

Management System Certification Audit Summary Report

Organization:	Sarawak Oil Palms Berhad – Sabaju Palm Oil Mill		
Address:	<u>Head Office</u> Sarawak Oil Palms Berhad No. 124-126, Jalan Bendahara 98000 Miri <u>Mill Address</u> Sarawak Oil Palms Berhad Sabaju Palm Oil mill Block 14, Lavang Land District Lot 2, 97000 Bintulu		
Standard(s):	MS2530-3 and MS2530-4	Accreditation Body(s): STANDARDS MALAYSIA	
Representative:	1) Mr Galau Melayong, Head of Sustainability (SOPB) 2) Mr Lau Puong Chiang, Snr Mill Engineer 3) Mr Jacky Teo, Snr Estate Manager 4) Mr Crispian, S&H Manager 5) Aida Lydia, Joyce Yiek, Environmental Officers (HQ) 6) Estate Managers, Asst Managers, Field and Office Personnel		
Site(s) audited:	As per address above	Date(s) of audit(s):	18-22/12/17
Visit Type:	MA		
Lead auditor:	James S H Ong	Additional team member(s):	Mr Dickens Mambu & 2 team members appointed by SGS Sarawak : Elizeberth Jenggi Michael Entalai
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 certification

Production of FFB , CPO and Palm Kernel in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3 and MS2530-4:2013 Part 4

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The audit covered the **MS2530-3:2013 Part 3 and MS2530-4:2013 Part 4** requirements .

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

☐ Yes

☒ No

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

☒ Yes

☐ No

3. Current audit findings and conclusions

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

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

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

Number of nonconformities identified: 19 Major 5 Minor

(for both **MS2530-3:2013 Part 3 and MS2530-4:2013 Part 4**)

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

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

4. Previous Audit Results: 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.

5. Audit Findings

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

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

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

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

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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

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

6. Significant Audit Trails Followed

The specific processes, activities and functions reviewed are detailed in the Audit 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:

Background of Company / Holding

The Company, Sarawak Oil Palms Berhad (SOPB) Overview

SOPB started out as a joint-venture between the Commonwealth Development Corporation (CDC) and the Sarawak State government in 1968 to pioneer the commercial planting of oil palms in the state with an initial land area covering 4,600 hectares of oil palm plantation under the name of Sarawak Oil Palms Sendirian Berhad (SOPSB) before the group changed to its name to SOPB officially in 1990.

SOPB is involved primarily in the cultivation of oil palms and the operation of palm oil mills.

SOPB was listed on the Bursa Malaysia in August 1991. In June 1995, Shin Yang Plantations Sdn. Bhd. (SY Group) bought over CDC's entire share in SOPB of 25%. Presently, SY Group together with Pelita Holdings Sdn. Bhd., an investment arm of the Sarawak State Government involving in property, urban development and plantation remain as the two substantial shareholders of SOPB with shareholding of 37.5% and 28.5% respectively.

SOPB Group has since then expanded its land bank to over 119,000 hectares, with 87,000 hectares planted with oil palm trees in Sarawak. Oil palm plantation and the production of crude palm oil and palm kernels will continue to remain as the sole core business of SOPB Group.

1. Plantation Overview

The audited estates are under SOP Plantations (Kemena) Sdn Bhd and SOP Plantations (Sabaju) Sdn Bhd. All the audited estates are located in Bintulu area - refer to the map.

The table below shows the first planting years for all the audited estates:

Estate	First Year of Planting
Sabaju 1	2007
Sabaju 2	2008

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Sabaju 3	2010
Sabaju 4&5	2010
Sebungan	2007
Kuala Tatau 1	2007
Kuala Tatau 2	2007

2. Milling Overview

The company owns 7 palm oil mill which processed both sustainable and non-sustainable FFB.

The two main products of our mills are CPO and PK.

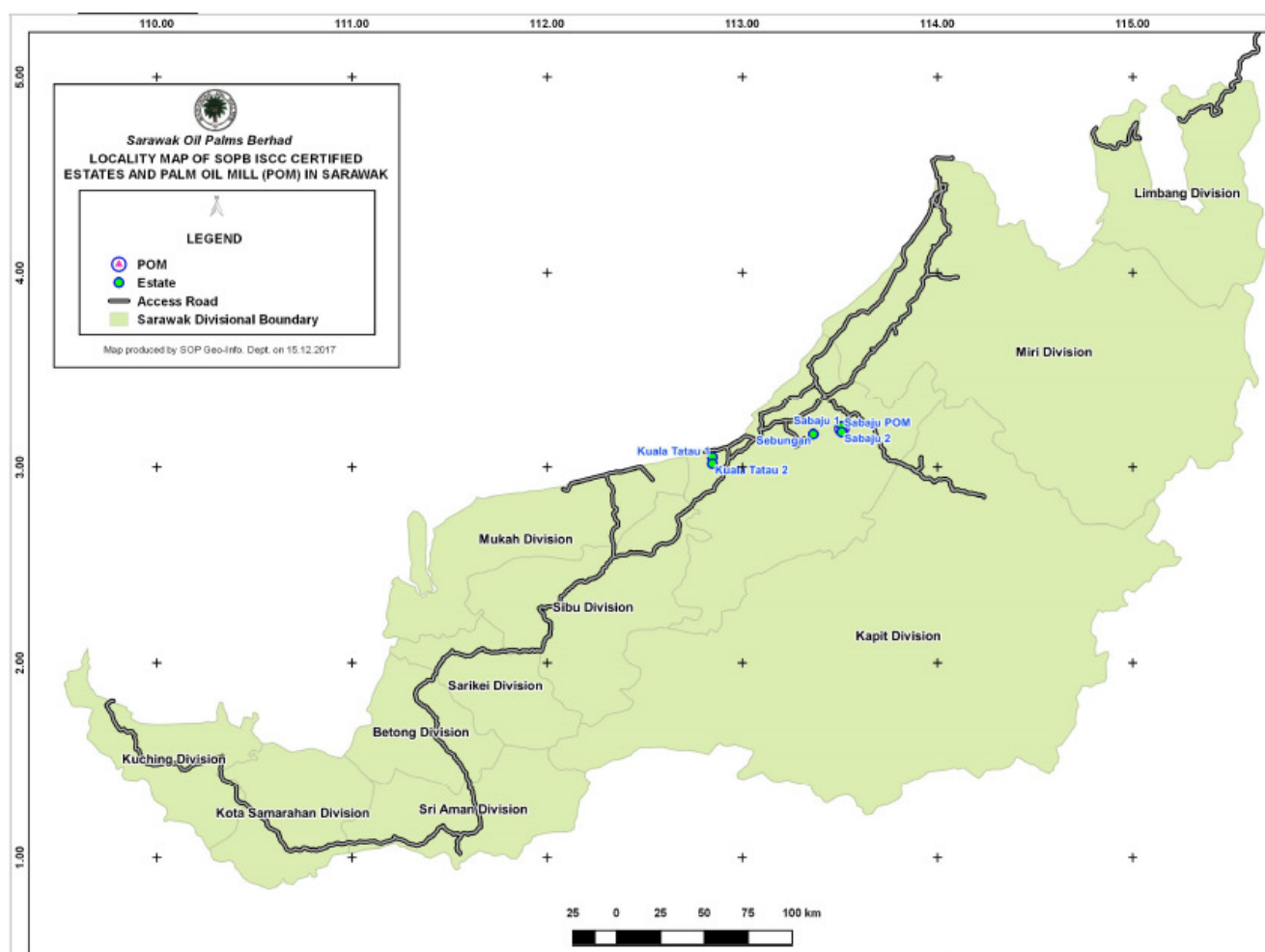
Location and Maps

All the audited estates are located in Bintulu area - refer to the map.. The Goup of 7 estates (see above) cover a total agriculture land area of **14,372.11 hectares**. More detailed information on the estates location and layouts is shown in **Figures 1-5**. The GPS locations of the mill and the 7 estates are shown in **Table 1**.

Table 1: Mill and Supply Base GPS Location

	Mill/Supply Base	Latitude	Longitude
Mill	Sabaju Palm Oil Mill	N 3° 11' 49.3"	E 113° 30' 33.0"
1	Sabaju 1 Estate	N 3° 12' 33.1"	E 113° 30' 37.3"
2	Sabaju 2 Estate	N 3° 10' 48.3"	E 113° 30' 35.7"
3	Sabaju 3 Estate	N 3° 11' 42.4"	E 113° 28' 55.8"
4.	Sabaju 4&5	N 3° 10' 5.5"	E 113° 27' 4.1"
5.	Sebungan	N 3° 10' 10.9"	E 113° 21' 51.4"
6.	Kuala Tatau 1	N 3° 01' 8.9"	E 112° 50' 48.0"
7	Kuala Tatau 2	N 3° 03' 12.3"	E 112° 50' 51.0"

Figure 1: Location Map for Sabaju POM and supply base



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Figure 2 : Location Map of estate audited: Sabaju 1

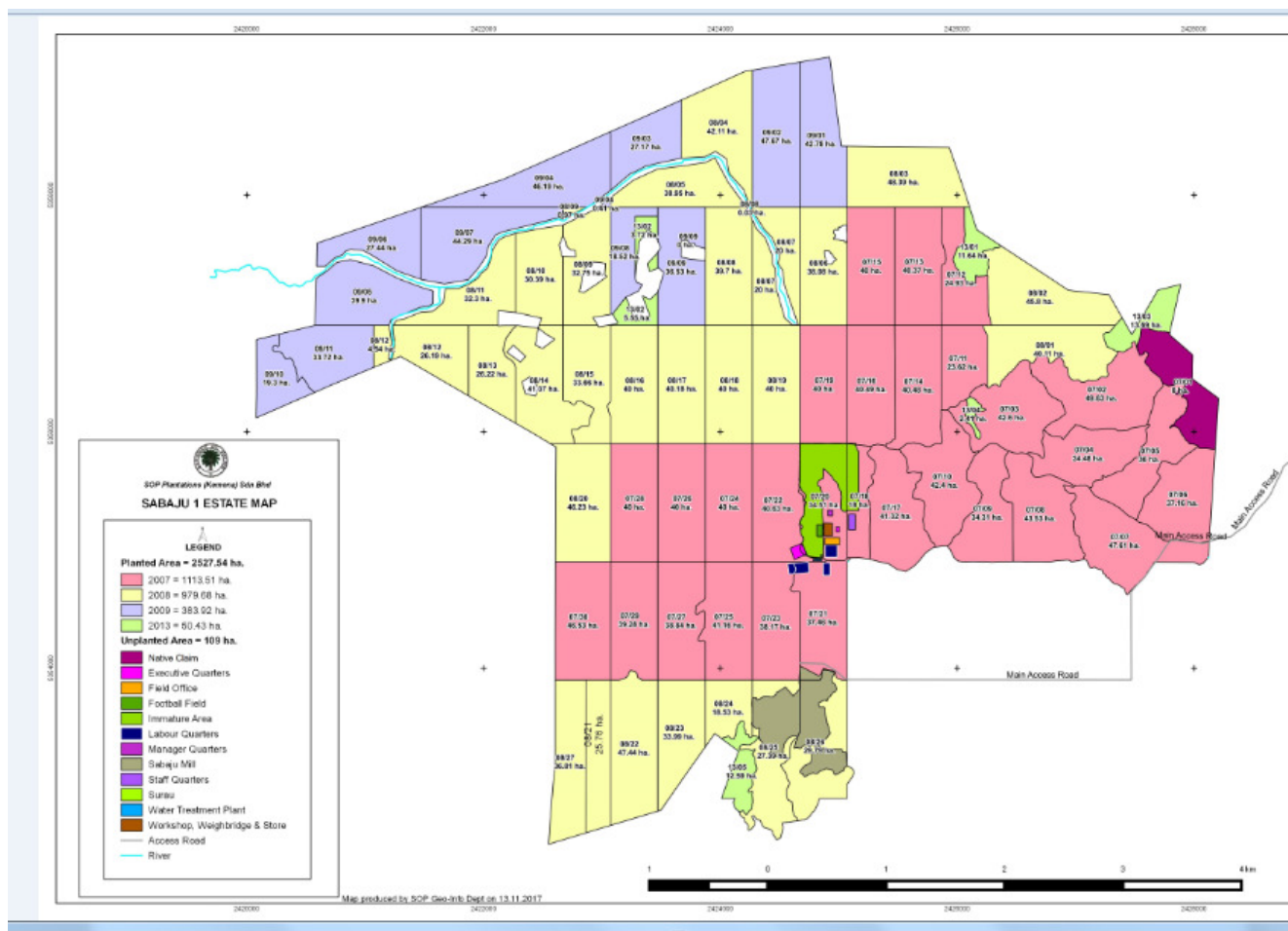


Figure 3: Location Map of estate audited: Sabaju 2

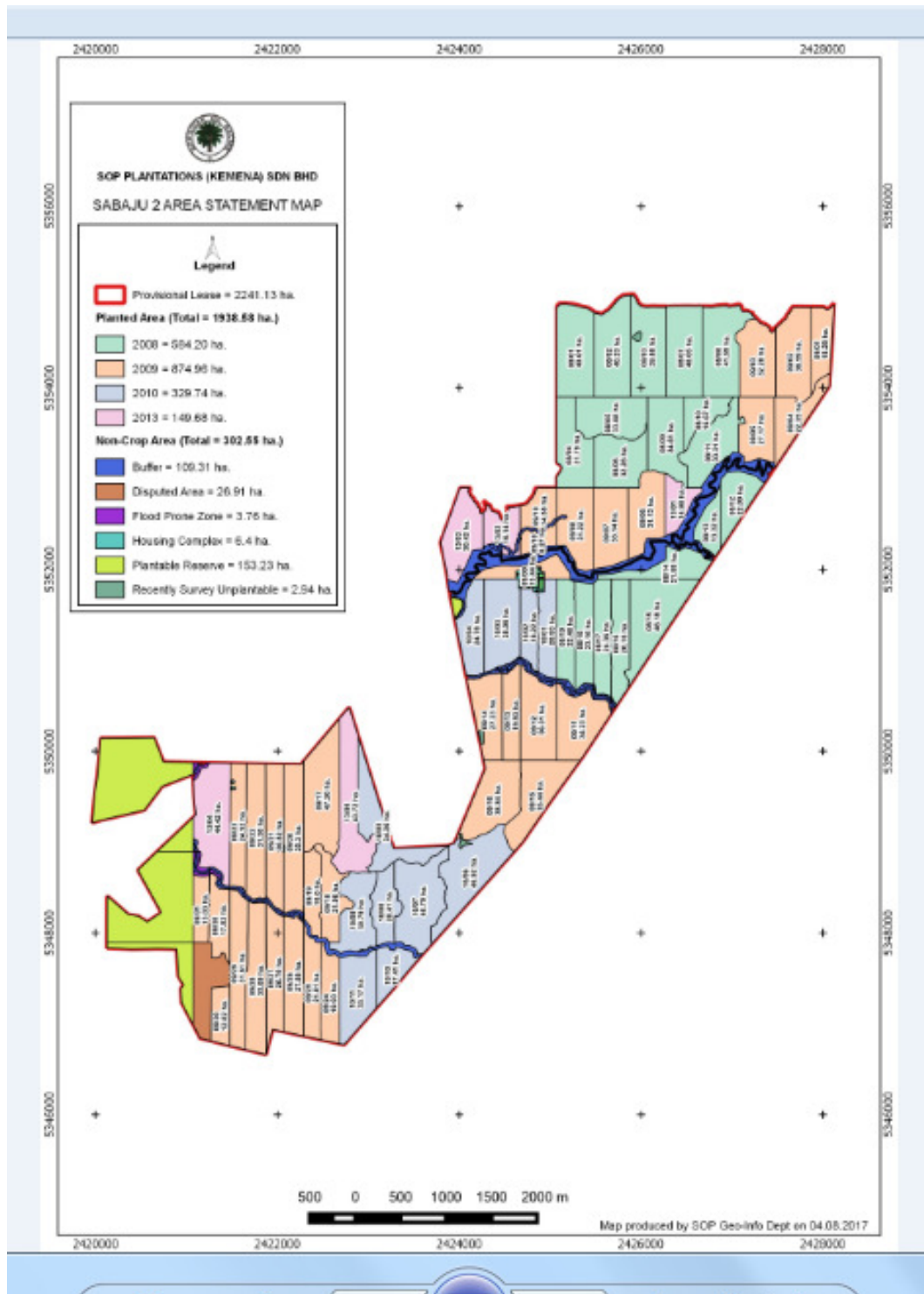


Figure 4: Location Map of estate audited: Sabaju 3

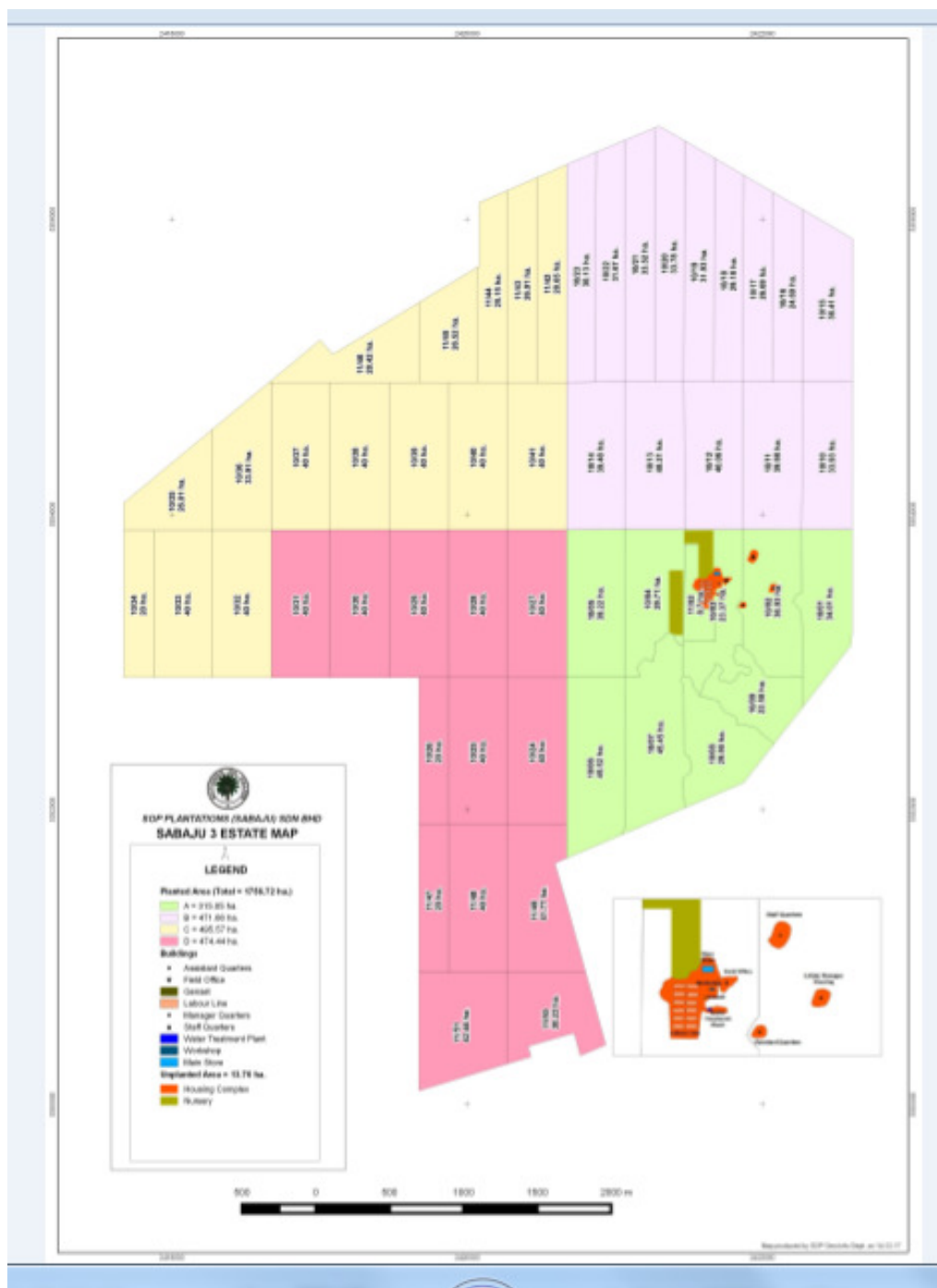
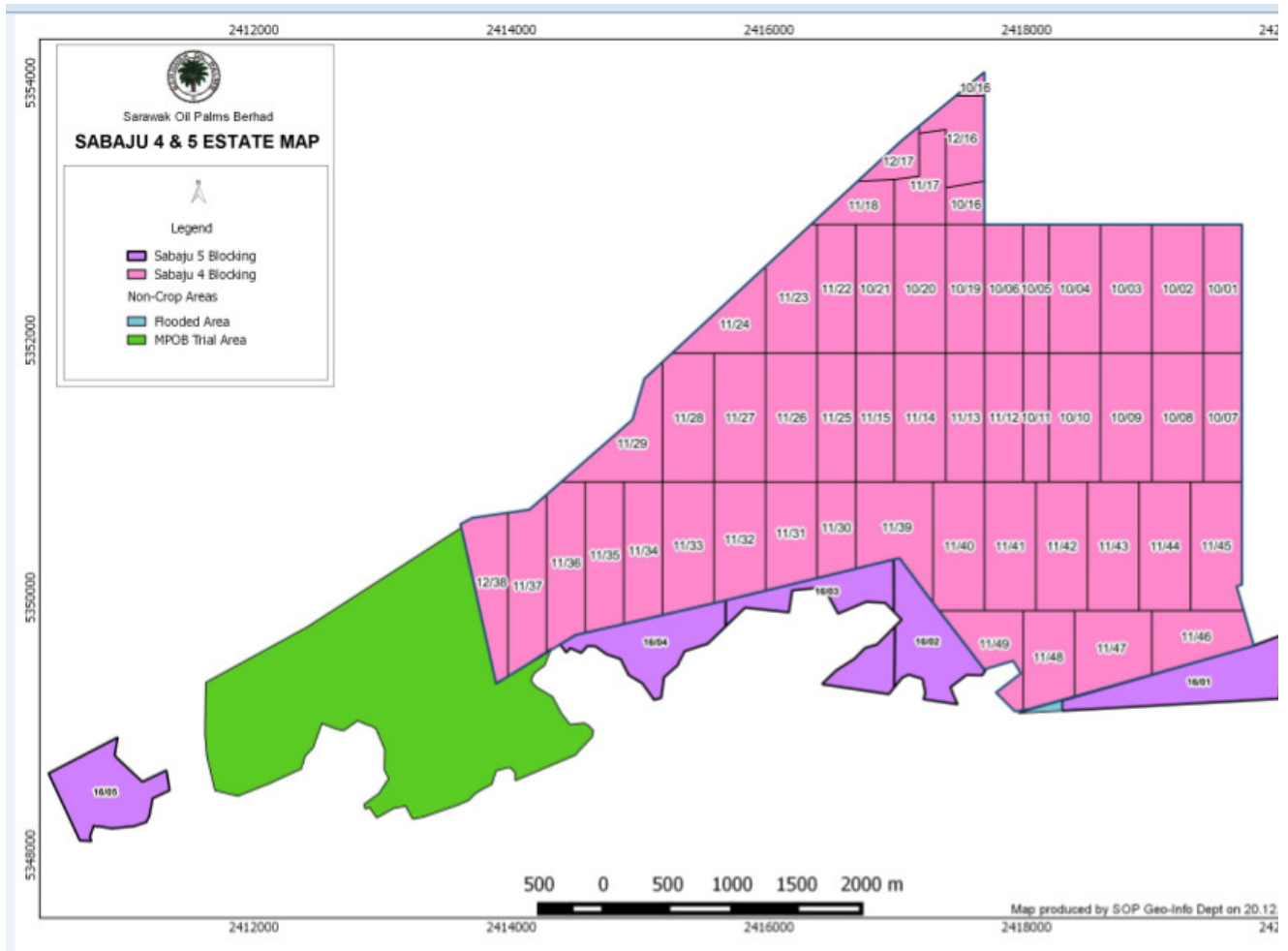


Figure 5: Location Map of estate audited: Sabaju 4&5



Description of Supply Base and Mill Processing Capacity

The FFB are sourced from their supply base estates which are directly managed by **SOPB Sabaju Estates** as well as from surrounding independent smallholders. The actual crop yield from each estate is listed in **Table 2** below.

Table 2: FFB Production

Estate	FFB Production (MT)	
	January-December 2017 (up until 21/12/2017)	Projected : January-December 2018 (as per budget)
Sabaju 1 Estate	43,729.87	54,369
Sabaju 2 Estate	30,110.83	35,440
Sabaju 3 Estate	26,548.07	32,888
Sabaju 4&5	23,847.44	28,427
Sebungan	36,704.42	43,533
Kuala Tatau 1	42,983.71	49,071
Kuala Tatau 2	46,352.58	49,999
TOTAL	250,276.92	293,727

In **Table 3** , Sabaju POM actual processing data from the past financial year as well as the projected processing data is tabulated

Table 3: Actual and Projected Mill Processing Data

Sabaju Palm Oil Mill	Actual FY (2017) (UP UNTIL 21/12/2017) MT		Projected (2018) MT	
	CPO	PK	CPO	PK
Own source (7 estates of the above)	55,341.23	14,378.41	49,199.64	9,371.36
	OER : 22.112%	KER: 5.745 %	OER : 21%	KER: 4.00%

Area of Plantation

The areas of supplying estates for this operating unit are listed in **Table 4**. Details of production area (mature/immature) are also listed.

Table 4: Area Statement of the Supplying Estates

Name of estate	Title area (ha)	Plantation area				
		Immature (ha)	Production (ha)	Conservation (ha)	HCV (ha)	*Others
Sabaju 1	2,636.54	0	2,527.54	0	0	109.00
Sabaju 2	2,241.13	0	1,938.58	0	0	302.55
Sabaju 3	1,770.48	0	1,756.72	0	0	13.76
Sabaju 4 & 5	2,211.76	203.27	1,627.74	0	0	343.16
Sebunggan	1,645.80	0	1,639.69	0	0	6.11
Kuala Tatau 1	3,866.40	0	1,907.05	0	0	32.32
Kuala Tatau 2		0	1,922.72	0	0	4.31
Total	14,372.11	203.27	13320.04	0	0	811.21
*Others : Transmission tower, Quarry, Roads, line site, rives, water catchment area, office building ,etc						

Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation took place in the form of public notification , meetings, phone calls and interviews. Meetings with workers were held in their respective premises within and near the estates and **Sabaju Palm Oil mill**. In all the interviews and meetings the purpose of the audit was clarified at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded in accordance with relevant RSPO principles, criteria and indicators. See **Appendix 2** for stakeholder's details and comments.

Comment on MS2530-3 Compliance Status:

Comment on Principle 1	<u>Policy on Implementation of MSPO –</u>					
	In the Estate Sustainability Manual , the policy for the implementation of MSPO is established and stated in the 'Environmental Sustainability Policy ' signed by Mr Paul Wong Hee Kwong , Group CEO , dated March 2014.					

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	<u>Internal Audit –</u> For Sabaju 4& 5 , the internal audit was conducted on 24-25/7/17 However a NC was raised under 4.1.2.2 that although the NC raised during internal audit were closed yet the issue still recurring . Major 01 <u>Management Review –</u> The management has reviewed the 2017 Internal Audit Report to ensure the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. <u>Continual Improvement -</u> Sabaju 4&5 Estate has the continuous plan yearly and the plan for 2017 and 2018 was sighted.
Comment on Principle 2	<u>Transparency of documents relevant to MSPO requirements –</u> The above policy can be access at the company website : www.sop.com.my The annual report 2016 was available <u>Transparent method of communication and consultation –</u> In the Estate Sustainability Manual the following documents are documented for dealing with complaints and grievances, 1) For Internal Stakeholders , Doc. No: SOPB/SUSTAIN-M15 Complaint and Grievance Procedure (2/5/14) 2) For External Stakeholders , Doc. No: SOPB/SUSTAIN-M16 Consultation and Communication Procedure (External Stakeholders) are the procedures used for dealing with complaints and grievances consultation and communication with the relevant stakeholders. However an observation was raised for indicator 4.2.2.3 as the stakeholder list was incomplete. OBSERVATION 01 <u>Traceability –</u> Sabaju 4&5 Estate personnel , Mathew Dunggau, Field Supervisor present how the estate will trace the FFB from the field to the mill ; Sample on date 28/7/17 was presented
Comment on Principle 3	<u>Regulatory requirements –</u> The estate is operating in compliance with the applicable local, state, national and ratified international laws and regulations. <u>Legal land use rights –</u>

	The estate has been established since 2009. There is no evidence of the oil palm cultivation activities diminishes the land use rights of other users. However an observation was raised under indicator 4.3.2.3 as visit to Sabaju 2, site visit to estate boundary with Rh Majang community at Block 09/11 and 08/15 the boundary marking was not visibly seen. OBSERVATION 02 <u>Customary rights</u> – There are no issues of lands encumbered by customary rights in the estates.
Comment on Principle 4	<u>Social Impact Assessment</u> – Estate internal and external Stakeholder Meeting were available. Annually the Stakeholder Meeting is conducted to record the issues . The latest external stakeholder , Jawatankuasa Sustainability Bersama Komuniti meeting was conducted on 16/11/17 . However a non-conformity was detected for the following : 1) 4.4.1.1 Major 02 See Section 7 for details of the non-conformities <u>Complaints and grievances</u> – 4.4.2.1 In the Estate Sustainability Manual the following documents are documented for dealing with complaints and grievances, 1) For Internal Stakeholders , Doc. No: SOPB/SUSTAIN-M15 Complaint and Grievance Procedure (2/5/14) 2) For External Stakeholders , Doc. No: SOPB/SUSTAIN-M16 Consultation and Communication Procedure (External Stakeholders) However non-conformities were detected for the following : 1) 4.4.2.2 Major 03 2) 4.4.2.4 Major 04 See Section 7 for details of the non-conformities <u>Commitment to contribute to local sustainable developments</u> – To ensure contribution to local development, Sabaju 3 Estate internal and external Stakeholder Meeting were available . Annually the Stakeholder Meeting is conducted to record the issues . <u>Employees health and safety</u> – Sabaju Estates have the occupational safety and health policy and a safety health plan and training programme . However the following were inadequately implemented: 1) 4.4.4.2 Major 5 See Section 7 for details of the non-conformity

	<u>Employment conditions</u> – In the SOPB Group of Companies policy on ‘ Social and Community Policy ‘was available however the following non-conformities/observations were detected : 1) 4.4.5.7 Observation 03 2) 4.4.5.9 Major 06 3) 4.4.5.11 Major 07 4) 4.4.5.13 Major 08 See Section 7 for details of the non-conformities <u>Training and competency</u> – OSH Training Programme Jan – Dec 2017 ‘ was available however observation was raised under the following: 1) 4.4.6.3 Observation 04 See Section 7 for details of the observation
Comment on Principle 5	<u>Environmental management programme</u> – in 4.5.1.2. The Environmental Risk Assessment Version 1 dated 1 September 2017 is site specific risk assessment to ensure that all necessary measures are identified and implemented in order to protect the environment and comply with relevant environmental legislation. However observations were raised for the following indicators : 1) 4.5.1.5 Observation 5 2) 4.5.1.6 Observation 6 See Section 7 for details of the Observations <u>Efficiency of energy use and use of renewal energy</u> – The record for all the fossil fuel for electricity and transportation is available <u>Waste management and disposal</u> – The waste categorize available in the plantation are recorded as follow and update until November 2017, however the following were raised as NC: 1) 4.5.3.2 - Major 09 2) 4.5.3.4 – Major 10 3) 4.5.3.5 - Minor 11 See Section 7 for details of the non-conformities <u>Reduction of pollution and emission</u> – 4.5.4.1 All polluting activities are well documented in the Environmental Risk Assessment Sabaju 4 estate Period of assessment : 1 September 2017- 1 September 2018 <u>Natural water resources</u> – An observation was raised under 4.5.5.1 as: 1) However, finding on water treatment result latest (15th February 2017) show that Aluminium (Al) content is 0.79 mg/L which higher than the set parameter limit 0.2 mg/L.

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	Ref No : CK/CL505/4994/17 2) However, although there are noticeboard on riparian awareness , field inspection found that in riparian reserve Block 9/2011, there were some evidence on spraying at the riparian area although oil palm marking done to avoid spraying in the riparian by the estate management. Observation 7 <u>Status of rare, threatened or endangered species and high biodiversity value area –</u> 4.5.6.1 The management provides list of protected animals (list provided by Sarawak Forestry). The list include mammals, reptiles, birds and aquatic organism. Other than that, the ecological value within the project site is not deemed significant as it does not contain flora and fauna of protected and endangered species. This is mentioned in the approved EIA (ref no EIA/NREB/6-1/2G/63 <u>Zero burning practices -</u> An NC raised under 4.5.7.1 as observation in the Plantation Agriculture Manual (Ref No : GPC/MEMO/2013/17 dated 17/10/2013 still mentioning on burning procedure (1.4.1 Major Burning and 1.4.2 Stacking and re burning) This is contradicting with the latest Group Environmental Sustainability Policy (Ref No : SOPB/Sustain-M03) Major 12
Comment on Principle 6	<u>Implementation of standard best practices –</u> 4.6.1.1 SOP on best practices –agriculture manual for internal document are available (Ref No: GPC/MEMO/2013/17 The management also provide MPOB guidelines for the development of standard operating procedure for planting in peat land area <u>Site management –</u> From field inspection, block marking are identified in Sabaju 3 estate <u>Economic and financial viability plan –</u> 4.6.2.1 Long Term Management Planning to demonstrate attention to economic and financial viability has been established at Sabaju 4 Estate budget 2018 and five years crop projection from 2018-2022. <u>Transparent and fair pricing dealing –</u> The FFB/CPO pricing mechanism is set by Marketing Department. The estate is only delivering FFB to Sabaju Palm Oil Mill (managed by same legal entity). <u>Subcontractor –</u> An NC was raised under 4.6.4.4

	In Sabaju 2,3,& 4 , the management are responsible for the tasks performed by the contractor. For example as for the canteen-cum-<i>kedai runcit</i> there is lack of evidence to show that a continuous monitoring was done to ensure fair pricing of items sold by the contractor. Major 13
Comment on Principle 7	<u>High biodiversity value</u> – not applicable (n.a) as there are no development of New Plantings <u>Peat land</u> – not applicable (n.a) as there are no development of New Plantings <u>Social and environmental impact assessment</u> – not applicable (n.a) as there are no development of New Plantings <u>Soil survey</u> – not applicable (n.a) as there are no development of New Plantings <u>Planting on steep terrain and/or on marginal and fragile soils</u> – not applicable (n.a) as there are no development of New Plantings <u>Customary land</u> - not applicable (n.a) as there are no development of New Plantings

Comment on MS2530-4 Compliance Status:

Comment on Principle 1	<u>Policy on Implementation of MSPO</u> – In the Mill Sustainability Manual , the policy for the implementation of MSPO is established and stated in the 'Environmental Sustainability Policy ' Doc No: SaPOM-S4 (6/11/17) signed by Mr Paul Wong Hee Kwong , Group CEO , dated March 2014. (see note below) (note; <i>The policy already in placed since 2014 because Mr Galau was the representative SOPPOA for the MSPO Technical Committee 2013 and the Galasah POM & Sg Baling Estate were the pilot project for MSPO '</i> <u>Internal Audit</u> – Internal audit was conducted on 14/11/16. <u>Management Review</u> – The management review conducted on 2/3/17 has the following discussed for the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification : <u>Continual Improvement</u> - The improvement plan for Sabaju POM (2017) was sighted . It include:
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	1) Dewatering & Desludging - done 2) Biogas Project - Pending 3) Fire fighting System - done 4) Add 2nd Set Vacuum dryer at Oil room- Pending 5) Add 2nd turbine at engine Room- Done 6) Add wet scrubber at Boiler - Pending However no social impacts were considered in the action plan for continual improvement MAJOR 01
Comment on Principle 2	<u>Transparency of documents relevant to MSPO requirements –</u> The above policy can be access at the company website : www.sop.com.my The annual report 2016 was available <u>Transparent method of communication and consultation –</u> In the Mill Sustainability Manual , the Doc. No: SaPOM -S13 Communication and Consultation with the Stakeholder (17/10/14) is the procedure used for the consultation and communication with the relevant stakeholders. SaPOM treat both the request and Grievance in the same way. <u>Traceability –</u> In the Mill Sustainability Manual, the document for the implementation and maintenance of the requirements for traceability is documented for the standard operation procedure for traceability. Doc No: SaPOM -S18 (17/10/14) Traceability and Mass Balance
Comment on Principle 3	<u>Regulatory requirements –</u> Law register: The management has provided law register 1) Malaysia law register 2) Sarawak law register <u>Legal land use rights –</u> The mill is located within Provisional lease of state land according to the Sheet Ref No : H16-1-3 & MP 9/44-138C Locality : Lavang land District, Bintulu The mill is located within Sabaju 1 Estate with total area allocated for mill is 38.36 ha. <u>Customary rights –</u> The lands are not encumbered by customary rights. The management has provided Provisional Lease of State land With reference Sheet reference No : H16-1-3- & MP 9/44-138C

Comment on Principle 4	<u>Social Impact Assessment</u> – SaPOM presented the Social Impact Assessment for SaPOM dated 22/3/17. However a non-conformity was detected : 1) 4.4.1.1 Major 02 See Section 7 for details of the non-conformities <u>Complaints and grievances</u> – In the Mill Sustainability Manual , the Doc. No: SaPOM -S13 Communication and Consultation with the Stakeholder (17/10/14) is the procedure used for dealing with complaints and grievances consultation and communication with the relevant stakeholders. However a non-conformity was detected : 1) 4.4.2.4 Minor 03 See Section 7 for details of the non-conformities <u>Commitment to contribute to local sustainable developments</u> – Annually SaPOM will conduct Stakeholder Meeting to addressed the issues . SaPOM will have separate stakeholder meeting with the separate category of workers However a non-conformity was detected: 1) 4.4.3.1 Minor 04 See Section 7 for details of the non-conformities <u>Employees health and safety</u> – The following were the non-conformity/ observation raised: 1) 4.4.4.1 Observation 01 2) 4.4.4.2 Major 05 See Section 7 for details of the non-conformities <u>Employment conditions</u> – In the SaPOM policy on ‘ Social and Community Policy ‘ signed by Mr Paul Wong Hee Kwong , Group CEO March 2014 states company commitment . However the following non-conformities were detected : 1) 4.4.5.8 Major 06 2) 4.4.5.11 Major 07 See Section 7 for details of the non-conformities <u>Training and competency</u> –

	The occupational safety and health plan known as 'Annual Training Programme Jan – Dec 2017' was available
Comment on Principle 5	<u>Environmental management programme</u> – The management has provided Environmental Sustainability Policy with Document No : SaPOM- S4 (Rev 2- with effective date 06/11/2017) <u>Efficiency of energy use and use of renewal energy</u> – The management has provided Improvement Plan which included biogas project to capture biogas for power generation and to reduce the release of methane gas into atmosphere (2018 Improvement plan) <u>Waste management and disposal</u> – The management show record for its waste products in their 2017 inventories and the management plan <u>Reduction of pollution and emission</u> – The management has provided : 1.Environment Monitoring report (stack- latest September 2017) Incinerator 1 and Incinerator 2. 2.POME test report (every month- latest November 2017) 3.Online environment reporting (latest September 2017) 4.Internal document on scheduled waste record 5.Environmental Sustainability Policy mentioning No Open Burning, <u>Natural water resources</u> – The management has provided 1.water testing analysis for drinking water (latest march 2017) 2.Water Management plan (reference document SaPOM-S23) However the following non-conformity was detected: 1) 4.4.5.13 Major 08 See Section 7 for details of the non-conformities <u>Status of rare, threatened or endangered species and high biodiversity value area</u> – not applicable for mills <u>Zero burning practices</u> – not applicable for mills
Comment on Principle 6	<u>Implementation of standard best practices</u> – The management has provided SOP on Mill Operating <u>Site management</u> – The management provide record on mill standard operating procedure practices <u>Economic and financial viability plan</u> – The management has provided 5 years production projection for year 2018-2023

	<u>Transparent and fair pricing dealing</u> – However the following non-conformity was detected: 1) 4.6.3.2 Major 10 See Section 7 for details of the non-conformities <u>Subcontractor</u> – However the following non-conformity was detected: 1) 4.6.4.3 Minor 11 See Section 7 for details of the non-conformities
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7. Nonconformities

MS2530-3:2013 Part 3

NonConformity	N° 1 of 13	☒ Major	☐ Minor
Department / Function:	4.1.2 Criteria 2: Internal Audit	Standard Ref.:	4.1.2.2
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	Major 01 Closed out evidence submitted and accepted. Closed _21/2/18
Details of Nonconformity:	Although the NC raised during internal audit were closed yet the issue still recurring . Based on the internal audit report of Sabaju 4&5 , under the NC on labelling 'RACUN' on chemical containers used for storing other chemicals , it was 'closed' as of 4 Sept 2017 , however during the visit to the premix store, containers have not been labelled (e.g Garlon Mix container used to store Chamber 15 and other non-labelled containers) In another NC raised during the internal audit was for the re-used of containers for other purposes e.g flower pot (in office) and closed on 4/9/17, however at the chicken coop area , there were numerous chemical containers still being used for the worker's interest. MAJOR 01		

NonConformity	N° 2 of 13	☒ Major	☐ Minor
Department / Function:	4.4.1 Criteria 1: Social Impact Assessment (SIA)	Standard Ref.:	4.4.1.1
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	Major 02 Closed out evidence submitted and accepted . Closed _21/2/18

Details of Nonconformity:	However it was noted that the Action Plan for the SIA 2017 for Sabaju 3 was conducted before the Stakeholder meeting resulting in the issues raised by the External and the internal Stakeholder not addressed in the SIA Action Plan . In Sabaju 2, although the Social Impact Assessment was conducted in Nov 2017 , the input from the Internal Stakeholder meeting conducted in Jan 2017 was not included in the SIA.
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NonConformity	N° 3 of 13	☒ Major	☐ Minor						
Department / Function:	Complaints and grievances	Standard Ref.:	4.4.2.2						
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	Major Corrective actions submitted deemed satisfactory and accepted they will be followed up at the next scheduled visit						
Details of Nonconformity:	The following are the records from Sabaju 3 Estate: Records since 11/10/16 available. <table><tr><td>Year</td><td>No. of request / complaints</td></tr><tr><td>2016</td><td>1</td></tr><tr><td>2017</td><td>1</td></tr></table> The complain in 2017 : date: 10/6/17 complain: water source and wiring date management took action : 11/6/17 Although the complainant 'signed' OK , however there was no evidence it was resolved in timely manner . Similarly, in the Sabaju Estates External stakeholder procedure no timeline / timeframe is provided to resolved the issue in timely manner MAJOR 03			Year	No. of request / complaints	2016	1	2017	1
Year	No. of request / complaints								
2016	1								
2017	1								

NonConformity	N° 4 of 13	☐ Major	☒ Minor
Department / Function:	Complaints and grievances	Standard Ref.:	4.4.2.4
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	Minor Corrective actions submitted deemed satisfactory and accepted they will be followed up at the next scheduled visit
Details of Nonconformity:	Interview with Sabaju 4&5 workers in the field (termite control) as well as at the linesite (H4) , they were unaware of the purpose of the 'Borang aduan '		

MINOR 04

NonConformity	N° 5 of 13	☐ Major	☒ Minor
Department / Function:	Employees safety and health	Standard Ref.:	4.4.4.2
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	The estate has safe training programme to ensure that all employees involved are adequately trained on safe working practices however there were some inadequate implementation sighted : In Sabaju 3 Estate , the Tirathaba control spray operator (House C4) was keeping her spray equipment and her PPE at home rather than the designated storage In the kitchen there was another spray equipment sighted. At Sabaju 4&5 line-site visit to House H4 (worker Azhar , whose wife is a sprayer) , the spray equipment used for Tirathaba spray was kept at the back of the house as the day's spraying was not done due to the onset of rain In Sabaju 2 the line-site, , chicken coop and the vegetable plot were visited. Spray equipment , empty chemical container and insecticide , Chalcid , was found at the vegetable plot. Interview with the management confirmed that the estate did not issue the chemical to the workers for their vegetable pest control . c) The management has provided 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). The PPE required is documented in the 'Safe Operating Procedure ' For harvesting , although the use of safety helmet is stated , however during the field visit in Field 21, the Harvester En. Lodin in Sabaju 3 Estate was not using his safety helmet (was at his motorcycle) In Sabaju 4&5 ,workers were not provided with suitable PPE, e.g the slashing worker Wahyuddin in Block 26 interviewed purchased his own cotton glove as he said the rubber glove provided by the estate was not suitable (slippery when slashing) . In Sabaju 1 , the slashing workers were purchasing their own PPE cotton hand-glove when in fact this was supposed to be provided by the estate. No records of issuance sighted for Maryani and Mandor Salmiyati (note: In SOPB, some estates like Sabaju 4&5 does not identify boots as part of the PPE as a result the workers purchase it The termite control worker Wakae was checked and it looked to be recently replaced and it was replaced due to the faulty strap however record issuance showed that she last was issued in Aug 2017 (3-4 months ago) . The estate was able to present in		

	another computer generated issuance record that Wakae was issued the respirator recently . In Sabaju 3, it was noted that although a shower area was provided but it was not in proper working condition and it does not seemed to be in use e.g in one room the shower head was not in place, in the other shower room , fencing material was stored inside . In both Sabaju 2,3,4&5 , the spill kit , using sand and sawdust was available however it was incomplete as the container to contain the used material was not present . In Sabaju 4&5 premix area, the spilled chemical on the metal tray has not been collected . . Similar sighting was seen at the Sabaju 2 Estate Supremo Drum dispensing /storage site Similarly in Sabaju 4&5 , the sand used to absorb the spilled diesel below the diesel skid tank has not been collected At Sabaju 4&5 pre-mix site, the emergency eyewash and shower is available however , they have placed empty chemical containers at the location. At Sabaju 2 , the emergency eyewash and shower was not functioning properly (low water pressure) In Sabaju 3 , the CSDS/MSDS/SDS was not sighted at the transit chemical store but sighted at the main store . At Sabaju 2 Store the CSDS/ MSDS for Ellytech and Ebor 401 was incorrect In Sabaju 1 no MSDS / CSDS/SDS for the chemical ,Chalcid, sighted MAJOR 05
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NonConformity	N° 6 of 13	☐ Major	☒ Minor
Department / Function:	Criteria 5:Employment Conditions	Standard Ref.:	4.4.5.9
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	For providing electricity and water , Sabaju Estates will make a deduction of RM2.50 for electricity and RM2.50 for treated water In Sabaju 3, deduction was done for electricity and water in the payslip however based on the approval by Jabatan Tenaga Kerja Sarawak No. Siri JTKSWK/PG/018/17(BAKUN) , the approved deduction was only for electricity only, however the estates are deducting for the water also.		

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	Similar deduction approval was sighted for Sabaju 2 Estate The November pay was paid on the 8/12/17 instead of the 7th of the following month as per the Labour Ordinance Guideline Based on the records of Sabaju 3 Estate , the past months payment were: 8/11/17, 6/10/17, 8/9/17 Similar deduction is done for Sabaju 2 workers . Date of payment for Sabaju 2 are the following: 8/12, 8/11, 7/10, 8/9 MAJOR 06
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NonConformity	N° 7 of 13	☒ Major	☐ Minor
Department / Function:	Criteria 5:Employment Conditions	Standard Ref.:	4.4.5.11
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	Sabaju 3 Estate linesite is constructed with wood and on stilt. - Visit to house (e.g C4) show that the houseowner is maintaining the cleanliness inside the house. - Sabaju 3 estate has established a 'Log visit book' whereby they will monthly report the status of the linesite .The latest report was sighted dated 24/10/17. The November visit was not done - No illegal wiring sighted. - The window panes are made of plywood and this has been since 2009 when they purchased from the previous owner. Some are missing - The toilet and bath area is well maintained. - The chicken coop of the workers are not at the linesite. - Each row of houses is equipped with 3 sets of fire extinguisher. - According to the workers the septic tank is functioning properly . - 2 x 1000 lit is provided for rain harvesting . - The estate has provided a communal 'Domestic waste site ' whereby the workers can dispose off the domestic waste. - The domestic waste is collected 2 times weekly and landfilled in Field 10/06. - However the drains need to be maintained to improve its flow . - Some of the mosquito netting may need to be replaced e.g at the creche. - There was numerous reuse of chemical containers , Sumimac containers sighted at the linesite particularly at the chicken coop . - There were some reuse of the 20 l green container for the making the 'Selabit' / Harvesting basket The following are highlighted in the Sabaju 4&5 linesite visit - Creche, inappropriate ratio (1:28) . Creche caretaker, Bone Sara was looking after 28 children - The toilet and bathroom of H4 was checked . The zinc sheet has already corroded and the bathroom concrete flooring has already worn off - Room 'created' to house extra worker		

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	- .Repairs (e.g mosquito netting) seemed to be done by the workers rather than the 'tukang' Sabaju 2 Housing was visited . Presently the housing is also wood-built and on stilts. The following are some issues that may need to be address: 1) The ground below the housing is wet and with stagnant water possibly from rain as well as from the faulty drainage 2) The creche that was recently allocated was not complete - as the toilet / bathroom lack a tap and a water source. - Some of the window panes in the kitchen area of the creche is missing - No mosquito netting creche window - As a creche the place is dull and boring , walls void of any 'colour' or any bright posters - As the creche is located at the linesite , having no electricity during the morning & afternoon , the creche can be uncomfortable as it houses about 15 infants & children 3) The drains need to be maintained to ensure proper free flowing 4) Although it was reported grass cutting is conducted twice per month , the staff housing compound is still weedy 5) The workers' toilet need to be inspected and census as some of the toilets we visited (e.g Creche and 'Kiki's D1?) the flooring need resurfacing , the zinc sheet has already corroded 6) Piping constructed to 'add' rain water into the treated water tank 7) The housing of Sabaju 1 was visited and the following were highlighted: 1) Faulty Septic tank 2) Poor drainage 3) Creche condition - Ratio 1:19 - The bathroom and toilet was improper and without water source - The hot zinc roofing direct into the creche - The dull and boring surrounding - No electricity so no ventilation 4) The toilet and bathroom zinc wall has corroded 5) The common bin is located close to the housing and it is stagnant with water (rain) and has recycle and Scheduled waste material (2T container) 6) The last row line site is quite inaccessible due to the terrain . MAJOR 07
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NonConformity	N° 8 of 13	☒ Major	☐ Minor
Department / Function:	Criteria 5:Employment Conditions	Standard Ref.:	4.4.5.13
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	There are no union in Sabaju Estates . Sabaju 3 Estate has established a workers committee , Jawatan Kuasa Pekerja chaired by Yusuf Alif , Bunch Checker .		

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	Interview with the Water Treatment Plant Attendant show that he is aware of En Yusuf as the ketua Kampung/ Wakil . No record was available to show that he was elected independently by the estate workers In Sabaju 2 , workers interview in the field (sprayer and harvesters) are aware of the representative. However evidence show In Sabaju 2 , the appointment of the 'ketua kampung' Abdul Rahman Muh Ali , was done by the mandores of each gang/ operation on 27/7/17. However the appointment was not done by all the workers but by the mandores /head gang. Based on the appointment , it is stated that he is responsible for security / peace, and cleanliness (keselamatan, keamanan dan kebersihan) without the responsibility of right to organize and negotiate their work conditions MAJOR 08
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NonConformity	N° 9 of 13	☒ Major	☐ Minor
Department / Function:	Criterion 3: Waste management and disposal	Standard Ref.:	4.5.3.2
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	However in Sabaju 3 , field inspection to Block 8, 2010 found that bunch ash from the incinerator has been dump at area not designated for bunch ash dumping point. The management was unable to identify the transporting contractor that dump the bunch ash (old and new) based on the records.		

NonConformity	N° 10 of 13	☐ Major	☒ Minor
Department / Function:	Criterion 3: Waste management and disposal	Standard Ref.:	4.5.3.4
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	In Sabaju 3, the plantation management provided waste management procedure on triple rinsing Doc ref No: SOPB/Sustain-M19. Nevertheless during visit to the empty chemical container store , it was found that some empty chemical containers were not triple rinsed and punctured with holes as required by the procedure MAJOR 10		

NonConformity	N° 11 of 13	☐ Major	☒ Minor
Department / Function:	Criterion 3: Waste management and disposal	Standard Ref.:	4.5.3.5
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	Minor Corrective actions submitted deemed satisfactory and accepted they will be followed up at the next scheduled visit
Details of Nonconformity:	However visit to Sabaju 3 Estate, although the location map of the land-fill was available , site visit showed that the land-fill in Block 6 (planted 2010) is located about 15 meter from nearest waterways. This is contradicting with the plantation sustainability manual on waste management procedure Ref : SOPB/Sustain-M19 (rev 04) : SOP, Landfill that states under section : site selection : At least 100m away from the nearest river stream or any water bodies MINOR 11		

NonConformity	N° 12 of 13	☒ Major	☐ Minor
Department / Function:	Criteria 7: Zero Burning Practices	Standard Ref.:	4.5.7.1
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	Similar finding in Sabaju 2,3 and 4, The group adopted zero burning policy in estate operation as mention in the environmental policy Ref No : SOPB/Sustain-M03 (signed by Group CEO) However, observation in the Plantation Agriculture Manual (Ref No : GPC/MEMO/2013/17 dated 17/10/2013 still mentioning on burning procedure (1.4.1 Major Burning and 1.4.2 Stacking and re burning) This is contradicting with the latest Group Environmental Sustainability Policy (Ref No : SOPB/Sustain-M03) MAJOR 12		

NonConformity	N° 13 of 13	☒ Major	☐ Minor
Department / Function:	Criteria 4: Contractor	Standard Ref.:	4.6.4.4.
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	In Sabaju 2,3,& 4 , the management are responsible for the tasks performed by the contractor. For example as for the canteen-cum-<i>kedai runcit</i> there is lack of evidence to show that a continuous monitoring was done to ensure fair pricing of items sold by the contractor.		

MAJOR 13
MS2530-4:2013 Part 4

NonConformity	N° 1 of 11	☒ Major	☐ Minor
Department / Function:	Criterion 4: Continual Improvement	Standard Ref.:	4.1.4.1
Document Ref.:	MS2530-4:2013 Part 4	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	However no social impacts were considered in the action plan for continual improvement MAJOR 01		

NonConformity	N° 2 of 11	☒ Major	☐ Minor
Department / Function:	Criterion 1: Social Impact Assessment	Standard Ref.:	4.4.1.1
Document Ref.:	MS2530-4:2013 Part 4	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	SaPOM presented the Social Impact Assessment for SaPOM dated 22/3/17. It include the following : 1) Activity / Process 2) Social Aspect 3) Positive Impact 4) Promoting Measures 5) Negative Impact 6) Control Measures 7) Remarks Annually SaPOM will conduct Stakeholder Meeting to addressed the issues . SaPOM will have separate stakeholder meeting with the separate category of workers The latest external stakeholder , Jawatankuasa Sustainability Bersama Komuniti meeting was conducted on 16/11/17 . Attended by : 1) Longhouses Tuai rumah (8) 2) SaPOM Supply Base estates The latest Internal stakeholder meeting with SaPOM supply base was conducted on 28/11/17 The latest Forum Kebajikan (attended by Mill representatives was conducted on : 4/9/17		

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	The following are the issues raised by the stakeholders : a) External Stakeholders: From the Jawatankuasa Sustainability Bersama Komuniti : 1) FFB Grading 2) Special pricing for cash sales 3) Good agriculture practices training 4) Procedure on 'How to make complaint to SaPOM e.g workers doing own business (e.g selling food) b) Internal Stakeholder meeting : no issue c) Forum Kebajikan (with internal workers) raised the following 1) Mosquitoes 2) Treated Water quality (slight green) 3) Dirty drain There were 10 Activities listed however , it was noted that some of the feedback were not listed in the SIA such as : 1) Special pricing for cash sales 2) Good agriculture practices training 3) Procedure on 'How to make complaint to SaPOM e.g workers doing own business (e.g selling food) 4) Dirty drains The list on the SIA are from SaPOM's consideration not from the stakeholders' MAJOR 02
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NonConformity	N° 3 of 11	☐ Major	☒ Minor
Department / Function:	Criterion 2: Complaint and grievances	Standard Ref.:	4.4.2.4
Document Ref.:	MS2530-4:2013 Part 4	Issue / Rev. Status:	Minor Corrective actions submitted deemed satisfactory and accepted they will be followed up at the next scheduled visit
Details of Nonconformity:	Workers interviewed unsure of the 'Borang Aduan'		
	MINOR 03		

NonConformity	N° 4 of 11	☐ Major	☒ Minor
Department / Function:	Criterion 3: Commitment to contribute to local sustainable development	Standard Ref.:	4.4.3.1
Document Ref.:	MS2530-4:2013 Part 4	Issue / Rev. Status:	Minor Corrective actions submitted deemed satisfactory and accepted they will be followed up at the next scheduled visit
Details of Nonconformity:	Annually SaPOM will conduct Stakeholder Meeting to addressed the issues . SaPOM will have separate stakeholder meeting with the separate category of workers		

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	The latest external stakeholder , Jawatankuasa Sustainability Bersama Komuniti meeting was conducted on 16/11/17 . Attended by : 1) Longhouses Tuai rumah (8) 2) SaPOM Supply Base estates The latest Internal stakeholder meeting with SaPOM supply base was conducted on 28/11/17 The latest Forum Kebajikan (attended by Mill representatives was conducted on : 4/9/17 However it was noted that the SIA for 2016 and 2017 were the same MINOR 04
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NonConformity	N° 5 of 11	☒ Major	☐ Minor
Department / Function:	Criterion 4: Employees safety and health	Standard Ref.:	4.4.4.2
Document Ref.:	MS2530-4:2013 Part 4	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	a) The management has provided 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). Visit to the mill indicate that workers were using safety helmets and safety boots. At the high noise area , the workers a the press station, Oil room , engine room had their ear plug . However at the supervisor room , there was evidence that the workers are smoking and cigarette butt in the ashtray in a no smoking zone of the mill MAJOR 05		

NonConformity	N° 6 of 11	☒ Major	☐ Minor
Department / Function:	Criterion 5: Employment Condition	Standard Ref.:	4.4.5.8
Document Ref.:	MS2530-4:2013 Part 4	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	As above the number of working hours and overtime is recorded in the checkroll However based on the checkroll, Junjar's day of work , 26 days and Overtime (104 hrs + 4hrs) is correctly recorded as per the pay. The overtime is more than the 104 hrs as per the legal requirement .		

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	Deduction was done for electricity and for the Tabung Baitumal (RM4 in November 2017) , however based on the Jabatan Tenaga Kerja Sarawak No. Siri JTKSWK/PG/016/17(BAKUN) , the approved deduction was only for electricity only . The November pay was paid on the 8/12/17 instead of the 7th of the following month as per the legal requirement Based on the records the past months payment were: 8/11/17, 6/10/17, 7/9/17, 8/8/17 and 7/7/17 MAJOR 06
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NonConformity	N° 7 of 11	☒ Major	☐ Minor
Department / Function:	Criterion 5: Employment Condition	Standard Ref.:	4.4.5.11
Document Ref.:	MS2530-4:2013 Part 4	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	The SaPOM housing is concrete as compared to the wooden housing for estates. The toilet is tiled and the bathroom is separate from the toilet. The drains are concrete and free flowing House SML-C3 and SML-B1 were checked . The following are the concerns highlighted during the audit : 1) SML-C3 2 occupants said there are 9 occupants but the mill reported 6 . 2) There are no plug point in the rooms resulting in the workers using extension cord to access electricity into the room 3) One plug point in the kitchen and one in the living room 4) The water tank is not connected to the gutter for rain harvesting 5) The grass-cutting is not updated as it was weedy 6) The houses do not seemed to have dust-bin as rubbish is piled and burnt behind the house 7) There is no recycle bin as the common bin has recyclable material 8) Some water tank float is not working as some tanks is overflowing with water 9) No play area for children and shade trees . MAJOR 07		

NonConformity	N° 8 of 11	☒ Major	☐ Minor
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Department / Function:	Criterion 5: Employment Condition	Standard Ref.:	4.4.5.13
Document Ref.:	MS2530-4:2013 Part 4	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	SaPOM has established a workers committee chaired by Dena Sutradi , Boiler Station Operator. No record was available to show that he was elected independently by the mill workers MAJOR 08		

NonConformity	N° 9 of 11	☒ Major	☐ Minor
Department / Function:	Criterion 5: Natural water resources	Standard Ref.:	4.5.5.1
Document Ref.:	MS2530-4:2013 Part 4	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	The management has provided 1.water testing analysis for drinking water (latest march 2017) 2.Water Management plan (reference document SaPOM-S23) In the water management plan, area concern : 1.Water Reservoir 2.Drainage System inside mill 3.Water Treatment Plant 4. Effluent Treatment Plant 5.Mill Housing The monitoring of the implementation of water management plan is overall done by the mill Manager Mr Chong Chung Siong However, during site inspection to the reservoir, it is found that EFB (new and old) were dumped near the catchment area (5 meter). From the discussion with mill engineer, EFB disposal is not recorded by the management. Therefore, in the future EFB disposal / transportation should properly record to avoid disposal near sensitive area. MAJOR 09		

NonConformity		N° 10 of 11		☒ Major		☐ Minor			
Department / Function:		Criterion 3: Transparent and fair price dealing		Standard Ref.:		4.6.3.2			
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Document Ref.:	MS2530-4:2013 Part 4	Issue / Rev. Status:	Major Closed out evidence submitted and accepted . Closed _21/2/18
Details of Nonconformity:	Smallholder document on sales / purchase /service contract was not available MAJOR 10		

NonConformity	N° 11 of 11	☐ Major	☒ Minor
Department / Function:	Criterion 4: Contractor	Standard Ref.:	4.6.4.3
Document Ref.:	MS2530-4:2013 Part 4	Issue / Rev. Status:	Minor Corrective actions submitted deemed satisfactory and accepted they will be followed up at the next scheduled visit
Details of Nonconformity:	The finding for this criteria shows that there is lack of evidence showing observation of the contractor to ensure compliances with MSPO requirements. Example Canteen : Monitoring on fair price MINOR 11		

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

- ☐ Corrective actions to address identified major nonconformities shall be carried out immediately and SGS notified of the actions taken within 30 days. An SGS auditor will perform a **follow up visit** within 90 days to confirm the actions taken, evaluate their effectiveness, and determine whether certification can be granted or continued.
- ☒ Corrective actions to address identified major nonconformities shall be carried out immediately and **records with supporting evidence sent to the SGS auditor** for close-out within 90 days.
- ☒ Corrective Actions to address identified minor non conformities shall be documented on a 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

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

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

8. General Observations & Opportunities for Improvement

Positive Observations:

Important Observations and Opportunities for Improvements:

MS2530-3:2013 Part 3

Indicator	Evidence
4.2.2.3 OBSERVATION 01	However the stakeholder list was incomplete. Sabaju 4&5 did not include the neighboring Shin Yang estate who recently encroached and cleared 7.74 ha of land Sabaju 4 & 5 left as Conservation / MPOB trial plot . This has been resolved and Shin Yang has re-established the cleared land . The Sabaju 2 Estate similar list of stakeholders categories were available, however the neighbouring estates like Keresa, Wajang and Ribuan Sawit have not been included in the stakeholder list
4.3.2.3 OBSERVATION 02	Boundary coordinate for Sabaju 2 is available in the boundary mapping. Observation in Sabaju 2 However, site visit to estate boundary with Rh Majang community at Block 09/11 and 08/15 the boundary marking was not visibly seen. Coordinate in the map : E2426903 N5351494 (Block 08/15) E2425662 N5350403 (Block 09/11)
4.4.5.7 OBSERVATION 03	In Sabaju the overtime of Ramos was checked . Based on the checkroll he had 34 hours of overtime , however the payslip revealed only 27 hrs
4.4.6.3 OBSERVATION 04	In Sabaju 3, the training record of employees trained in First Aid was available. The training was conducted on 16/8/17 facilitated by Ms Janet Tinnes, Sabaju Clinic Medical Asst attended by OSHA committee members comprising of management and workers representatives (20)

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	A 'Borang Penilaian' will be used to evaluate and to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure. In the above training, the trainer will evaluate the personnel understanding one week after the training . Based on the evaluation form , 13 were evaluated to have passed the competency . the balance 7 is reported to be evaluated on a later date .
4.5.1.5 OBSERVATION 05	Similarly in Sabaju 4, the estate management provided awareness briefing for workers which were conducted in 2017. The various training was conducted by the estate management (Estate manager, Assistant Manager and Field supervisor) Among topic covered : Policy & Sustainability awareness a. Briefing. (15/11/2017) b. Companies Policies Briefing (environmental) (15/01/2017) c. Waste Management and procedure brief –landfill Procedures (24/4/2017) d. Buffer zone training (26/08/2017) e. Water treatment training (06/02/2017) However as the estate is on peat land , the training programme did not include water management on peat land area. Interview with person in charge of water table management, mention that No training on this component since 2014.
4.5.1.6 OBSERVATION 06	Employee meeting for Sabaju 3 Estate South Estate is available which had conducted on 15 September 2017. The meeting covered topics such as Environmental policy, sustainability (MSPO) and social policy. The meeting not just participate by employee but also local communities involved in the discussion. Even though there is one meeting on environment recorded, there is lack evidence on management plan to have a regular meeting plan. Employee meeting attended both by employee but also contractor mandor involved in the discussion, for Sabaju 4 Estate is available conducted on 29 August 2017. The meeting covered the following : Housing upkeep, day care Centre, fire control, recycle programme and policy. One of the component of the meeting was on 3R recycle programme . However, inspection at the line sitereveal that recyclable material such as PET plastic bottles and aluminum cans are mix with other domestic waste.
4.5.5.1 OBSERVATION 07	However, finding on water treatment result latest (15th February 2017) show that Aluminium (Al) content is 0.79 mg/L which higher than the set parameter limit 0.2 mg/L.

	Ref No : CK/CL505/4994/17 Regular monitoring of water quality at the stream/river flowing through the plantation conducted every 3 months. Verified few of the environmental monitoring & compliance audit report dated 02 October 2017 (NREB ref : NREB/6-1/2G/39) All parameters tested were within permissible limit. For the riparian reserve No spraying is allowed at the riparian reserve according to the sustainability manual reference no: GPC/Memo/18/2016. However, although there are noticeboard on riparian awareness , field inspection found that in riparian reserve Block 9/2011, there were some evidence on spraying at the riparian area although oil palm marking done to avoid spraying in the riparian by the estate management. The management provided record on ground water table monitoring and subsidence post measurement record. Observation on the record founded that it is updated to December 2017. Location of piezometer and subsidence post are also available in the record. Field visit has been made to Block 43 and identified availability of subsidence pole and piezometer. This is align with estate map record. Sabaju 4: For the domestic consumption, water is treated before channeled to household usage. The treated water samples are sent to laboratory for analysis to ensure the treated water conforms to the WHO standard guidelines. Treated water was tested at least once a year. Latest report dated 16 February 2017. However, finding on water treatment result latest (15th February 2017) show that Aluminium (Al) content is 0.79 mg/L which higher than the set parameter limit 0.2 mg/L. Ref No : CK/CL505/4996/17 From the record on 5th July 2017 show only flow rate meter has been changed due to broken. From discussion with the estate management team, it is found that mitigation has not been taken to address the high Al content.
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4.4.4.1 OBSERVATION 01	However the record show that out of the 100 mill workers only 51 workers has been communicated concerning the policy. The staff Ms Betty and worker , Qalbi who joined in October will only be informed of the policy in the next policy training
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Appendix 1 : Multi –Site Address List

Site name / Address	Audit Dates	Activities at this site
Sabaju POM	18/12/17	Mill Audit , Station Operation , Storage
Sabaju 3	19/12/17	Field Operation , Storage , Housing , Water Treatment
Sabaju 4&5	20/12/17	Field Operation , Storage , Housing, Creche
Sabaju 2	21/12/17	Field Operation , Storage , Housing, Creche
Sabaju 1	22/12/17	Field Operation , Storage , Housing & Housing Mill

Appendix 2: List of Stakeholders Contacted

Stakeholder	Type of Stakeholder	Issues raised	Comments/Action Taken
Sabaju 1,2,3,4&5 Harvesters, slashing gang, sprayers, Mandores	Internal Stakeholders	No issues raised , satisfied with housing . PPE provided but boots not considered PPE	Boots not included as PPE in HIRARC
Sabaju 3 Estate Water Treatment Plant Attendant	Internal Stakeholders	He is aware of En Yusuf as the ketua Kampung/ Wakil .	No issues
Creche attendant , Sabaju 2,3, 4&5	Internal Stakeholders	No issue. Used to the condition	have raised an NC under 4.4.5.11
Elizabeth Thomas	Internal Stakeholders – Office staff	Overtime paid correctly – no issue	
Ms Janet Tinnes, Sabaju Clinic Medical Asst	Internal Stakeholders	No issue . sufficient medicine	no issue
BLD Estate _ Mr Chang Sen Fin , Deputy GM	External Stakeholder – Neighbouring Estate _BLD	No boundary disputes	No issue

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MPOB	External Stakeholder	No issue – license still valid	No issue
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