details of Nonconformity	Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.		

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	26 of 34

Evidence	Noted some areas occupied by Bukit Ijok Estate were hilly and slope areas. Observed appropriate terracing system was in place. However, during site visit to Field 2014, it was found that some of the slope areas were sprayed and lack of cover crops. This is not in accordance SOP of Soil and Water Conservation B6 issue date 1/11/08.
Close-out evidence:	The estate has submitted on 10/5/19 the following Corrective Actions to address the identified minor non-conformities and was documented on an action plan and sent by the client to the auditor within 90 days for review. The actions are deemed to be satisfactory and they will be followed up at the next scheduled visit <u>Root Cause / Potential Root Cause:</u> There were patches of woodies near hill slope, spraying carried out, this caused some cover crop to be affected by the chemical used <u>Correction / Remedial Action</u> To prevent soil erosion cover crops planted along slope area and also do slashing at slope area.

8.2. Non-Conformity Statement MS2530-4:2013 Part 4

Not applicable for farm audit

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.

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA	Issue n°:	10	Page n°:	27 of 34	

9. General Observations & Opportunities for Improvement

9.1. Positive Observations

1. PPE usage was good e.g workers in the Nursery
2. Minimum wages comply and timely payment of salary
3. Carpenter doing repair & housing upgrading in progress with removal of illegal extension
4. Union rep satisfied with Management
5. Good storage facility
6. Establishment of recycle bins

9.2. Opportunities for Improvements

- 1) Drainage in housing area need to be free flowing
- 2) House inspection records to be kept and conducted regularly to ensure maintenance , sanitation and cleanliness up to date
- 3) Livestock e.g chicken need to be contained

9.3. Observations (Part 3)

<u>Observations</u>	N° 1 of 8	☐ Major	☐ Minor
Department / Function:	Stakeholder consultation	Standard Ref.: Indicator	4.2.1.1
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	
Details	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.		
Details of Observation:	Bukit Ijok SOP Established Stakeholder Consultation and Communication Procedure Ref No BIE-PRO-P2C2/CC Rev R00 dated 1/6/18. Process flow of communication included in the procedure. Merbau SOP Established Stakeholder Consultation and Communication Procedure Ref No MRE-PRO-P2C2/CC Rev R00 dated 1/6/18. Process flow of communication included in the procedure. Stakeholder meeting done twice in 2018. Conducted on 1) 15/3/18 Neighbourhood , communities, school, temple 2) and 29/3/18 targeted for neighboring, suppliers, contractors and government bodies.		

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	28 of 34

	However the estate did not have any contribution / involvement from their own workers during the annual stakeholder meeting The meetings were conducted for both Bukit Ijok and Merbau Estates.
--	---

Observations	N° 2 of 8	☐ Major	☐ Minor
Department / Function:	List of stakeholders	Standard Ref.: Indicator	4.2.2.3
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	
Details	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained		
Details of Observation:	Stakeholder list available. Established 29/3/18. List including neighborhood, government bodies, customer, suppliers. - Government Agencies (19) such as Jabatan Perhilitan , Jabatan Haiwan ,Jabatan Alam Sekitar, PERKESO, EPF, Department of Agriculture and Jabatan Tenaga kerja - Neighbourhood (6) e.g , SRJ (T) , Ldg Bt Ijok , Ketua Kampung Bt Ijok - Customer (1) - Golconda Mill - Suppliers (8) : Perniaggan Indraputra - Workers (38) However one of their neighbouring village , Kg Parit Mahang was missing from the list .		

Observations	N° 3 of 8	☐ Major	☐ Minor
Department / Function:	Copies of laws	Standard Ref.: Indicator	4.3.1.1
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	
Details	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.		
Details of Observation:	The estate is operating in compliance with the applicable local, state, national and ratified international laws and regulations. Ref: BIE/MRE-LST-P3C1/LRR 1/6/18 , Rev 00		

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	29 of 34

	1) Local Act / Regulation / guidelines – 30 2) International / ratified laws has not been included List of the permits and licenses that need to be monitored sighted on the whiteboard
--	--

Observations	N° 4 of 8	☐ Major	☐ Minor
Department / Function:	Annual stakeholder meeting	Standard Ref.: Indicator	4.4.2.4
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	
Details	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.		
Details of Observation:	The audit team notes that the local communities has been made aware of the complaints through the stakeholder meeting conducted on 15/3/18 and 29/3/18 However their 2019 annual stakeholder meeting is planned in June 2019 and it is overdue as the last meeting was in March 2018 . Reason: due to MSPO audits		

Observations	N° 5 of 8	☐ Major	☐ Minor
Department / Function:	Appropriate PPE and safety signs	Standard Ref.: Indicator	4.4.4.2
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	
Details	d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).		
Details of Observation:	Although one activity , house repair and house restoration by the carpenter was sampled and it was not listed in the HIRARC file but was kept in other files . The PPE did not include Safety shoes A Harvester in Field 14 was not wearing his shirt and his helmet during operation		

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	30 of 34

	During site visit , there was a 'blindspot' at Field O6A where the vehicle the auditor was travelling had to avoid another vehicle
--	--

Observations	N° 6 of 8	☐ Major	☐ Minor
Department / Function:	Housing	Standard Ref.: Indicator	4.4.5.11
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	
Details	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.		
Details of Observation:	Quarters are being provided for the estate workers The estate has started to repair the drainage system so that wastewater channeled to the main drain. They have removed the extensions and started to separate the chicken and goat 'housing ' from the house compound. Based on the Budget about 250K is budgeted under account code G06 however this was not for workers linesite as it include other expenditure such as staff house, new housing , weighbridge , workshop etc . The amount for linesite was only for labour cost. Form the housing site visit, Although some of the houses were maintained well e.g Nila a/p Gopalu was well maintained (clean house and kitchen and toilet) yet some issues like were sighted in other location /samples: 1) Missing window panes 2) Clogged main drains with weeds 3) Domestic waste management (behind the housing) 4) Rain gutter 5) Locks on doors 6) Bare ground and possible erosion 7) Appropriate clothes hanging area 8) Wandering chickens The estate has not provided an inspection on what needs to be upgraded repaired to ensure that sufficient funds can be channeled and approved .		

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	31 of 34

Observations	N° 7 of 8	☐ Major	☐ Minor
Department / Function:	EMP	Standard Ref.: Indicator	4.5.1.2
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	
Details	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations.		
Details of Observation:	Environmental objectives were sighted from Environmental Management Plan, Doc-P5C1/EMP. However, the objectives identified were found to be vague. The management may want to specify each of the objective to become more specific, measurable, attainable, realistic and timely.		

Observations	N° 8 of 8	☐ Major	☐ Minor
Department / Function:	High biodiversity value habitats	Standard Ref.: Indicator	4.5.6.1
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	
Details	Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover: a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.		
Details of Observation:	Observed the estate appointed SRZ Corporation Services as consultant to published biodiversity report for all southern estate. The consultant visited the estate on 5/2/2018. As the day of audit, the estate was only provided with draft report. The consultant has yet to return with the finalised audit report. Noted from the report, the biodiversity assessment was only done for Mammalians, Reptilians, Amphibians and Avifauna. No evidence of assessment has been done for floral species.		

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	32 of 34

9.3. Observations (Part 4)

Not applicable for farm audit

Appendix 1: Multi –Site Address List

Not applicable as this is a single site audit

Site name / Address	Audit Dates	Activities at this site
-	-	-

Appendix 2: List of Stakeholders Contacted

Stakeholders Details	Relationship	Stakeholder's Input / Comments	Clients Feedback / Response
Stakeholder's name and designation if any	e.g. contractors, local community, authority etc.	Comments given by stakeholder	Response by auditee
Harvesters	Contractor harvester	Housing no issue Payment no issue	Not required
Mr Gunaseelan , Hospital Assistant	Internal Stakeholder Hospital Assistant	Sufficient medical items , housing inspection done	Not required
Nila a/p Gopalu	Internal Stakeholder, worker	Housing is good	Not required
A. Marayee A/P Angamuthu	Union representative	Pay, rates , OK Estate support Union .	Not required
Madurai Veeran a// Kathan	worker	O/T calculated correctly	Not required
A.Sivanathan	External stakeholder. Teacher SJK (Tamil) Bukit Ijok	Estate is supportive, provide stationeries, grass cutting , road	Not required

Appendix 3: MPOB License

Estate/Mill	MPOB License Number	Scope	Expiry Date
BUKIT IJOK ESTATE	508871502000	Menjual dan Mengalih	30/06/2019
BUKIT IJOK ESTATE	506715711000	Nursery	30/11/2019

Appendix 4: Acknowledgement of Internal Responsibility and Formal Sign-off Assessment Findings

SGS (Malaysia) Sdn Bhd and client acknowledge and confirms acceptance of the Report contents and including the assessment findings. SGS (Malaysia) Sdn Bhd and client accept the responsibility for addressing the opportunities of improvement detailed in this report.

Signed on behalf of SOUTHERN REALTY (MALAYA) SDN BHD – Bukit Ijok Estate	Signed on behalf of SGS (Malaysia) Sdn Bhd
Name: Position : Date :	 Name: James S H Ong Position: Lead Auditor Date : 14/05/19

-End of Report-

Job n°:	MY05328	Report date:	120419	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304 (MY05328) SOUTHERN REALTY (MALAYA) SDN BHD- Bukit Ijok Estate MSPO MA		Issue n°:	10	Page n°:	34 of 34