

Malaysian Sustainable Palm Oil (MSPO) Summary Report

Organization:	Victory Investment Company Sdn. Bhd. – 4190-D (formerly known as Victory Investment Land (J) Sdn. Bhd.)		
Address:	Estate Location Address: K/B 102, 81800 Ulu Tiram, Johor, Malaysia Head Office Address: 81A, Jalan Batu Tiga, 41300 Klang, Selangor, Malaysia		
MSPO Standard(s) Used:	MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders	Accreditation Body(s):	Department Standards of Malaysia
Representative:	Mr. Ravindran Subramaniam – Plantation Controller ravin@southern.com.my +60 12 637 5746 Mr. T Rajmaikam – Assistant Manager lgst1175@hotmail.com +60 19 565 5156 Mr. Ramli bin Sulaiman – Account Supervisor wefinsrasul@gmail.com +60 11 1080 7816		
Site(s) audited:	Ladang Getah Sungai Tiram	Date(s) of audit(s):	16 th April 2019
Audit Scope:	Production of Oil Palm Fresh Fruit Bunch (FFB) in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3		
Mill Capacity:	Nil	Total Area (Certified):	839.41 ha
Visit Certification Assessment:	Main Assessment (Stage 2)	Number of Sites:	1 estate
Lead auditor:	Afiq Othman	Additional team member(s):	Mohd Saifuddin Rozlan
Certificate Number:			
Date of Issue:		Date of Expiry	
This report is confidential and distribution is limited to the audit team, client representative and the SGS office.			

1. Audit Objectives

The objectives of this audit were:

- to confirm that the management system conforms with all the requirements of the audit standard;
- to confirm that the organization has effectively implemented the planned management system;
- to confirm that the management system is capable of achieving the organization's policy objectives.

2. Scope of MSPO Certification

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

This is a multi-site audit and an Appendix listing all relevant sites and/or remote locations has been established (attached) and agreed with the client Yes No

3. Current Certification

Currently **Victory Investment Company Sdn. Bhd. – Ladang Getah Sungai Tiram** is being certified with other certification scheme as below:

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

4. Assessment Process and Audit Programme

4.1. Sampling Method (not applicable)

Sampling Methodology and Rationale
<p>Sampling of the estates to be audited has been conducted in accordance to the Risk Management (MPOB/MSPO/RMP/06) documents as below:</p> <p style="text-align: center;">S = r√n</p> <p style="text-align: center;">Risk Factor: Not Applicable</p> <p>Since this is an individual certification. Sampling method is not applicable.</p>

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

Job n°:	MY05387	Report date:	30 th April 2019	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304	Issue n°:	10	Page n°:	2 of 21	

4.2. Audit Plan

The assessment was conducted in 1 audit day (2 man-days) and involving an estate. The audit covers documentation review, internal procedures, management system, field inspection as well as identification of any significant issues for both environment or social issues.

Date	Time	SGS Team	Organisational and Functional Units/ Processes and Activities	Key Contact
15 th April 2019			AO arrive at Kulai	
16 th April 2019	A.M 0830 0900 0900- 1200 P.M 1200- 1300 1300- 1600 1600- 1630 1630- 1700 1730	ALL (AO & MSR)	<p>Audit Team arrive at Ldg Getah Sg. Tiram</p> <p>Opening Meeting</p> <p>Safety briefing & brief presentation estate introduction by the management</p> <p>Opening slides by SGS Team</p> <p><u>Site Visit</u> Buffer zone, boundary area, HCV or conservation area, landfill, operation (harvesting/ spraying/ manuring) area, water treatment plant, storage area, workshop and labour quarters and stakeholder consultation</p> <p>Lunch Break</p> <p>Continue Audit – Documentation Review</p> <p>Auditor meeting</p> <p>Audit Closing Meeting</p> <p>Depart from Ldg Getah Sg. Tiram</p>	Audit Team & Estate Management

Job n°:	MY05387	Report date:	30 th April 2019	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL		Document:	GS0304	Issue n°:	10	Page n°:	3 of 21

4.3. Certification Body

Auditor	Role	Qualification, Education, Working Experience.
Afiq 'Aliyyuddin Othman	Lead Auditor (Principle 2, 3 & 4)	- MSPO Certified Lead Auditor - BSc. (Hons) Marine Technology - A year experience working in Ministry of Natural Resources and Environment - 5 years experiences working for Sime Darby Plantation Berhad as Sustainability and Quality Management. - A year experience working for SGS (M) Sdn. Bhd. as auditor
Mohd Saifuddin Rozlan	Auditor (Principle 1, 5, 6 & 7)	- MSPO Certified Lead Auditor - Bachelor of Forestry (Wood, Fibre and Technology) - 6 years experiences working for SGS as Lead Auditor (FSC, PEFC, ISCC & MSPO)

4.4. Audit Planning Matrix

Area / Department / Process / Function	Standard	Auditor(s)	Visits:	MA (Stg 2)	SA1	SA2	SA3	SA4
			Dates:	16/4/2019				
Ldg Getah Sg Tiram	MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders	1. Afiq Othman 2. Mohd Saifuddin Rozlan		X	O	O	O	O

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

5. Previous Audit Results (not applicable)

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

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

6. Audit Findings Summary and Recommendations

The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of the management system.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
The organization has demonstrated effective implementation and maintenance / improvement of its management system.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
The audit team concludes that the organization <input checked="" type="checkbox"/> has <input type="checkbox"/> 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 3 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:		
<input checked="" type="checkbox"/> Granted / <input type="checkbox"/> Continued / <input type="checkbox"/> Withheld / <input type="checkbox"/> Suspended until satisfactory corrective action is completed.		

7. Significant Audit Trails Followed

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

7.1. Details of Certified Entity

Estate/ Mill	Location Address	Geo-Coordinate (GPS)
		Latitude, Longitude
Ladang Getah Sungai Tiram	K/B 102, 81800 Ulu Tiram, Johor, Malaysia	N 1°33'37.836", E 103°55'53.598"

Table 1: Address and Coordinates of Estate

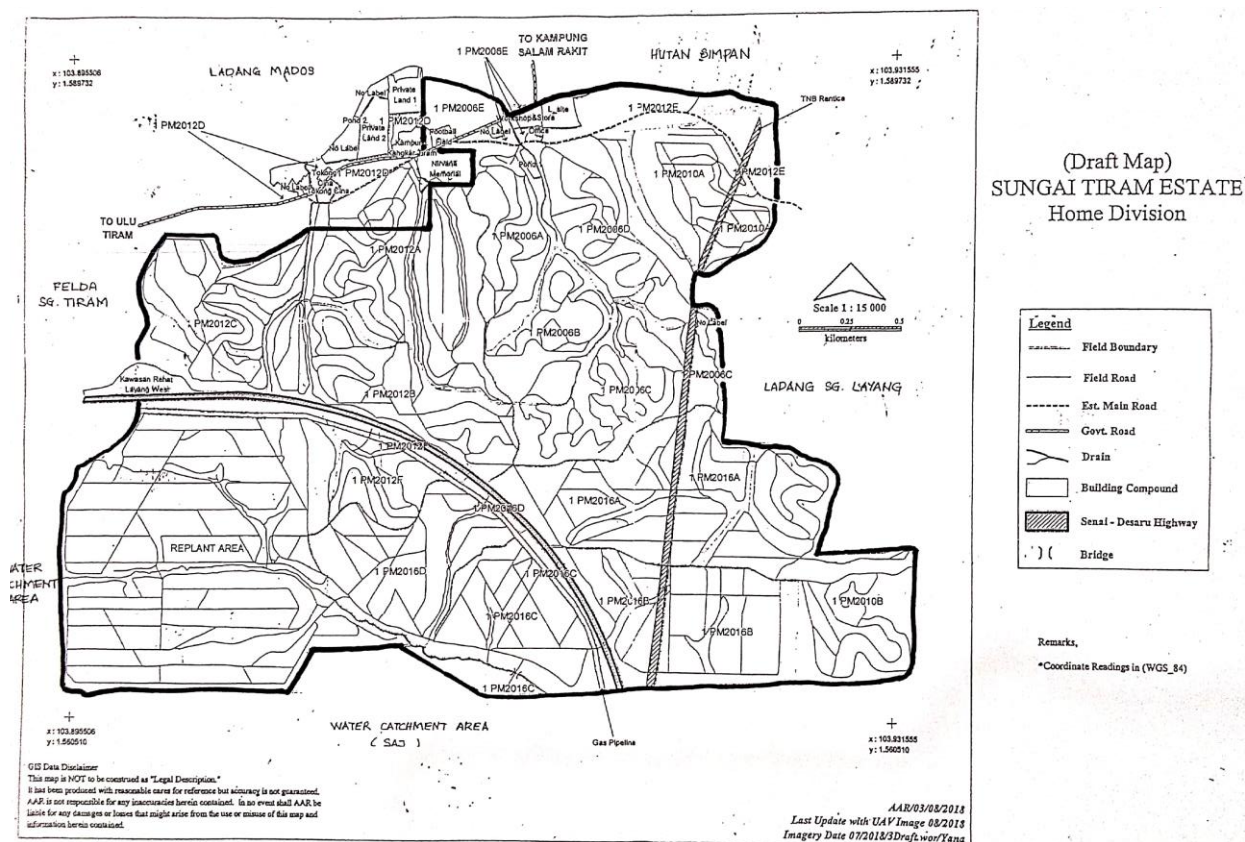


Figure 1: Estate Map

Description of the supply base

Ladang Getah Sungai Tiram was established in November 1975. It belongs to Victory Investment Company Sdn. Bhd. which is formerly known and Victory Investment Land (J) Sdn. Bhd. With a total manpower of 27 workers from local, Bangladesh and Indonesia. The estate located in Ulu Tiram, Johor south of Malaysia. Currently being planted with only oil palm crops. The crops are being supplied to Southern Malays Palm Oil Mill which is belongs to sister company.

Estate	FFB Production (MT)	
	Actual FY (2017/2018)	Estimated (FY 2018/2019)
Ladang Getah Sungai Tiram	10,162.02	11,050.02
TOTAL FFB Produced	10,162.02	11,050.02

Table 2: FFB Production (Actual & Estimated)

7.2. Area of Plantations

Certified Area Statement (Ha)						
Estate	Titled Area	Planted (Ha)		Conservation	HCV	Others
		Immature Area	Mature Area			
Ladang Getah Sungai Tiram	839.41	185.42	616.72	0	0	37.27
TOTAL	839.41	185.42	616.72	0	0	37.27

Table 3: Hectarage Statement

7.3. Stakeholder Consultation and List of Stakeholders Contacted

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

7.4. Comment on MS2530-3 Compliance Status

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO –</u></p> <p>A policy for the implementation of MSPO has been established signed by Industrial & Plantation Senior Director. The policy emphasizes on commitment towards continual improvement.</p> <p><u>Internal Audit –</u></p> <p>Internal audit was planned and conducted regularly to determine the strong and weak points and potential area for further improvement for at least once a year as per the established Internal Audit Procedure. The internal audit procedure and audit results were available during the main assessment, followed by the identification of root cause of each nonconformity and corrective action plan. Details of corrective action for non-conformities raised was addressed within stipulated timeline as per its SOP. Observed the internal audit result was discussed in management review meeting.</p> <p><u>Management Review –</u></p> <p>The management periodically review the adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification based on internal audit result. Management review was conducted after the said internal audit was conducted and another round of meeting conducted after the MSPO Stage 1 audit has taken place.</p>
--------------------------------------	---

Job n°:	MY05387	Report date:	30 th April 2019	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304	Issue n°:	10	Page n°:	7 of 21	

	<p><u>Continual Improvement</u> –</p> <p>Continual improvement plan was established based on consideration of the main social and environmental impact and opportunities of the company. As to date, the company has not practiced any new technique or new technologies in their operation.</p>
<p>Comment on Principle 2</p>	<p><u>Transparency of documents relevant to MSPO requirements</u> –</p> <p>Consultation and Communication Procedure has been established by the company with process flow of communication process included in the procedure.</p> <p>The company uses stakeholder meeting as one of the medium to communicate necessary information to relevant stakeholders. Any additional information will be communicated to stakeholder upon request as long as it is not subjected to private and confidentiality.</p> <p>Stakeholder meeting done three times in 2018 targeted for neighbouring communities, government bodies and suppliers. The next stakeholder meeting is due in May 2019. Copies of complaint and grievance form has been provided to stakeholders during the last stakeholder meeting. The workers have been briefed on how to lodge complaints to the estate management.</p> <p>Noted “peti cadangan” and complaints forms being made available in front of the office. Explained by the management, stakeholders may submit their official request through various mediums such as letter, memo, phone, email or even come by the estate office to extend their intentions.</p> <p><u>Transparent method of communication and consultation</u> –</p> <p>SOP Established Stakeholder Consultation and Communication Procedure Ref No PRO-P2C2/CC Rev R00 dated 1/6/18. Process flow of communication included in the procedure.</p> <p>A social Management Officer was appointed by Estate Manager to be responsible of consultation and communication with relevant stakeholders. Relevant stakeholders have been identified by establishing lists of stakeholders categorizing government bodies, suppliers, buyers and internal stakeholders.</p> <p>As of the date of audit, no specific complaint was recorded. However, the estate distributed feedback forms to its stakeholders during stakeholder meetings mentioned above. All communication records such as feedback forms resulted from the stakeholder meetings are being retained appropriately.</p> <p><u>Traceability</u> –</p>

	<p>The company has established Traceability. Based on records reviewed, it shows that the estate is implementing traceability system as per established procedure.</p> <p>Personnel was appointed (Estate Assistant Manager) by Plantation Controller to ensure that the SOP is being implemented accordingly. The appointed personnel will record all information pertaining traceability in Daily Crop Record as part of continuous monitoring. As the record's name suggested, it is being recorded on daily basis. Noted all records of sales, delivery or transportation are being maintained appropriately. Inspection of the implementation is being done annually through MSPO Internal Audit to ensure the system is being implemented continuously.</p>
<p>Comment on Principle 3</p>	<p><u>Regulatory requirements</u> –</p> <p>It was found that the operation is in compliance with the applicable local, state, national and ratified international laws and regulations based on interview, document review and site visit.</p> <p>The estate is maintaining Legal Register which was created on 1/6/18. Ever since the establishment. The estate has been maintaining and updating the legal register. Noted the new Minimum Wages Order 2018 which had been made effective January 2019 was included into the register. Together with it, the requirement of Employment Insurance System and SOCSO for foreign workers were also included.</p> <p>Sighted MPOB licenses (refer appendix 2 for detail of license). The Group Company has appointed a representative from HQ to take charge on monitoring compliance and to track and update the changes in regulatory requirements. The appointed personnel will inform the estate should there be any changes in the requirements.</p> <p><u>Legal land use rights</u> –</p> <p>The estate managed to present all land titles for the plantation area. All legality and ownership documents were found to be well maintained. Record of quit rent evident also shown that payment was made in timely manner and no outstanding payment. The estate consists of 17 field blocks with a total of 802.14 ha planted and 839.41 ha for overall land as per land title.</p> <p>Sighted a boundary marker has been installed. According to boundary marker map sighted, 54 markers were installed. Noted the operations of estate does not diminish other land users right. The estate has clearly demarcated the area by fence and trench. Based on the estate's communication records no issue pertaining land use right was reported.</p> <p><u>Customary rights</u> –</p> <p>Not applicable.</p> <p>There are no issues or encumbered by customary rights in the estates.</p>

	<p>The estate will respond according the “Inquiry Register Book & Complaints/Grievances Record Book should any cases arise in future. Genting Group (Headquarters) will be referred for any issues of customary rights.</p>
<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment –</u></p> <p>SIA conducted internally by Social Management Officer. It was done to identify positive and negative impacts. Every feedback is being recorded and addressed accordingly by the estate management.</p> <p>Noted from the inputs given by engaged stakeholders, no negative impact was highlighted.</p> <p>Social Management Plan – Available. The plan was meant to mitigate negative impacts and to promote positive impacts identified. Since no negative feedbacks given by the stakeholders engaged during the SIA, it was used only to promote positive impacts identified.</p> <p><u>Complaints and grievances –</u></p> <p>SOP Established Stakeholder Consultation and Communication Procedure dated 1/6/18. Process flow of communication included in the procedure. Complaint and grievance dealing process is a subset of the SOP mentioned earlier. The procedure specified on suggested period should be taken to resolve any complaint received.</p> <p>The relevant stakeholders have been made aware of the complaints and grievance mechanism. It was communicated during series of stakeholder meetings and briefing with workers. Copies of feedback form were provided during the meetings and briefings done. It also made available at the estate office.</p> <p>Noted all the complaint and feedback forms from Social Impact Assessment and Stakeholder Meetings are being retained accordingly.</p> <p><u>Commitment to contribute to local sustainable developments –</u></p> <p>The estate management has been actively helping and contributing to the local communities in vicinity. It has been a norm for the estate to give donation to the nearby temple on yearly basis for the temple annual prayer. It was found that all Corporate Social Responsibility Records are being maintained well by the estate managements.</p> <p><u>Employees health and safety –</u></p> <p>Sighted “Polisi Keselamatan dan Kesehatan Pekerjaan” signed by Dr Nick Low dated 1/6/18. The establishment of the policy has been communicated through trainings and stakeholder meetings conducted. Each worker was provided with copy of policies established.</p> <p>OSH Plan was sighted during the audit. The plan consists of the requirement of indicator 4.4.4.2 of this standard.</p>

	<p>HIRARC has been established covering all activities in the estate such as harvesting, spraying, manuring etc. CHRA Report available in the estate as a documented result of the assessment. the assessment was carried out by DOSH licensed assessor. Number of workers have been sent for medical surveillance in accordance to the CHRA Report requirement. Based on the results noted that they are fit to work.</p> <p>Training programme 2019 was sighted. Based on sampled training record noted that the training has been conducted as planned. Further assessed during interview session with several workers interviewed admit that they have been given relevant training on safe working procedure.</p> <p>Sighted PPE issuance record is being well maintained in “PPE Issuance Book”. Among PPE provided is Safety Helmet, Glove, Safety Shoes, Sickle Cover. During site visit to the activity area observed workers were adequately equipped with PPE. The workers claimed the management provided them with the necessary PPE. Broken or unfit PPE will be replaced for free by the management provided they return the old or broken PPE.</p> <p>Safe Work Manual has been established. The manual covers various activities including operational and non-operational activities. Safety manuals for storage of chemical and empty container, spraying manual, issuance of chemical, rat baiting and chemical mixing were made available during the audit.</p> <p>Sighted committee OSH organisation chart of the estate has been established despite not subjected to the requirement due to low number of workers. The number of management representatives and worker representatives are well balanced. Sampled appointment letters from estate are available among management representatives and worker representatives.</p> <p>OSH meeting is being conducted on quarterly basis since the establishment of the OSH Committee. Last meeting conducted was in February 2019.</p> <p>Sighted ERP for Fire, Injury/ illness, chemical spillage and other chemical related incidents and electrical shock. Personnel in charge of chemical storage was found to be understood on the ERP for chemical spillage. Relevant ERPs were displayed at relevant areas such as store, housing area and other operation areas.</p> <p>The estate has a competent first aider in the estate which is the Hospital Assistant. Internal First Aid Training was also conducted for the workers. Observed that first aid kit was available at the site during operation activity.</p> <p>No accident recorded in year 2018 and 2019 (as of the day of audit). Current practice, JKPP 8 being submitted through online platform, MYKPP. The submission received by DOSH on 9/2/19.</p> <p><u>Employment conditions –</u></p>
--	--

Job n°:	MY05387	Report date:	30 th April 2019	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL		Document:	GS0304	Issue n°:	10	Page n°:	11 of 21

	<p>A policy has been established to ensure the company is operating on good social practices regarding human rights in respect of industrial harmony such as Equality/ no discrimination, No child labour, No sexual harassment and Freedom of Association.</p> <p>Based on observation and interview session noted that no discriminatory practices in the estate.</p> <p>The estate has started paying worker according to the new Minimum Wages Order 2018 starting January 2019 based on sampled worker pay slips. Besides ensuring the workers are being paid based according to requirement, the estate also monitors salary payment made by contractors engaged to its workers to ensure they are paid based on legal or industry minimum standards.</p> <p>The management has established records that provide an accurate account of all employees namely "Employee Registration Card". It is being used to entail all required details for all employees and contractors.</p> <p>Noted from sampled employment contracts, the workers have been given fair contracts and have been signed by both parties employee and employer. Working hours were reflected in each employment contracts.</p> <p>Worker's attendance is being recorded into attendance book. Contract workers attendance is being monitored progressively. Example, Driver work progress will be monitored through weighbridge ticket records, Sprayer work progress will be monitored through actual implementation. OT given to upkeep workers or another daily rate task.</p> <p>Among other social benefit offers by the employer are free outpatient medical treatment from the estate's clinic, free accommodation, free water and electricity supplies. During the site visit to the accommodation provided by the employer, noted it was in good condition, no broken or damage parts, clean surrounding, rubbish bin for each house, smooth drainage system.</p> <p>None of the workers are union members. However, the estate management has shown their respect towards freedom of association through a memo saying they will not obstruct any desire of association (union). The memo is being displayed in front of the management office which can be seen by the worker. A simple election was done internally for the workers to have worker's representatives of their own choosing.</p> <p>No underage worker is being employed in the estate as per company procedure.</p> <p><u>Training and competency –</u></p> <p>Sighted training plan for 2019 being developed into several programmes. Training Plan for 2019 has been established. Training needs analysis was established prior to developing training programme. Noted from the training needs, the estate has identified the applicability of each training type against job functions available.</p>
--	--

Job n°:	MY05387	Report date:	30 th April 2019	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL		Document:	GS0304	Issue n°:	10	Page n°:	12 of 21

<p>Comment on Principle 5</p>	<p><u>Environmental management programme –</u></p> <p>Environmental policy seen established on 01/06/18 and a procedure seen, DOC-P5C1/EMP. Also sighted the EMP for 2018 established with relevant objectives that emphasize on good management practice and mitigation of environmental impacts. Evidence of Environmental Management Plan was communicated to all employees through training sessions conducted for the workers.</p> <p>A program to promote the positive impacts was indicated in the continual improvement plan and also being included into environmental monitoring plan of the estate.</p> <p>Series of trainings were included into training program and implemented accordingly to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.</p> <p>Number of meetings were conducted to discussed on any environmental issues happening in the estate. It is usually being done concurrently with the quarterly OSH meeting.</p> <p><u>Efficiency of energy use and use of renewal energy –</u></p> <p>Consumption of non-renewable energy is being closely monitored through establishment of baseline values and trends not only for day to day usage but also through determination of projection of consumption for the coming years. The estate assesses the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period. As to date, no renewable energy was adopted by the estate.</p> <p><u>Waste management and disposal –</u></p> <p>List of all waste products and sources of pollution were identified and documented appropriately.</p> <p>Waste management plan was established containing identification and monitoring of waste sources. For each identified waste source, the estate has determined the appropriate measure to ensure all waste generated in the estate is being handled responsibly.</p> <p>Relevant SOP of Handling of Used Chemical has been established covering the aspects of handling labelling, storing and disposal to ensure they meet the local authority requirements.</p> <p>The estate is doing its best to minimize waste production by practicing recycling recyclable items such as plastics, glass, papers and aluminums. Recycle bins were located at several places such as at housing area etc. apart from recycling items from domestic waste, the estate practices reusing chemical containers too. They are being used for chemical mixing activity.</p>
-------------------------------	---

	<p>Domestic waste is being disposed into identified landfill in the estate. Rubbish collection is being done regularly from the housing area to avoid unpleasant environment.</p> <p><u>Reduction of pollution and emission –</u></p> <p>Assessment of polluting activities was done together with environment aspect and impact analysis of the company. Action plan to reduce significant pollutants and emissions was incorporated together with the action plan of environment aspect and impact analysis.</p> <p><u>Natural water resources –</u></p> <p>Water Management Plan was sighted at the estate. Water is being sourced from local agency. The water usage is being monitored on monthly basis. Volume used is being recorded and the records were well maintained.</p> <p>To monitor the outgoing water from the estate, the management had identified several water sampling points in the estate. Water samples were sent to accredited laboratory.</p> <p>As part of optimizing water usage, the estate collects excess water from chemical mixing activity to be used for another chemical mixing activity.</p> <p>Buffer zones have been established in certain areas in the estate to continue preserve water courses flowing in the estate. During site visit noted the vegetation around the buffer zones is adequate no sign of agro-chemical activity done in the area. Buffer zones were well maintained. No construction of bund, weirs and dams across in the estate.</p> <p>To retain moisture in the field, field drains were constructed to help with the water retention.</p> <p><u>Status of rare, threatened or endangered species and high biodiversity value area –</u></p> <p>Biodiversity assessment done by appointed consultant. Noted the estate has only been provided with draft report as the assessment was done not too long before the audit date. Based on the draft report, several wild animals and birds with vulnerable and endangered categories were detected within the plantation.</p> <p>Appropriate signages of illegal hunting and fishing have been erected to discourage such activities. They were available at estate main entrance and in certain area in the plantation fields</p> <p>Biodiversity Management Plan has been established based on appointed biodiversity consultant advices. The plan was received on the day of audit, hence it has yet to be carried out.</p> <p><u>Zero burning practices –</u></p>
--	--

Job n°:	MY05387	Report date:	30 th April 2019	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304	Issue n°:	10	Page n°:	14 of 21	

	<p>Zero Burning commitments were reflected in the established Environment Policy mentioned earlier. To top it off, the prohibition of adopting burning method is also being mentioned in Replanting SOP of the company. Noted no traces of open burning in the estate either at replanted field or housing area.</p>
<p>Comment on Principle 6</p>	<p><u>Implementation of standard best practices / Site management –</u></p> <p>Standard Operating Procedure on Good Agricultural Practice has been established consisting 21 types of operational activity. Based on observation of the auditor during site visit to the field, noted that the field management is in accordance to the SOP. Further verification through interview with harvesting contract workers exhibit good understanding of the company standards. The implementation is being monitored periodically through internal audit and visit by Plantation Controller.</p> <p>The land being occupied by the estate is mostly flat area. However, there were some areas that have identified as hilly areas. A proper terracing system was found to be in place. Adequate soil and water conservations in the estate were found to be available.</p> <p>Apart from having field block map, the physical identification on the ground was found to be available.</p> <p>Terracing was done for all hilly areas. Noted no 25-degree slope in the estate. All terrace areas were observed to have adequate cover crops.</p> <p><u>Economic and financial viability plan –</u></p> <p>Business plan has been established to demonstrate attention to economic and financial viability through long-term management planning. The operational plan of 4 years ahead until 2023 was made available during the audit. From the business plan reviewed noted that the plan not only covers operational plan and budgeting but also on other indirect general charges and other indirect expenses.</p> <p>No replanting activity is being planned to be carried in the near future.</p> <p>Periodically, the business plan is being monitored through several identified methods such as Daily Production Reports, Monthly Estate Production Performance Report and Quarterly Performance Report.</p> <p><u>Transparent and fair pricing dealing –</u></p> <p>Sighted contract agreements between the estate and appointed contractors for outsourced services such as for FFB Transportation.</p> <p>The contract agreement between the estate and contractor was made available and signed by both sides. Noted that pricing mechanism was documented in the agreement. Payment to the contractor done on monthly basis. Noted no complaint ever received from the contractor regarding late payment etc.</p>

	<p><u>Contractor –</u></p> <p>From all sampled contract agreements made between the estate and appointed contractors, noted that it has been agreed and signed by both parties. Observed that all sampled contracts containing special clause on MSPO adherence and compliance requirement</p>
Comment on Principle 7	<p><i>Note: the whole Principle 7 is not applicable for this audit as there is no new planting in the plantations area.</i></p> <p><u>High biodiversity value –</u></p> <p><u>Peat land –</u></p> <p><u>Social and environmental impact assessment –</u></p> <p><u>Soil survey –</u></p> <p><u>Planting on steep terrain and/or on marginal and fragile soils –</u></p> <p><u>Customary land -</u></p>

8. Nonconformities

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

Non-Conformity	N° 1 of 3	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
Department / Function:	Principle 5, Efficiency of energy use of renewable energy	Standard Ref.:	4.5.2.1
Document Ref.:		Issue / Rev. Status:	Open (Due by 15 th January 2020)
Details of Nonconformity:	Consumption of non-renewable energy were not optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe.		
Objective Evidence:	Reviewed the diesel database did not include subcontractor usage (e.g. FFB Transporter) diesel consumption.		
Root Cause Analysis:	The management of LGST was not aware of such requirement since the contractors were not using the estate diesel. They were understood that the requirement is only applicable if the engaged contractor uses estate diesel.		
Correction & Corrective Action:	<p>Correction: LGST management will gather the information required from all contractors that they have engaged.</p> <p>Corrective Action:</p> <ol style="list-style-type: none"> The management will brief the contractors on the requirement to obtain their cooperation in order to comply with the requirement. 		

Job n°:	MY05387	Report date:	30 th April 2019	Visit Type:	MA	Visit n°:	2
CONFIDENTIAL	Document:	GS0304	Issue n°:	10	Page n°:	16 of 21	

	2. LGST will continue collecting and recording the information on weekly/ monthly basis.
--	--

Non-Conformity	N° 2 of 3	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
Department / Function:	Principle 5, Waste management and disposal	Standard Ref.:	4.5.3.4
Document Ref.:		Issue / Rev. Status:	Open (Due by 15 th January 2020)
Details of Nonconformity:	Empty pesticide containers were not punctured to ensure no risk of contamination of water sources or to human health.		
Objective Evidence:	During visual inspection at storage area, empty pesticide containers in schedule waste store were not triple rinsed and punctured.		
Root Cause Analysis:	The person in charge of collecting and storing the empty pesticide containers was not aware of the necessity to triple rinse and punch the excess containers.		
Correction & Corrective Action:	<p>Correction: Such action has been taken for all excess containers and stored in the appropriate store.</p> <p>Corrective Action:</p> <ol style="list-style-type: none"> 1. The person in charge will be briefed on the requirement. 2. Immediate rinsing and punching will be done as soon as excess pesticide containers generated. 		

Non-Conformity	N° 3 of 3	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
Department / Function:	Principle 5, Status of rare, threatened, or endangered species and high biodiversity value area	Standard Ref.:	4.5.6.1
Document Ref.:		Issue / Rev. Status:	Open (Due by 15 th January 2020)
Details of Nonconformity:	Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations		
Objective Evidence:	<p>Based on estate map, the estate was bordering with water catchment area and wetland areas.</p> <p>Reviewed the Biodiversity Assessment prepared by consultant was not covering the wider landscape level or classify the conservation status (e.g. water catchment area, natural water ways, wetland area, temple, cemetery etc).</p>		
Root Cause Analysis:	As explained by the appointed biodiversity consultant, the biodiversity report reviewed by the auditor was only a draft report. Hence the lack of information included in the report		
Correction & Corrective Action:	<p>Correction: The consultant had been informed on the shortcomings of the draft report.</p> <p>Corrective Action:</p> <ol style="list-style-type: none"> 1. The estate management will ensure that the consultant will include all necessary information in the finalized version of the report. 2. LGST will review the adequacy of the finalised report upon receiving it from the consultant. 		

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

- Corrective actions to address identified major nonconformities shall be carried out immediately and SGS notified of the actions taken within 30 days. An SGS auditor confirm the actions taken, evaluate their effectiveness, and determine whether certification can be granted or continued.
- Corrective actions to address identified major nonconformities shall be carried out immediately and **records with supporting evidence sent to the SGS auditor** for close-out within 60 days.
- Corrective Actions to address identified minor non-conformities shall be documented on an action plan and sent by the client to the auditor within 90 days for review. If the actions are deemed to be satisfactory they will be followed up at the next scheduled visit
- Corrective Actions to address identified minor non-conformities have been detailed on an action plan and the intended action reviewed by the Auditor, deemed to be satisfactory and will be followed up at the next scheduled visit.
- Appropriate immediate action taken in response to each non-conformance as required

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

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

9. General Observations & Opportunities for Improvement

9.1. Observations

OBS #	Indicator	Observation/Opportunity for Improvement					
		Date Recorded>	16 Apr 19	Due Date>	-	Date Closed>	-
1	4.3.1.3.	Details/Requirements: The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.					
		Evidence: New MAPA/ NUPW agreement has been circulated on 2/4/19 and made effective on January 2019. The requirement has yet to be included into legal requirement register. The management may want to include it into the legal requirement register as the estate observes the requirements imposed by the association.					

OBS #	Indicator	Observation/Opportunity for Improvement					
2	4.4.4.1	Date Recorded>	16 Apr 19	Due Date>	-	Date Closed>	-
Details/Requirements: The occupational safety and health plan shall cover the following: b) The risks of all operations shall be assessed and documented.							
Evidence: Sprayers, foreman and manurers with a total of 15 employees were sent for medical surveillance (as required by CHRA Report) to Klinik Falck Bestari on 9/3/2019. However, the result is yet to be received at the point of audit. the result will be verified in the next surveillance audit.							

OBS #	Indicator	Observation/Opportunity for Improvement					
3	4.4.5.5	Date Recorded>	16 Apr 19	Due Date>	-	Date Closed>	-
Details/Requirements: The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.							
Evidence: The summary record was not established. However, such information can be seen from "Employee Registration Card" entailing all required details for each employee. The management could opt to have a summary list/ master list of all workers including contract workers.							

OBS #	Indicator	Observation/Opportunity for Improvement					
4	4.4.5.6	Date Recorded>	16 Apr 19	Due Date>	-	Date Closed>	-
Details/Requirements: All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.							

OBS #	Indicator	Observation/Opportunity for Improvement
		<p>Evidence:</p> <p>The estate observes MAPA and NUPW requirement. A new circular “MAPA/ NUPW Field and Other General Employees and Fringe Benefits Agreement, 2019” received on April 2019 which has been made effective January 2019. Noted a revised contract has yet to be made to suit the new MAPA agreement requirements.</p>

OBS #	Indicator	Observation/Opportunity for Improvement					
5	4.6.2.1	Date Recorded>	16 Apr 19	Due Date>	-	Date Closed>	-
		Details/Requirements:					
		A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.					
		Evidence:					
		Last 2 years performance reviewed was not documented in the business plan sighted.					

Appendix 1: List of Stakeholders Contacted

Stakeholders Details	Relationship	Stakeholder's Input / Comments	Clients Feedback / Response
Mr. Lim Ka Cheng from Prime Focus Sdn. Bhd.	Neighbouring estate	<ul style="list-style-type: none"> - He has a good relationship with the LGST Estate manager. - He was invited to stakeholder meeting held by the estate management. - No encroachment of land. Clear boundary indication between the estates. - Generally, he was pleased with the estate management. 	Noted by the management

Appendix 2: MPOB License

MPOB License Number (Mill/ Estate)	Scope of Activity	Expiry Date
<u>Ladang Getah Sungai Tiram</u> 617838102000	Menjual dan mengalih FFB	30/11/2019

-End of Report-