

Malaysian Sustainable Palm Oil (MSPO) Summary Report

Organization:	Delloyd Plantation Sdn. Bhd. (336929-X)		
Address:	Estate Location Address: Sungei Rambai Estate, Batu 9, Jalan Rawang, 45600 Bestari Jaya, Selangor Darul Ehsan, Malaysia Head Office Address: Lot 33004/5, Jalan Kebun, Kampung Jawa, 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. Lim Ee San – Estate Manager Tel (t)- +6019 5742 424 Email (e): eslim5284@yahoo.com Mr. Zulfikri Lani – Head QMS Department Tel (t) - +6019 2098 372 Email (e) – zulfikri_lani@delloyd.com		
Site(s) audited:	Sungei Rambai Estate	Date(s) of audit(s):	19 th April 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):	1470.82 ha
Visit Certification Assessment:	Main Assessment (Stage 2)	Number of Sites:	1 estate
Lead auditor:	Afiq Othman	Additional team member(s):	Mohd Saifuddin Rozlan
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 **Delloyd Plantation Sdn. Bhd. – Sungei Rambai 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 1 audit day (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
19 th April 2019	A.M	ALL	Audit Team arrive at Sg Rambai Estate	Estate Management Key Persons
	0830		Opening Meeting	
	0900		Safety briefing by Sg. Rambai Estate & brief introduction of Sg. Rambai Estate	
			Opening slides by SGS Team	
	0900-1230		<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 1230-1430		Lunch Break & Friday Prayer	
	1430-1600		Continue Audit – Documentation Review	
	1600-1630		Audit Closing Meeting	
	1730		Depart from Sg Rambai Estate	

4.3. Certification Body

Auditor	Role	Qualification, Education, Working Experience.
Afiq 'Aliyyuddin Othman	Lead Auditor (Principle 2, 3 & 4)	- 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
Mohd Saifuddin Rozlan	Auditor (Principle 1, 5, 6 & 7)	- MSPO Certified Lead Auditor - Bachelor of Forestry (Wood, Fibre and Technology) - 6 years experiences working for SGS as Lead Auditor (FSC, PEFC, ISCC & MSPO)

4.4. Audit Planning Matrix

		Visits:	MA (Stg 2)	SA1	SA2	SA3	SA4
		Dates:	19/4/2019				
Area / Department / Process / Function	Auditor(s):	1. Afiq Othman 2. Mohd Saifuddin Rozlan					
	Standard						
Sungei Rambai 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.

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 5 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
Sungei Rambai Estate	Batu 9, Jalan Rawang, 45600 Bestari Jaya, Selangor Darul Ehsan, Malaysia	N 3°20'44.2" E 101°22'04.0"

Table 1: Address and Coordinates of Estate

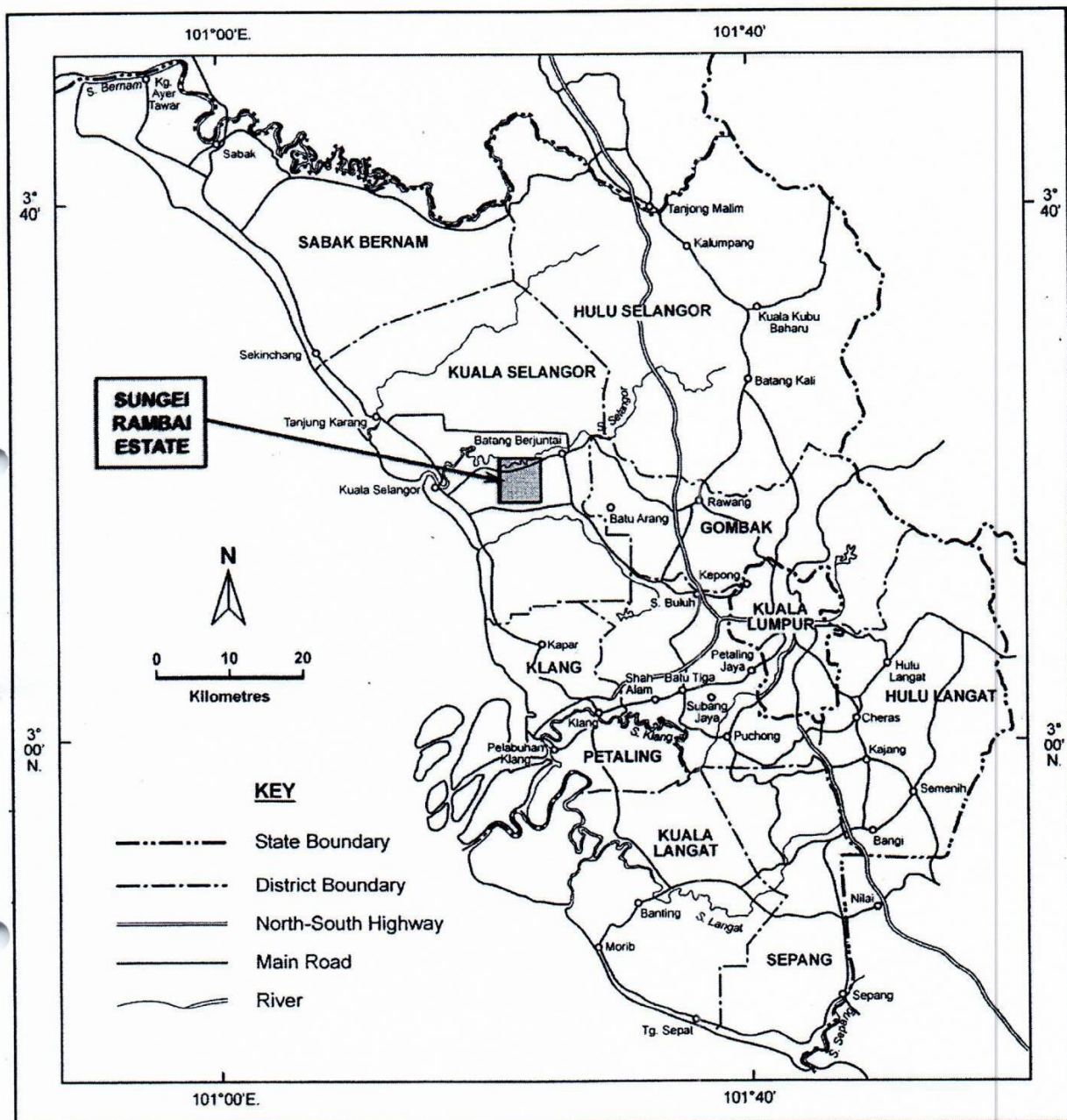


Figure 1: Estate Map

Description of the supply base

The Company Delloyd Plantation Sdn. Bhd. is the subsidiary company of the Holding Company namely Delloyd Ventures Sdn. Bhd. located in Klang. It has a single estate in Malaysia namely Sungei Rambai Estate located in Bestari Jaya, Selangor. The estate was acquired by Delloyd Plantation Sdn. Bhd. on 17th August 1999 from New Selangor Plantations Sdn. Bhd. Currently the estate has a total planted area of 1413 ha of oil palm. Comprising of 1163 ha of mature area and 250 ha of immature area. It does not have mill of its own and the crop is mainly sold to Tuan Mee POM and small portion to small collectors.

Estate	FFB Production (MT)	
	Period:	
	Actual FY (2017/2018)	Estimated (FY 2018/2019)
Sungei Rambai Estate	32,905.17	31,051.00
TOTAL FFB Produced	32,905.17	31,051.00

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			
Sungei Rambai Estate	1470.82	250	1163	0	0	57.82
TOTAL	1470.82	250	1163	0	0	57.82

Table 3: Hectarage 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> Policy was established which showed the commitment to continual improvement and MSPO implementation cover sustainability, safety & health and environmental. <u>Internal Audit –</u> Internal audit procedure was available and being conducted annually. Internal audit report was well maintained. All root cause for non-conformities was identified and determined corrective action has been taken. <u>Management Review –</u> Internal audit report was reviewed by top management. Top management reviewed the progress for each corrective action for non-conformities raised. <u>Continual Improvement -</u> “Continual Improvement Plan” was available consist of social and environment impact and opportunity of the company.
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. Apart from stakeholder meeting, engagement through Social Impact Assessment was also done to communicate necessary information. Noted the estate had also sent out memo to its contractors pertaining MSPO implementation. Annual Report published by Delloyd Plantation Sdn Bhd for financial year ended on 31 March 2018. The annual report for the previous year has yet to be published since the FY ended on March 2019. The report will be communicated to stakeholders upon request. 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 Consultation and Communication with The Relevant Internal and External Stakeholders. Also established, procedure for Handling Request for Information and/or Document from Stakeholders A Sustainability Management Team Member for Social, Stakeholder Complaints, Grievances and Request of Information was appointed by Estate Manager to be responsible of consultation and communication with relevant stakeholders. Relevant stakeholders have been identified by establishing lists of stakeholders categorizing neighbours, statutory bodies, Government depts. Contractors, suppliers and buyers. As of the date of audit, no specific complaint was recorded. Stakeholder Consultation Form were filled by interviewed stakeholders during SIA such as smallholders, neighbouring plantations, school, workers and suppliers and contractors. All communication records such as Stakeholder Consultation Forms resulted from the SIA are being retained appropriately. <u>Traceability –</u> The company has established traceability system. Based on records reviewed, it shows that the estate is implementing traceability system as per established procedure. Unique responsibilities have been assigned to each station. Hence the system is being monitored and implemented continuously. Daily monitoring will be done by either estate manager or assistant. They will verify the records of delivery from the security guard. Personnel was appointed (Estate Staff) by Estate Manager to ensure that the SOP is being implemented accordingly. The appointed personnel will record all information pertaining traceability as part of continuous monitoring. Noted all records of sales, delivery or transportation are being maintained appropriately.
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 29/1/19. Ever since the establishment. The estate has been maintaining and updating the legal register. Sighted MPOB licenses (refer appendix 2 for detail of license) and other several licenses and permits. The Estate Manager himself was appointed by Group Management Director as personal in charge for MSPO related matters which is including monitoring of legal compliance. <u>Land use rights –</u> The estate managed to present all 19 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 estate occupies an area of 1470.82461 ha as per land title. Sighted a boundary marker has been installed. According to boundary marker map sighted, 14 markers were installed. Noted the operations of estate does not diminish other land users right. The estate has clearly demarcated the area either by trenches or roads. <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 the estate management. It was done to identify positive and negative impacts. Every feedback is being recorded and addressed accordingly by the estate management. Among questions asked in the form were: - Access and rights - Economic livelihood - Subsistence activities - Cultural and religious values - Health and education facilities - Other community values - Contract payments - Legal aspects - Environmental issues - Safety and health issues. Negative and positive impacts have been identified from the Social Impact Assessment. Mitigation has been developed to mitigate negative impacts identified at the same time to promote the positive ones. Mitigation Plan – Available. The plan was meant to mitigate negative impacts and to promote positive impacts identified. The progress of the mitigation measures is being monitored through Continual Improvement Plan (CIP) developed for each of the mitigation measure. <u>Complaints and grievances –</u> Procedure for Handling Request for Information and/or Document from Stakeholders has been established dated 15/10/18 and also established Complaint and Grievance Resolution Procedure. Complainants may opt to use the estate's "Borang Aduan/ Tidak Puas Hati" to register their complaint. Eventually the records of complaint will be summarized into "Complains/ Grievances" log book. Noted from the log book no complain has been made as of the audit day.

	Based on the Complaints and Grievance Resolution Procedure, noted that any grievance should be resolved within 3 months period. Should the issue could not be closed by the estate management, the estate shall escalate it to the director or labour court. Sighted “Borang Aduan/ Tidak Puas Hati” available. The forms were made available by placing them in front of the office. Based on the Stakeholder Consultation Form records, showed that the usage of “Borang Aduan/ Tidak Puas Hati” form has been explained to employees. The mechanism has been communicated to the internal stakeholders including contract workers working in the estate. Evident from “Empty Chemical, Spraying DID, Aduan Form” briefing dated 28/2/19. The briefing was conducted by Mr. Subramaniam. As for external stakeholders it was communicated during Social Impact Assessment. It can be seen from Stakeholder Consultation Form dated 1/10/18. <u>Commitment to contribute to local sustainable developments –</u> The estate management has been actively helping and contributing to the local communities in vicinity. It was found that all Corporate Social Responsibility Records are being maintained well by the estate managements. <u>Employees health and safety –</u> Policy established “Sustainability, Safety, Health and Environmental Policy dated 28/11/18 signed by Group Managing Director, Dato’ Leon Tee Wee Leng. This policy is being displayed at office and guard post as part of communication. 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 carried out and documented. Among activities assessed in the HIRARC were Pest and Diseases, Harvesting, Manuring and other non-operational activities. CHRA Report available in the estate as a documented result of the assessment. the assessment was carried out by DOSH licensed assessor. 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. Sighted “Prosedur Kerja Selamat: Penerimaan, penyimpanan, Pemindahan, Pengendalian, dan pelupusan bahan kimia berbahaya” dated
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	15/10/18, “Tapak Semaian Kelapa Sawit (Nursery) dated 15/11/18 and “Menabur Racun Pepejal” dated 15/10/18 were available in the estate. 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 January 2019. Sighted ERP for Fire Outbreak, Oil/ Chemical Spillage and Accident. 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 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. Accident Record, JKPP 8 for 2018 has been submitted to JKPP through MYKKP and received by JKPP on 30/1/19. Noted from the form 8 cases of occupational accident were reported. No JKPP 6 or 7 cases reported for year 2018. No accident case reported in 2019 as of the audit date. <u>Employment conditions –</u> A policy namely “Human Rights Policy” has been established to ensure the company is operating on good social practices. The policy emphasizes on commitment towards no force labour, no child labour, to comply with regulations on employment, no sexual harassment, no discrimination and Freedom of Association. The policy was communicated to both internal and external stakeholders. Based on observation and interview session noted that no discriminatory practices in the estate. In the policy mentioned above sighted “we do not tolerate any form of discrimination during hiring or employment with us” 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 contractors engaged to ensure they are paid based on legal or industry minimum standards. The management has established records that provide an accurate account of all employees namely. It is being used to entail all required details for all employees and contractor workers. 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 using punch card system. OT
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	given to workers under estate direct employment and compensated accordingly. Among other social benefit offers by the employer are free outpatient medical treatment from the estate's clinic, free accommodation, subsidised water and annual bonuses. During the site visit to the accommodation provided by the employer, observed that major upgrade of labour quarters has been done. 22 new blocks equivalent to 44 units houses were built for the workers. The workers are being relocated gradually to the new housing. The management explained that there are more works to be done around the new housing area. All planned activities have been included into their Continual Improvement Plan (CIP) and expected to be completed by end of 2019. None of the workers are union members. However, the estate management has shown their respect towards freedom of association through its Human Rights Policy. 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. The training plan is being carried out accordingly
Comment on Principle 5	<u>Environmental management programme –</u> Environmental Plan and Policy were made available. Negative and positive impacts were identified. Training is being carried out according to Environmental Plan established. Management and employees regularly conduct meeting to discuss on environmental issues. <u>Efficiency of energy use and use of renewal energy –</u> Record of non-renewable energy was assessed by the company for diesel/petrol/electricity. However, reviewed the diesel records, contractor consumption was not included the records. As to date, the estate did not identify the renewable energy use. <u>Waste management and disposal –</u> All waste products and sources of pollution were not categorized by type of waste. The waste disposal implementation was not according to the waste management plan. SOP developed for used chemical for safe handling, storage and disposal was not adequate to meet the Environmental Quality (Scheduled Waste) Regulation 2005 requirements. All empty pesticide containers were disposed as SW. During the audit, it was found that SW is not being stored according to the Schedule Waste regulations. Observed actual waste management implementation was not according to waste management plan established.

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	<u>Reduction of pollution and emission</u> – Assessment for identified pollution and emission was available. Action plan was for reduction of pollution and emission was identified and being implemented accordingly. <u>Natural water resources</u> – Water management plan was established however did adequate to fulfil the requirements of this standards. All record and implementation was available example: water usage, water analysis record, etc.). Water harvesting was practices example site drains) <u>Status of rare, threatened or endangered species and high biodiversity value area</u> – Biodiversity Report V1.2 was available produced by external consultant which identified all species for fauna and flora within the estate compound. Signage for discouraging for any hunting or fishing was available. Monitoring for biodiversity area was established. <u>Zero burning practices</u> - Visual inspection for last year re-planting no evidence of burning techniques was use. Work instruction to the contractor also indicate all previous crop must be felled, chipped and mulched.
Comment on Principle 6	<u>Site management</u> – 19 SOP and Safety procedures was available to ensure the estate operation is according to the best practices. <u>Economic and financial viability plan</u> – Estate Operating Budget was available which consist of minimum 2 years of projection and 2 years' review performance. <u>Transparent and fair pricing dealing</u> – Pricing is based on MPOB Pricing Guidelines and OER of POM. <u>Subcontractor</u> – The estate was appointed several subcontractors (Harvesting, Loading, etc.). Reviewed the contract was indicate special clause for MSPO. Both parties were signed the contract which showed their commitment to very terms and condition in the contract agreement. Every payment to the subcontractor was based on online banking and evidence of payment was made available.
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> – <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 5	☐ Major	☒ Minor
Department / Function:	Principle 3, Regulatory requirements	Standard Ref.:	4.3.1.3
Document Ref.:		Issue / Rev. Status:	Open (Due by 18 th January 2020)
Details of Nonconformity:	The legal requirements register was not updated to include new regulations coming into force.		
Objective Evidence:	The legal register was last updated on 29/1/19. However, from the legal register noted that few new requirements such as Minimum Wages Order 2018, Employment Insurance System (EIS) and MAPA new agreement were not added to the register despite the requirements have been complied with.		
Root Cause Analysis:	Some of the new Regulations in the form of Acts and Orders which came into force in 2018 and 2019 were inadvertently excluded from the Legal Register dated 29.01.19.		
Correction & Corrective Action:	Correction: The legal register has been updated to include new requirements such as Minimum Wages Order 2018, Employment Insurance System (EIS) and MAPA new agreement. Corrective Action: The legal register to be reviewed minimum of half yearly and/or once received the updated / new requirement. To establish Legal Register Monitoring Schedule Plan.		

Non-Conformity	N° 2 of 5	☐ Major	☒ Minor
Department / Function:	Principle 4, Employees safety and health	Standard Ref.:	4.4.4.2
Document Ref.:		Issue / Rev. Status:	Open (Due by 18 th January 2020)
Details of Nonconformity:	b) Not all risks of operations were assessed and documented. f) New appointment letters of responsible person(s) for workers' safety and health were not issued.		

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Objective Evidence:	1. HIRARC has been carried out and documented. Among activities assessed in the HIRARC were Pest and Diseases, Harvesting, Manuring and other non-operational activities. However, it was found that nursery and replanting activities were not risk assessed despite having such activities in the estate. 2. Based on the assessment report, the assessor justified in Form F of Pest Control Operators "The health surveillance is not necessary as the chemical used are not listed in Schedule 2 of USECHH Regulation 2000". However, when further reviewed the said regulation, "pesticide" is actually listed the Schedule 2 of the regulation. 3. Appointment letter of OSH Committee. OSH committed consists of 6 Management reps and 9 worker reps. All appointment letters were available. Sampled appointment letters for Mr. Subramaniam (mgt rep) and Muhir (worker rep) dated 19/3/2016. However, the appointment letters were only valid for 2 years. A new appointment letter has yet to be issued to the OSH Committee.
Root Cause Analysis:	1. The risks of Operations pertaining to Nursery and Replanting activities were not assessed and documented due to inadequate understanding of the requirements and also was not highlighted in the initial auditing carried out on 23.01.2019. 2. New Appointment letters to OSH Committee members were not issued due to an oversight.
Correction & Corrective Action:	Correction: Corrective Action: 1. HIRADC to be reviewed in ONCE per year and/or once NEW or REVISED process are involved in Estate activities and will put as one of SAFETY COMMITTEE meeting agenda. 2. SAFETY COMMITTEE to establish SAFETY ACTIVITIES MASTER PLAN and include the SC Appointment Letter Renewal as one of the activities.

Non-Conformity	N° 3 of 5	☐ Major	☒ Minor
Department / Function:	Principle 5, Waste management	Standard Ref.:	4.5.3.2
Document Ref.:		Issue / Rev. Status:	Open (Due by 18 th January 2020)
Details of Nonconformity:	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: Identifying and monitoring sources of waste and pollution Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products		
Objective Evidence:	<u>Area</u> Store <u>Major waste identified</u> Discarded PPE equipment's <u>Handling methods</u> To be Collected, grouped and kept in waste store according to type of materials		

	<u>Disposal plan/ mode</u> To be sold to recycler/collector as and when enough quantities are accumulated. During site inspection at landfill and premixing area, observed the used PPE was dump in landfill and dustbin which not according to the above management plan <u>Area</u> Office <u>Major waste identified</u> Expired fluorescent tubes, bulb, energy saving bulbs and other lighting materials <u>Handling methods</u> To be wrapped with multi-layers of newspaper and placed in thick plastic bag with label of "Bahaya" before hand over to garbage collector <u>Disposal plan/ mode</u> To be buried separately in dug pits (Hazardous Pit) which are deeper than pits use for general garbage at landfills. Reviewed the waste management plan above was not according to Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974. License or permit must be acquired for dump any SW in the landfill.
Root Cause Analysis:	1. The used and discarded PPE was dumped in Landfill instead of being collected and kept in the Waste store before being disposed due to lack of sprayer / manure awareness regarding proper handling of damaged PPE. 2. The handling and disposal method for used Expired Fluorescent tubes and other lighting materials were not stored and disposed according to DOE requirements. 3. No training pertaining to Schedule Waste Awareness were provided to the persons collecting rubbish and disposing expired lighting materials.
Correction & Corrective Action:	Correction: 1. Damaged PPE at Landfill collected and stored as SW at SW store and put a warning signage at Landfill 2. Conduct Schedule Waste Awareness to the related persons. Corrective Action: 1. <u>Store area</u> All major wastes Discarded PPE has been collected, grouped and kept in waste store according to type of materials and will be disposed according to legal requirements. Training has been provided to Store staff on storage and disposal requirements. Persons who are collecting rubbish to be dump in landfill have been trained not to dump used/discarded PPE in landfill. 2. <u>Office Area</u> The handling and disposal method for used Expired fluorescent tubes, bulb, energy saving bulbs and other lighting materials have been revised from Waste Management Plan. Such items will be store and disposed according to DOE requirements. Training will

	be provided to person handling disposal of such items. It will not be buried or disposed of in landfill
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Non-Conformity	N° 4 of 5	☐ Major	☒ Minor
Department / Function:	Principle 5, Waste management	Standard Ref.:	4.5.3.3
Document Ref.:		Issue / Rev. Status:	Open (Due by 18 th January 2020)
Details of Nonconformity:	The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.		
Objective Evidence:	Reviewed documented above was not adequate as accordance to Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974. During site inspection on schedule waste store, no date generated, bunds to prevent leakage to environment, label accordance to types specified in Third Scheduled and schedule waste code accordance to First Schedule.		
Root Cause Analysis:	1. There were no Records of Schedule waste quantity and the Date generated. 2. The Schedule waste were not labelled as required under Third Schedule and the schedule waste code accordance to First Schedule. 3. Bunds were not created to prevent leakage. 4. No Training were provided to schedule Waste employees on record keeping, storage and label of Schedule wastes.		
Correction & Corrective Action:	Correction: 1. The schedule waste store has started keeping records of schedule waste quality and date generated. 2. The Schedule Waste has been labelled accordance to types specified in Third Scheduled and schedule waste code accordance to First Schedule 3. Bunds has been constructed to prevent leakage 4. Training has been provided to Schedule Wastes employee on record keeping, storage and label of schedule wastes. Corrective Action: 1. Establish Scheduled Waste Recording SOP and Monitoring records / Log Book 2. Establish SW Labelling SOP 3. Training has been provided to Schedule Wastes employee on record keeping, storage and label of schedule wastes.		

Non-Conformity	N° 5 of 5	☐ Major	☒ Minor
Department / Function:	Principle 5, Waste management	Standard Ref.:	4.5.3.5
Document Ref.:		Issue / Rev. Status:	Open (Due by 18 th January 2020)
Details of Nonconformity:	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.		
Objective Evidence:	Observed the recycled material and Scheduled Waste were dumped into the landfill.		

Root Cause Analysis:	1. The Signage indicating 'NO RECYCLEABLE IS ALLOWED' was not placed at the Landfill 2. The 3R training was not provided for workers handling the domestic waste at Landfill.
Correction & Corrective Action:	Correction: Corrective Action: 1. Signage has been placed at landfill that recyclable material and schedule wastes cannot be dump in landfill 2 Training has been provided to workers handling, collecting and dumping of waste in landfill

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°:	MY05245	Report date:	7 th May 2019	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL		Document:	GS0304	Issue n°:	10	Page n°:	19 of 23

9. General Observations & Opportunities for Improvement

9.1. Observations

OBS #	Indicator	Observation/Opportunity for Improvement					
OBS 01	4.4.4.1 & 4.4.5.1	Date Recorded>	19 April 19	Due Date>	-	Date Closed>	-
		Details:					
		An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.					
		Noted the policy was communicated to the workers on 6 & 7 March 2019. It was evident only from pictorial evidence showed by the estate staff. However, no attendance was evident that such communication has been carried out. Further verified during site visit to spraying activity, workers were interviewed and asked regarding Company Policies. It was found that a worker was not aware of the company policies only because he was on Medical Leave during the briefing was conducted. The company may want to consider to established attendance records as part of evidence.					

OBS #	Indicator	Observation Detail			
OBS 02	4.5.2.2	Date Recorded>	19 Apr 19	Date Closed>	-
		Details:			
		The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.			
		Observation:			
		Diesel for external was not identified in the budget vs actual report for 2018.			

OBS 03	4.5.3.1	Date Recorded>	19 Apr 19	Date Closed>	-
		Details:			
		All waste products and sources of pollution shall be identified and documented.			
		Observation:			
		Reviewed the "Wastes and Waste Products Identification and Disposal Plan for Estates" was identified all waste regenerated at field but did not categorize the waste type (e.g.: recycled waste, schedule waste, domestic waste, clinical waste, etc).			

OBS 04	4.5.5.1	Date Recorded>	19 Apr 19	Date Closed>	-
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		Details:
		The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a) Assessment of water usage and sources of supply. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities. c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). d) Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all-natural waterways within the estate. e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented. f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.
		Observation:
		"Water Management Plan" was established which did not covered: a) Water usage b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities. c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). d) Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all-natural waterways within the estate. However, no clear identification of demarcation of buffer zones according to the Water/Environment Management Plan

Appendix 1: List of Stakeholders Contacted

Stakeholders Details	Relationship	Stakeholder's Input / Comments	Clients Feedback / Response
Maznu, Meialgan and Abdul Wahid	Contract workers working in the estate	- Accommodation is being provided for the workers. The workers are free to choose whether to stay in the estate or own accommodation - The workers are happy with the newly built quarters by the estate - Adequate trainings on operational activities have been given - PPE provided by the estate management for free - No issue with salary payment. Salary is either paid on the 7th of every month or earlier if 7th falls on Sunday.	Noted by the management
Jaganathan Morthiah (HSLK Enterprise)	Contractor for harvesting work	- Has been dealing with the estate for 8 months as of the audit date. - Contract agreement between the estate and the contractor has been signed. Valid for 3 years. - The estate pays the contractor consistently on 5th of every month	Noted by the management

		- Happy with the estate management	
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Appendix 2: MPOB License

MPOB License Number (Mill/ Estate)	Scope of Activity	Expiry Date
<u>Sungei Rambai Estate</u>		
503370802000	Menjual dan mengalih FFB	31/8/2019
53167511100	Menghasil/ Menjual/ Menyimpan SLGBIJI	31/7/2019

-End of Report-