

## VICTORY PELITA KABAH SDN BHD

### Audit Summary Report

<b>Organization:</b>	<b>Victory Pelita Kabah Sdn Bhd</b>		
<b>Address:</b>	<u><b>Headquarters</b></u> No.66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T 123, 96000 Sibu, Sarawak Malaysia. Head office: Tel: 084-211555 Fax: 084-211886 Email: <a href="mailto:edo001@suburtiasa.com">edo001@suburtiasa.com</a>  Contact person : Ms. Doria Ellison Ludan (Public Relations Manager) Contact No : 084 211 555  <u><b>Estate</b></u> Victory Pelita Kabah Sdn Bhd, Sg. Mapai – Sg. Kabah, Kanowit District, Sibu Division 96000, Sibu Sarawak		
<b>Standard(s):</b>	<b>MS2530-3 : Part 3 : General principles for Oil Palm Plantations and Organized Small Holders</b>	<b>Accreditation Body: DEPARTMENT STANDARDS MALAYSIA (DSM)</b>	
<b>Representative:</b>	<b>Ms Doria Ellison (PR Manager)</b> <b>Ms Nichole Lau (Executive)</b>		
<b>Site(s) audited:</b>	<b>Victory Pelita Kabah Sdn Bhd</b>	<b>Date(s) of audit(s):</b>	<b>18<sup>th</sup> May 2019</b>
<b>Visit Type:</b>	<b>MSPO Audit Stage 2</b>	<b>Type of Certification Assessment</b>	<b>Main Audit</b>
<b>Lead auditor:</b>	<b>Abdul Khalik Bin Arbi (AKA)</b>	<b>Additional team member(s):</b> <b>Audit Member (AM)</b>	<b>Jeffrey Denis Ridu (JDR)</b>
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

The audit covered one site performing certification scope:

**Production of Fresh Fruit Bunches (FFB) for Plantations in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3 : General Principles For Oil Palm Plantations And Organized Smallholders**

Validation of processes for production and service provision

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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 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: 0 Major 1 Minor

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

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

### 4. Previous Audit Results

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

- ☐ Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective.
- ☐ The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

### 5. Audit Findings

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

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

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

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

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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 Plan. In performing the audit, various audit trails and linkages were developed, including the following primary audit trails, followed throughout:

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<b>Address:</b>	No.66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T 123, 96000 Sibul, Sarawak Malaysia.  Contact person: Lance Hung Sing Lu Contact No : 019-888 5329 / 084-211555 Head office: Tel: 084-211555 Fax: 084-211886 Email: <a href="mailto:info@suburtiasa.com">info@suburtiasa.com</a>  <b>Estate</b> Victory Pelita Kabah Sdn Bhd, Sg. Mapai – SG. Kabah, Kanowit District, Sibul Division 96000, Sibul Sarawak		
<b>MPOB License No.:</b>	<b>616097002000</b>	<b>Expiry date:</b>	<b>01.01.2019 till 31.12.2019</b>
<b>Scope of Activity:</b>	<b>1. Menjual dan mengalih (FFB)</b>		
<b>Date of certificate issued and validity</b>		<b>Nil (New application)</b>	
<b>Other Sustainability Certification</b>		<b>Nil</b>	
<b>Proposed date of next surveillance audit</b>		<b>April 2020</b>	
<b>Visit Number:</b>	<b>02 (Stage 2 )</b>	<b>Actual Visit Date:</b>	<b>18<sup>th</sup> May 2019</b>
<b>Visit Due by Date:</b>	<b>Nil</b>	<b>For auditor information only</b>	
<b>Lead Auditor:</b>	Abdul Khalik Arbi (AKA)		
<b>Team Member(s):</b>	Jeffrey Denis Ridu (Audit Member)		
<b>Additional Attendees and Roles</b>	Nil		
<b>Standard(s):</b>	<b>MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders</b>		
<b>Audit Language:</b>	English & Malay		

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<b>Audit Scope:</b>	<p>1.The audit covered One (1) site performing the following scope: Operations, comprising of plantation management systems, production of Fresh Fruit bunches (FFB), documentation and field assessment.</p> <p>2.The audit covered all the MS2530-3:2013 Part 3 requirements with no permissible exclusion of clause in compliance to the MSPO Certification Standard</p>
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#### Audit Plan

Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
15 <sup>th</sup> May 2019	5.00 pm	AKA, JDR	Arrived at Sibu Town	Estate Personnel
16 <sup>th</sup> May 2019	7.00 am	AKA, JDR	Depart to estate Arrive at Estate Opening Meeting Audit Process (Site Visit) <ul style="list-style-type: none"> <li>• Principal 1: Management commitment and responsibility</li> <li>• Principle 2: Transparency</li> <li>• Principle 3: Compliance to legal requirements</li> <li>• Principal 4: Social responsibility, health, safety and employment condition</li> <li>• Principal 5: Environment, natural resources, biodiversity and ecosystem services</li> <li>• Principal 6: Best Practice</li> <li>• Principle 7: Development of New Plantings</li> </ul>	Estate Personnel
	12.30 pm		Lunch	
	1.00 pm		Continue Audit Process (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
	4.00 pm		Preparation for closing	
	5.00 pm		Closing Meeting	
	6.00 pm		Depart to Sibu Airport to Kuching	

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## Location and Maps

Victory Pelita Kabah Sdn Bhd is located at Kabah, Kanowit Area (refer Figure 1) which is approximately one and half hours from Sibü Town. For your information, all of this plantation areas are planted with oil palms tree. The project size covers a gross area of 7,222.20 ha. However, for certification, it is only 2,410.57 ha. The MPOB license will be updated during the renewal of license. The GPS locations of the state are shown in Table 1.

**Table 1: Victory Pelita Kabah Sdn Bhd GPS Location**

<b>Supply Base / Estates:</b>	<b>Location Address:</b>	<b>GPS Coordinate(s):</b>	<b>Area Certified(HA) :</b>
Victory Pelita Kabah Estate	Victory Pelita Kabah Sdn Bhd, Sg. Mapai – Sg. Kabah, Kanowit District, Sibü Division, 96000 Sibü, Sarawak	2°6'18.6768" N 112°19'16.5972" E	2,410.57





### Description of Processing Capacity

The FFB are sourced from the estate which is directly managed by Victory Pelita Kabah Sdn Bhd. The crop yield from the estate as mention in **Table 2** below.

**Table 2: FFB Production**

VICTORY PELITA KABAH SDN BHD	FFB Production (MT)	
	Jan2018-Dec2018 (Actual)	Jan2019-Sep2019(Projection)
January	72.52-	260.00
February	68.28	270.00
March	92.63	300.00
April	93.12	340.00
May	102.85	400.00
June	161.01	420.00
July	199.02	480.00
August	283.56	650.00
September	286.40	750.00
October	306.00	900.00
November	316.07	850.00
December	311.36	800.00
Total	2,292.82	6,420.00



### Area of Statement

The supplying estate detail of production area (mature/immature) is listed in **Table 3**.

**Table 3: Area Statement of the Supplying Estates**

Name of estate	Title Area (ha)	Plantation area (ha)				
		Immature	Production	Conservation	Land Issue	*Others
Victory Pelita Kabah Sdn Bhd Estate	7,040.00	1,624.27	1,322.60	Nil	Nil	4,628.81
*Others : Transmission tower, Quarry, Roads, line site, rives, water catchment area, office building ,etc						



## Stakeholder Consultation and List of Stakeholders Contacted

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

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/-/media/e90d7c6e51a9460b870d6843b4d67423.ashx>

Stakeholder consultation took place in the form of meetings and interviews. Due to this is the main assessment, meetings with stakeholders were held in the estate office. Detail can be referred to **Appendix 1**:

### Comment on MS2530-3 Compliance Status:

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO</u></p> <p>Victory Pelita Kabah (VPK) Sdn Bhd is a subsidiary under Subur Tiasa Holdings.</p> <p>An MSPO Policy statement has been established by the mother company. In the policy, the organization emphasizes on their commitment towards MSPO implementation as per required by MSPO Certification. The policy was established on March 2018 signed by the Chief Executive Officer, Richard Teng King Huat.</p> <p>The briefing of the policy to the workers was conducted every morning muster to create awareness among the workers regarding the sustainable requirement.</p> <p>Based on the MSPO Policy Statement referred, the organization does highlight their commitment thriving for continual improvement their resources and technology to operate in sustainability manners.</p> <p><u>Internal Audit</u></p> <p>It was observed the internal audit was conduct on 13<sup>th</sup> March 2019. Internal audit will be conduct yearly basis. The next internal audit scheduled for VPK will be in March 2020.</p> <p>Issue raised 5 issues:</p> <ol style="list-style-type: none"> <li>Stakeholders list was sighted during the audit. The list confined of community and supplier/ contractor record. It was found that the list incorporating government bodies, collection centre, supplier and others. However, some of list such as MPOB, MPOCC and Schedule Waste collector a not included.</li> <li>It was observed that the legal register was not updated by the legal officer as the updated listing contain "Minimum Wages Order 2012.</li> <li>It was observed that Safety and Health Committee chart was found not approved by Mr. Paul Wong Siu Nang (General Manager)</li> <li>SCH chart found no representative from women workers.</li> </ol>
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	<p>It was observed that there is no control record for first Aid Box Usage.</p> <p><u>Management Review</u></p> <p>During the audit, it was found that management review was done at HQ level. The meeting involved by estate management and also management from HQ. The last management review done at HQ level was on 12<sup>th</sup> April 2019 to discuss on:</p> <ul style="list-style-type: none"> <li>a) MSPO Standards 2530-3:2013</li> <li>b) Victory Pelita Kabah preparation and progress update</li> <li>c) Internal audit</li> <li>d) Audit findings</li> <li>e) Recommendation and improvement</li> <li>f) Stage 1 and stage 2 audit.</li> </ul> <p>The minute meeting was recorded by Ms Maria Wong and approved by Estate Manager, Mr. Wong Pak Ong (Regional General Manager)</p> <p>The management review minute / agenda found that, the management had taken necessary action on continual improvement and preventive action.</p> <p><u>Continual Improvement</u></p> <p>It was observed the management had taken necessary action to ensure action plan and continual improvement implemented. As an example HIRARC on:</p> <p><b><u>Example 1</u></b></p> <p>Driving to ramp, it was observed one hazards recorded high rating which is 12 and it was list as below:</p> <ul style="list-style-type: none"> <li>a) Overweight – Display of weight limit (10 tons)</li> <li>b) Limiting the number of wolf on the ramp at one time.</li> </ul> <p><b><u>Example 2</u></b></p> <p>Loading fruit into Lorry, it was observed one hazard recorded high rating which is 1 and it was list as below:</p> <ul style="list-style-type: none"> <li>a) Fresh Fruit Bunch (FFB) – Fresh Fruit Bunch spike prick workers, action use of rubber boots and hand gloves.</li> </ul>
<p>Comment on Principle 2</p>	<p><u>Transparency of documents relevant to MSPO requirements</u> –</p> <p>The management was communicating the information by relevant stakeholders via email to the relevant stakeholders. It was found out that the stakeholders meeting was conducted on 13<sup>th</sup> March 2019 (Wednesday), time: 10.30 am, venue: Victory Pelita Kabah Sdn Bhd Estate Meeting Room. Confirmation of attendance letter was sighted, list of confirmation name as follow:</p> <ul style="list-style-type: none"> <li>i. Powerful Agricultural @ Wolf Machinery &amp; Equipment. Reply on 11<sup>th</sup> March 2019</li> </ul>

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- ii. Tr.Mathews Chuat, Reply on 13.03.2019
- iii. Tr. Aji Anak Dinggai

It can be verified in Stakeholder File.

Transparent method of communication and consultation

The procedure to establish consultation and communication with the relevant stakeholders was available in the estate with procedure No.: STHB/ MSPO/OPD/TRN/01, dated 16<sup>th</sup> July 2018.

Appointment letters for each tasks was available in the estate. The task and person appointed list as below:

<u>Name</u>	<u>Position</u>
1. Ms Liong Yuk Siang	Traceability Officer Gender Representative
2. Mr. Runi Anak Libin	Social Liaison Officer
3. Mr Charlie Anak Busul	Safety & Health Officer
4. Mr Nooraslina Bin khalid	Legal Officer
5. Mr. Yiek Ing Ong	Environmental Officer

Records of grievance form was kept in file Complaints and Grievances. Currently there was 2 complaints rise by workers. The complaints stated as below:

- a) Complainer: Mr Wong Pick Seng  
Date of complaint: 19.01.2019  
Issue arise: *"Every staff should have air Conditioner, every staff should have handphone credit incentives, should have clean water supply, Store keeper in charge should have transportation (not sharing with other Department), Store should have at least five (5) personnel to handle daily work, need one clerk to deal with machinery to reports and complaints and Fan for workshop"*.  
Closed date: 19.01.2019.

- b) Complainer: Megga  
Date of complaint: 12.01.2019  
Issue arise: *"Staff kerja start 6.00 am till 6.00 pm paling lambat tapi staff juga perlukan hiburan untuk release mereka"*.  
Closed date: 13.01.2019

Traceability

Procedure for Traceability had been established dated 23<sup>rd</sup> January 2018 Procedure No. STHB/ MSPO/ TRA/ 01, dated 23<sup>rd</sup> January 2018. During site visit, it was found the procedure is being practiced accordingly.

A person in charge had been appointed in order to maintain the continuity of traceability practice in the estates. Ms Liong Yuk Siang Traceability Officer been appointed to ensure effectiveness of the traceability.

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	<p>Visual inspection of traceability procedures / handling at site</p> <p>Example of traceability implementation:  Date : 16<sup>th</sup> May 2019  Total Weight from mill: 15, 190 kg  Currently there was no weighbridge available in the estate.  FFB Block Transportation Chit Phase 1 No.: 000852  Weighbridge Ticket No.: 5871 (Mill)  Estate grading : N/A</p> <p>Person In Charge will conduct a periodical checking on traceability implementation with frequency once a month. This was reflected from FFB Traceability Checklist. Last checklist completed was in 16<sup>th</sup> May 2019.</p>
Comment on Principle 3	<p><u>Regulatory requirements</u> –</p> <p>The estate is operating in compliance with the applicable local, state, national and ratified international laws and regulations.</p> <p>Natural Resources and Environment Board Sarawak  EIA Report Approval  Approved 11<sup>th</sup> April 2014  Reference No.: (12) NREB/6-1/2D/57</p> <p>MPOB Licence No.: 616097002000  Licence activities: Menjual dan Mengalih FFB  Period: 1<sup>st</sup> January 2019 till 31<sup>st</sup> December 2019  Keluasan: 900.56 hectares</p> <p>Ordinan Perniagaan, Profesion dan Perlesenan Perdagangan.: 543295 (Oil Palm Plantation). Period 27.05.2019 – 28.05.2020.</p> <p>Person in-charge to monitor the compliance legal requirement is Mr Nooraslina Bin khalid Legal Officer as Legal Register Officer.</p> <p>It was observed the document for legal related requirement was in placed and file in namely “<b>Legal Register</b>” Victory Pelita Kabah Sdn Bhd. It will done by yearly basis or any changes in the laws register.</p> <p>The estate has listed all laws applicable to their operations in a legal requirement register as evident in Laws, Regulations &amp; Guidelines folder. Some of the list includes:</p> <ul style="list-style-type: none"> <li>i. Act 71 – Weights and Measures Act 1972.</li> <li>ii. Act 582 – MPOB Act 1998: Section 78 Malaysian Palm Oil Board (Licensing) Regulations 2005 PU (A) 516/2005.</li> <li>iii. Control of Supplies Regulations 1974 (for Diesel Storage).</li> <li>iv. Act 127 – Sections 21 and 51 of Environmental Quality Act 1974: Environmental Quality (Scheduled Wastes) Regulations 2005.</li> <li>v. Act 514 – Occupational Safety and Health Act 1994: Incorporating all amendments up to 1<sup>st</sup> January 2006.</li> </ul>

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	<p><u>Land use rights</u> –</p> <p>It was sighted that, palm oil activity was operate in the land title itself. The plantation estate personnel had shown me the land title and it was private and confidential.</p> <p>It was observed the estate management had provide legal ownership or lease of the estate. It can be verified in the EIA report.</p> <p>It was sighted Joint Venture Agreement between Pelita Holdings Sdn Bhd and Victory Round Sdn Bhd for development of native customary rights land at Kabah, Kanowit, Sibuland division for an integrated oil palm plantation approximately 7,222.20 ha in total. Currently during the audit conduct, the planted area is 2,946.87 ha. It can be more in future. The application of the MPOB license will be based on current condition of the year planting. The agreement can be verified in Pelita Correspondence File.</p> <p><u>Customary rights</u> –</p> <p>There is no issues or encumbered by customary rights in the estates.</p> <p>The estate will respond according to the Complaints/Grievance Mechanism should any cases arise in future.</p> <p>Sustainability Team (based in HQ) will be referred for any issues of customary rights.</p> <p>There is no issues or encumbered by customary rights in the estates.</p> <p>The estate will respond according to the Complaints/Grievance Mechanism should any cases arise in future.</p>
Comment on Principle 4	<p><u>Social Impact Assessment</u> –</p> <p>Social Impact Assessment (SIA) report is available that contains the followings:</p> <ul style="list-style-type: none"> <li>- Introduction</li> <li>- Objective</li> <li>- Organizational Chart</li> <li>- Victory Pelita Kabah Sdn Bhd Demographic</li> <li>- Estate Address and Contact Numbers</li> <li>- Adherence to National Laws and Regulations</li> <li>- Facilities/ amenities</li> <li>- Sexual harassment grievance procedure</li> <li>- Social liaison officer</li> </ul> <p>The consultation with stakeholders were recorded in the month of 13<sup>th</sup> March 2019.</p>

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	<p><u>Complaints and grievances</u> –</p> <p>Grievance Procedure is available in the Complaint and Grievances. In addition, the procedure on work flow detailing the Grievance Procedure Mechanism is available in the document.</p> <p>Details of complaints/grievances, date and details of action taken has been recorded in the “Complaint Record”.</p> <p>Communication to the affected parties is evidenced. For instance, any social issues is communicated through briefing The established grievance procedures specifies the estimated time to settle issue raised (within 3 month) depending on types of complaint. Complaint and grievances issue can be verified in File name Complaint and Grievance.</p> <p><u>Commitment to contribute to local sustainable developments</u> –</p> <p>The audit team notes that the assessment has been conducted with consultation with local communities.</p> <p><u>Employees health and safety</u> –</p> <p>It was observed the occupational safety and health policy was made available in the estate.</p> <p>The policy is displayed in the Estate Office. The policy has been communicated to all workers through briefing session (muster ground).</p> <p>Observed that the occupational safety and health plan covers the followings:</p> <p>a) A <b>Policy Statement on Safety &amp; Health</b> dated <b>March 2018</b> signed by Mr. Richard Teng King Huat (Chief Operating Officer). The policy is displayed in the Estate Office.</p> <p>b) It was sighted risk of all operations in the estate was assess and documented. Some of operations sighted as below:</p> <ol style="list-style-type: none"> <li>Manuring</li> <li>Harvesting</li> <li>Spraying</li> <li>Workshop</li> <li>Fertilizer store</li> </ol> <p>Others operation can be verified in HIRARC file.</p> <p>c) It was sighted Training Plan for Year 2019. The latest training records list as below:</p> <ol style="list-style-type: none"> <li>Latihan Pengguna Pemadam Api: 16.05.2019 at fertilizer store VPK, Trainer: Charlie Anak Busul, attended by 32 attendees.</li> <li>Harvesting: 15.05.2019 at Block 26A VPK estate, Trainer Helmi Hasan, attended by 6 attendees.</li> </ol> <p>d) Appropriate PPE were distributed for the specific risk assessed operations as per HIRARC. Records of PPE issuance are kept in the PPE Record Book. Sampled taken Sahari Saka (Harvester), he acknowledged receipt hand gloves, safety helmet and circle cover.</p>
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	<p>e) The estate has a Safe Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to OSH (Classification Packaging and labelling) Regulation 1997 and OSH (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. The procedure covers (in example):</p> <ul style="list-style-type: none"> <li>✓ <b>Menabur Baja</b></li> <li>✓ <b>Menyembur Racun</b></li> <li>✓ <b>Menuai buah</b></li> <li>✓ <b>Workshop</b></li> </ul> <p>f) Appointment letter for Occupational Safety and Health Committee members was sighted. The list of members sighted as below:</p> <ul style="list-style-type: none"> <li>i. Pengerusi – Cheng Kieng Boon (estate manager)</li> <li>ii. Timbalan Pengerusi – Yiek Ing Ong (Senior Assistant Manager)</li> <li>iii. Secretary – Charlie ak Busul (Officer (Social Liaison cum Safety &amp; Health)</li> <li>iv. Etc.</li> </ul> <p>It can be verified in Safety Committee file.</p> <p><u>Employment conditions –</u></p> <p>It was observed the establishment of policy on good social practices regarding human rights was made available on site. The policy sighted was sign by Chief Operating Officer, Mr Richard Teng King Huat.</p> <p>The top management of estate is committed to implement the equal opportunity within their organization. It was observed in the organizational chart show involvement of female and male gender.</p> <p>There were no evidences of any form of discrimination based on race, national origin, religion, gender, union and political affiliation and is covered in the policy as well.</p> <p>The estate maintain an accurate record all employees under the following documents :</p> <ul style="list-style-type: none"> <li>1) Working Status of Foreign Workers</li> <li>2) Working Status of Local Workers</li> </ul> <p>Both above records verified during the audit were found contains the following details of information for every employees.</p> <ul style="list-style-type: none"> <li>- Employee Name</li> <li>- Division</li> <li>- Nationality</li> <li>- Race</li> <li>- Place of Birth</li> <li>- Date of Birth</li> <li>- Occupation</li> <li>- Religion</li> <li>- Employment Date</li> <li>- Sex</li> <li>- Passport No. and Expiry Date ( for foreigner)</li> </ul>
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	<ul style="list-style-type: none"> <li>- Work Permit Expiry Date</li> <li>- Identification Card no.</li> <li>- Socso. No.</li> <li>- EPF no.</li> </ul> <p>Example of worker (foreign) verified :</p> <ol style="list-style-type: none"> <li>1. Sahari Sakka</li> <li>2. Widayati</li> <li>3. Datim</li> </ol> <p><u>Training and competency –</u></p> <p>It was observed the Training Plan 2019 which includes:</p> <ol style="list-style-type: none"> <li>(1) First aid Training</li> <li>(2) Basic scheduled waste management training</li> <li>(3) Chemical handling training</li> <li>(4) Harvesting training</li> <li>(5) Manuring standard training</li> <li>(6) Soil mounding technique</li> </ol> <p>Workplace inspection training.</p>
Comment on Principle 5	<p><u>Environmental management plan –</u></p> <p>An environmental Sustainability policy Statement was signed by Mr Richard Teng King Huat (CHIEF OPERATING OFFICER), Dated March 2018.</p> <p>It was observed the EIA approval was made available in the estate. In EIA approval stated EMR shall be submit quarterly basis (3 months basis). Based on the file Environmental Monitoring Report (EMR) for Plantation it was observed the monitoring report was available every quarter. It was observed the latest Environmental Management Report (EMR) was made available during audit conduct. It was cover from 3<sup>rd</sup> Quarter 2018 (July to September 2018).</p> <p>It was observed the environmental management was covered in the Health, Safety &amp; Environment Policy Statement and some of the objectives was states as below:</p> <p>It was observed the environmental management was covered in the Health, Safety &amp; Environment Policy Statement and some of the objective was states as below:</p> <ol style="list-style-type: none"> <li>a) Developing and improving health, safety health, safety and environment (HSE) programs and procedures to ensure compliance with all applicable laws and regulations.</li> <li>b) Protecting the safety and health of all members of the company and others who may be affected by the work carried out.</li> <li>c) Preventing all types of pollution by establishing and implementing the necessary environmental programs.</li> <li>d) Continually improving the performance of the HSE management system.</li> </ol> <p>Refer to EMP/VPKSB/001; date of assessment: 22/01/2019.</p>

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	<p><u>Efficiency of energy use and use of renewal energy –</u> It was observed the record of diesel usage was made available in the estate record.</p> <p>This can be seen in the Summary Diesel of VPK Estate (Yr 2019) by month for the following:</p> <ol style="list-style-type: none"> <li>(1) Road maintenance</li> <li>(2) Loading &amp; unloading</li> <li>(3) Transportation others</li> <li>(4) Genset</li> <li>(5) General (workshop/ others)</li> <li>(6) Contractor</li> <li>(7) STH / others</li> </ol> <p><u>Waste management and disposal –</u> All waste generated in the oil palm plantation are categorize as below:</p> <ul style="list-style-type: none"> <li>• Soil Erosion and Sedimentation;</li> <li>• Water Quality Degradation;</li> <li>• Wastes Generation;</li> <li>• Noise Pollution;</li> <li>• Air Quality;</li> <li>• Occupational Safety and Health Aspects;</li> <li>• Socio-Economic Impacts;</li> <li>• Management of Agrochemical Aspects</li> </ul> <p>During site visit it was observed the buffer zone for the river was well maintained.</p> <p><u>Reduction of pollution and emission –</u> All waste generated in the oil palm plantation are categorize as below,;</p> <ul style="list-style-type: none"> <li>• Soil Erosion and Sedimentation;</li> <li>• Water Quality Degradation;</li> <li>• Wastes Generation;</li> <li>• Noise Pollution;</li> <li>• Air Quality;</li> <li>• Occupational Safety and Health Aspects;</li> <li>• Socio-Economic Impacts;</li> <li>• Management of Agrochemical Aspects</li> </ul> <p>During site visit it was observed the buffer zone for the river was well maintained.</p> <p><u>Reduction of pollution and emission</u> It was observed the record of coming in and out of empty container was made available in the stored area.</p> <p>It was sighted zero burning policy was available. Action plan to reduced pollutants and emissions was established.</p> <p><u>Natural water resources –</u></p>
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	<p>It was observed the water management plan was made available in the report Water Management Plan. It was discuss on:</p> <ol style="list-style-type: none"> <li>1. Introduction</li> <li>2. Operating units</li> <li>3. Identification of physical system for water management plan</li> <li>4. Water management plans for Victory Pelita Kabah Sdn Bhd</li> <li>5. Water consumption efficiency</li> <li>6. Conclusion</li> </ol> <p>It can be verified in the Water Management Plan report Reference No. WMP/VPKSB/001 dated 22/01/2019.</p> <p><b>Minor 1 (4.5.5.1)</b> Implementation of ways to optimize water and nutrient usage to reduce wastage was found lacking.</p> <p>It was observed, water tank at diesel tank was found leakage, which lead to water wastage.</p> <p><u>Status of rare, threatened or endangered species and high biodiversity value area –</u> There was no status of rare, threatened or endangered species and high biodiversity value area was available in the estate.</p> <p><u>Zero burning practices -</u> The zero burning policy statement was sighted at the estate as used by all under Subur Tiasa Holdings Bhd. It was signed by Mr Richard Teng King Huat, Chief Operating Officer on March 2018.</p>
Comment on Principle 6	<p><u>Site management</u> Standard Operating Procedures: In Oil Palm Plantation prepared covering all aspects of oil palm plantations from Land Preparation to Waste Management Plan. The SOP is under Subur Tiasa Holdings Bhd as per procedure No: STHB/MSPO/OPD/MR/01 dated 16/07/2018.</p> <p>The estate grounds are well covered with non-competitive vegetations allowed to grow to avoid bare ground cover. Cut palm fronds are properly stacked between the planting rows. All plantation roads are well designed, built and maintained mostly using river sand. Block marking shows Block No., Task No, Ha, No. Of palms.</p> <p><u>Economic and financial viability plan</u> Business management plan which includes operational plan for at least 2 years projection was available.</p> <p>Budgeted Profit and Loss for Financial Year ending 31.08.2018 and 31.07.2019 were available for auditor's viewing in the Business Management Plan File.</p>

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Total budget FFB = 2860 MT. Total Ha= 350 ha (Matured), 892.6 + 540.64 Ha (Immatured).

Production area = 2232 Ha, Total ha = 3110 Ha.

Total gross area= 12,498 Ha

#### Transparent and fair pricing dealing

A monthly estate account is prepared for the plantations was viewed by auditor.

All contractors are provided with contracts:

- i) LDK Company for FFB Transportation to CPO Mill from 01.09.2018 to 31.08.2019.
- ii) GFE Glory Sdn Bhd for land development from 01.10.2018 to 01.11.2019.

New contract being drawn up to include MSPO compliance.

#### Contractor

All contracts are mutually agreed to and signed by the contractors with clear terms and conditions stated in the Contract Agreement, for example with:


- 1) LDK Company for FFB Transportation to CPO Mill from 01.09.2018 to 31.08.2019.
- 2) GFE Glory Sdn Bhd for land development from 01.10.2018 to 01.11.2019.

Training of contractors for awareness and compliance to MSPO have been done during the stakeholders meeting on 13 March 2019.

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## 7. Nonconformities

### Corrective Action Report (CAR) MS2530-3: 2013 Part 3: General principles for oil palm plantations and organized smallholders

NonConformity	N° 1 of 1		Minor 1			
	Date Recorded>	18 <sup>th</sup> May 2019	Due Date>	17 <sup>th</sup> July 2019	Date Closed>	19 <sup>th</sup> June 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MS2350-Part 3 4.5.5.1	
Document Ref.:	Criteria 5: Natural water resources		Issue / Rev. Status:		Open	
Details of Nonconformity:	Implementation of ways to optimize water and nutrient usage to reduce wastage was found lacking.					
Objective Evidence:	It was observed, water tank at diesel tank was found leakage, which lead to water wastage.					
Close-out evidence:	Water tap at diesel tank area has been replaced. (Refer to <b>Picture below</b> )					
<div>Before</div> 						

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After



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

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

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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:**

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

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## Appendix 1: List of Stakeholders Contacted

Stakeholder	Type of Stakeholder	Issues raised	Comments/Action Taken
GFE Glory Sdn. Bhd. Supplier	External	No issues raised	Happy to provide service to the estate.
Sahari Sakka Workers	Internal	No issues raised	Happy working in the estate.
Tr. Mathew Chuat	External	No issues raised	Good cooperation and helping comment to estate management

Signed on behalf of <b>Victory Pelita Kabah Sdn Bhd</b>	Signed on behalf of <b>SGS Malaysia Sdn Bhd</b>
 <p>Mr Cheng Kieng Boon (Estate Manager) 18<sup>th</sup> May 2019</p>	 <p>Abdul Khalik Bin Arbi Lead Auditor 18<sup>th</sup> May 2019</p>

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