

BLD LAMBIR ESTATE Audit Summary Report

Organization:	Bintulu Lumber Development Sdn Bhd (BLD Lambir Estates)		
Address:	<u>Headquarters (HQ)</u> Crown Towers, 6th Floor, 88, Jalan Pending, 93450 Kuching, Sarawak. Contact person.: Mr Seng Cheak Chai (Financial Controller) Ms. Lim Chen Tzen (Assistance to Financial Controller) Contact No.: 082-335331 <u>Estate Address</u> BLD Lambir Estates, Lot 4, 5, 6, 7 & 9 Block 18, Lot 5 & 7 Block 20, Lot 201, Teraja Land District, Lot 1,3 & 4 Block 8 Lambir Land District 98000 Miri Sarawak.		
Standard(s):	MS2530-3 Part 3: General principles for oil palm plantations and organized smallholders	Accreditation Body(s): DEPARTMENT STANDARDS MALAYSIA (DSM)	
Representative:	Mr Seng Cheak Chai (Financial Controller) Ms. Rita Tan Yuh Fang (Administrative Manager) Mr Lau Kung Hieng (General Operation Manager, Lambir)		
Site(s) audited:	BLD Lambir B1 Estate BLD Lambir A	Date(s) of audit(s):	20th & 21st December 2018
Visit Type:	MSPO Audit Stage 2	Type of certification assessment	Main Audit
Lead auditor (LA):	Abdul Khalik Bin Arbi (AKA) (LA)	Additional team member(s): Audit Member (AM)	Dr. Anthony Tibok (DAT)(AM)
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

The audit covered the MS 2530:2013 requirements particularly MSPO Certification Standard **MS2530-3:2013 Part 3**

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Validation of processes for production and service provision

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: 4 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 Yes No of the audit standard and provided sufficient structure to support implementation and maintenance of the management system.

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

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

The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system. Yes No

The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system. Yes No

Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard. Yes No

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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MPOB License No.:	508664002000	Expiry date:	30.04.2019
Scope of Activity:	<i>Menjual dan Mengalih#</i>	Next Audit Plan	October 2019
Visit Number:	02 (Stage 2)	Actual Visit Date:	17th & 18th December 2018
Visit Due by Date:	Nil	For auditor information only	
Lead Auditor :	Abdul Khalik Bin Arbi (AKA)		
Audit Member	Dr. Anthony Tibok		
Additional Attendees and Roles	Nil		
Standard(s):	MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders		
Audit Language:	English & Malay		

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Audit Scope:	1.The audit covered Three (3) site performing the following scope: Operations, comprising of management systems, process of Fresh Fruit bunches (FFB), documentation and site assessment.
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Audit Plan

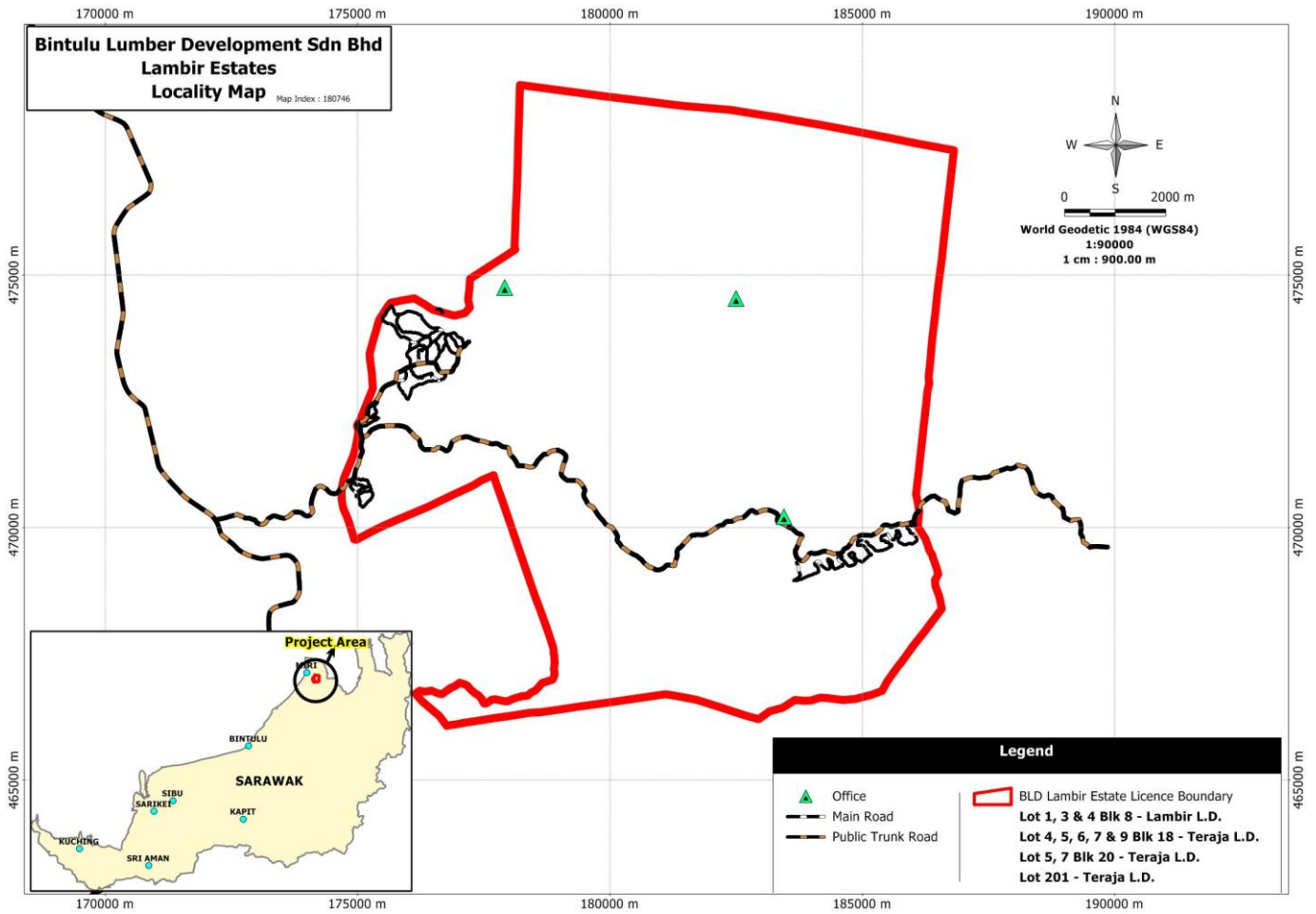
Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
20 th December 2018 (Day 1)	7.30 am	AK, DAT	Depart to BLD Lambir Estate Arrive at Estate Opening Meeting Audit Process (Site Visit) <ul style="list-style-type: none"> • Principal 1: Management commitment and responsibility • Principle 2: Transparency • Principle 3: Compliance to legal requirements • Principal 4: Social responsibility, health, safety and employment condition • Principal 5: Environment, natural resources, biodiversity and ecosystem services • Principal 6: Best Practice • Principle 7: Development of New Plantings 	Estate Personnel
	12.30pm		Lunch	
	1.00pm		Continue Audit Process (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
	3.00pm		Preparation for closing	
	4.00pm		Closing Meeting	
	5.00pm		Depart to Miri Town	

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Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
21 st December 2018 (Day 2)	7.30am	AK, DAT	Depart to BLD Lambir Estate (Continue) Arrive at Estate Audit Process (Site Visit) <ul style="list-style-type: none"> • Principal 1: Management commitment and responsibility • Principle 2: Transparency • Principle 3: Compliance to legal requirements • Principal 4: Social responsibility, health, safety and employment condition • Principal 5: Environment, natural resources, biodiversity and ecosystem services • Principal 6: Best Practice • Principle 7: Development of New Plantings 	Estate Personnel
	12.30pm		Lunch	
	1.00pm		Continue Audit Process (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
	3.00pm		Preparation for closing	
	4.00pm		Closing Meeting	
	5.00pm		Depart to Miri Airport	

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Location and Maps



The GPS locations of the state are shown in Table 1.

Table 1: GPS Location

Supply Base / Estates:	Location Address:	GPS Coordinate(s):	Area Certified(HA):
BLD Lambir Estates	Lot 4, 5, 6, 7 & 9 Block 18, Lot 5 & 7 Block 20, Lot 201, Teraja Land District, Lot 1,3 & 4 Block 8 Lambir Land District 98000 Miri Sarawak.	04°17'16.2" N 114°08'23.8" E	10,753.1466

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Description of Estate Production

The FFB are sourced from the estate which are individually managed by BLD Lambir Estates through its parent company Bintulu Lumber Development Group of companies. The crop yield from these estate is mention in **Table 2** below.

Table 1: FFB Production

Month	BLD Lambir Estates	
	2018 Actual	2019 Projection
January	8,347.25	8,750
February	6,851.14	6,744
March	7,987.08	7,982
April	8,342.51	9,056
May	8,916.43	9,506
June	8,179.50	8,660
July	9,533.53	10,676
August	10,875.91	11,271
September	12,923.77	12,081
October	12,585.02	11,424
November	10,951.74	10,825
December	Nil	10,257
Total	105,493.88	117,230

Stakeholder Consultation and List of Stakeholders Contacted

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/bintulu-lumber-development-sdn-bhd-bld-lambir-estates>

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 respected estate office. Detail can be referred to **Appendix 1**:

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Comment on MS2530-3 Compliance Status:

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO –</u> An MSPO Policy covering Safety & Health, Good Social Practices, Harassment & Violence Prevention and Environmental was prepared and signed by General Operation Manager Mr. Lau Kung Hieng dated 1st June, 2018 and was communicated to all levels of work force and stake holders.</p> <p><u>Internal Audit</u> SOP for MSPO Internal Audit Procedures (Ref: BLDL-03-TM01REV0) have been prepared and approved by management to be conducted at least once a year or when deemed necessary by Management.</p> <p>First Internal Audit for BLD Lambir B1 was performed on 24-25th September, 2018 with an Audit Report where 14 non conformities were reported.</p> <p>Mechanism of follow up activities established and can be verified in the Corrective Action Reports (Ref.; LB/MSPO-1A/9/18-CAR01 to LB/MSPO-1A/9/18-CAR014) in the CAR file.</p> <p>First Internal Audit for BLD Lambir A was performed on 06th December, 2018 with an Audit Report where 4 non conformities were reported.</p> <p>Mechanism of follow up activities established and can be verified in the Corrective Action Reports (Ref.; LB/MSPO-1A/12/18-CAR01 to LB/MSPO-1A/12/18-CAR04) in the CAR file.</p> <p><u>Management Review –</u> Management Review meeting BLD Lambir B1 was conducted on the 05th October 2018 chaired by Mr. Seng Cheak Chai (MSPO Main Committee, Chairman) attended by all MSPO Committee members and invited guests (Ref: BLDL/MRR/18/10/05-01). Agendas and minute of the said meeting was viewed in file (Ref: BLDL/MRR/18/10/05-01; the Audit Report was tabled and action taken on the conformance and non-conformances reported.</p> <p>Results of CAR was viewed where corrective action was made on all the 14 non- conformities reported (Ref.; LB/MSPO-1A/9/18-CAR01-LB/MSPO-1A/9/18-CAR014).</p> <p>Management Review meeting for BLD Lambir A was conducted on the 07th December 2018 chaired by Ms. Rita Tan (MSPO Main Committee, Chairman) attended by all MSPO Committee members and invited guests (Ref: BLDL/MRR/18/12/07-01). Agendas and minute of the said meeting was viewed in file (Ref: BLDL/MRR/18/12/07-01; the Audit Report was tabled and action taken on the conformance and non-conformances reported.</p> <p>Results of CAR was viewed where corrective action was made on all the 4 non- conformities reported (Ref.; LB/MSPO-1A/12/18-CAR01 -LB/MSPO-1A/12/18-CAR04).</p> <p><u>Continual Improvement -</u></p>
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	<p>Training matrix of all the relevant staffs was prepared for them to carry the duties better covering Safety Operation, MSPO Training, Fire Fighting, First Aid and Schedule Waste Management for Management and Field Staffs, Field workers - harvester, sprayer, manure and Workshop Staffs – mechanics and clerical staffs.</p> <p>Training programme for staffs for 2018 has been prepared (Ref: BLDL-TP-TM01REV0) for Harvester, Chemical Handling, Competency/Test Register Training for tractor drivers, ERT Training, Safety Operation, MSPO Training, Management Training (Operational), Internal Audit, Environmental Awareness Training, Scheduled Waste & Domestic Waste Training and First Aider Training.</p> <p>BLD Lambir B1: Training on Safety & Health, Good Social Practices and Harassment and Violence Prevention was conducted on the 04/10/18.</p> <p>BLD Lambir A: Training on Safety & Health – (for spraying, PPE Training and Emergency Training) 15/11/2018 and Meeting on Penubuhan, Tanggungjawab dan Objektif Persatuan Kebajikan Pekerja Wanita di Lambir Kompleks was conducted on 23/11/18.</p>
<p>Comment on Principle 2</p>	<p><u>Transparency of information and documents relevant to MSPO requirements</u></p> <p>The management communicate with relevant stakeholders by conduct stakeholders meeting on 26th September 2018, attended by two groups, whereas,</p> <p>Group 1 Local Community, Neighbouring estate, Contractor) Attend by government agencies & consultants (41 attendees).</p> <p>Group 2 Government agencies Local communities (Ketua Kampung, Contractors and neighbor community. (27 attendees).</p> <p>All of the stakeholders have invitation letter from the estate management. As an evidence, some of the stakeholders list name as below:</p> <ul style="list-style-type: none"> a) Pemanca Wilson Siang (Miri Resident Office b) Mdm Sati Bandat (Natural Resources and Environmental Board (NREB Miri) c) Ahmad Nizam Bin Sapaiee (Bomba) d) Masjid Bin Gani DOSH Miiri) e) Abu Khushairi Bin Sanong (MPOB) <p>All the document can be verified in Stakeholders File 009.</p> <p><u>Transparent method of communication and consultation</u></p> <p>It was observed the procedures for consultation and communication with relevant stakeholders was made available in file Standard Operation</p>

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	<p>Procedure (SOP) 003.</p> <p>Appointment letter for social liaison officer was available in Document Ref: BLDL-01-TM04REV0, Sign by Mr Lau Kung Hieng (General Operation Manager) dated 26th September 2018. Name: Jengaing Anak Gramong.</p> <p>Major 1 4.2.2.3</p> <p>It was observed BLD Lambir A estate list of stakeholders was found lacking as it not includes Lambir National Park and Forest Department of Sarawak.</p> <p><u>Traceability</u></p> <p>Standard Operating Procedures on Traceability was available with Document ref no.: BLDL-03-TM04REV0. Based on cross check with document FFB harvested all documents was record in Traceability system inspection sheet. Sample verified on Weighbridge advice ticket no.: 259593, dated.: 14th October 2018 with weight of FFB 11,010kg.</p> <p>Appointment letter for traceability officer applicable for both estates was available in Document Ref: BLDL-01-TM04REV0, Sign by Mr Lau Kung Hieng (General Operation Manager) dated 26th September 2018. Name Mr. Jamak Anak Chagat.</p>
<p>Comment on Principle 3</p>	<p><u>Regulatory requirements</u></p> <p>The company personnel were generally quite knowledgeable on the applicable laws and regulations pertaining to oil palm plantation development and operations.</p> <p>All the laws and regulations relevant to oil palm plantation are listed and filed Legal Register File (1) and (2).</p> <p><u>Land Use Rights</u></p> <p>All the 10 Land Titles are available and the terms and conditions of issuance of the Land Titles have been expressly stated for only for agricultural purposes and purposes incidental to the production and processing of crops grown thereon.</p> <p><u>Customary Rights</u></p> <p>No customary rights claim on the company's land.</p>
<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment</u></p> <p>Minor 2 4.4.1.1</p> <p>It was observed the Social Impact Assessment (SIA) Report for Bintulu Lumber Development Sdn Bhd (Lambir Estates) December 2018 was made available in the estate. However, there was no map include in the SIA report to indicated/ show the stakeholders nearby.</p> <p><u>Complaints and Grievances</u></p> <p>The Grievance and Complaint form was made available at the front of estate office. SOP for complaints and grievances procedure was made available in the estate, with reference Document No.: BLDL-03-SR02REV0 with date updated in 1st July 2018.</p> <p>It was observed the Standard Operation Procedures (SOP) for grievance</p>

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and complaint form was available on site.

Commitment to contribute to local sustainable development

Records of CSR activities by the estate such as

- i. installation of culvert and upgrading road to Rh Kam Sg. Burie Bakong and Penyerahan sumbangan spadex kepada penduduk Rh Peter Sujar Sg Burie Bakong.
- ii. Sumbangan Lembu sempena hari raya korban pekerja
- iii. Sambutan Hari gawai at Rh Lambor Sungai Teniku.

The management communicate with relevant stakeholders by conduct stakeholders meeting on 26th September 2018, attended by two groups, whereas,

Group 1 Local Community, Neighbouring estate, Contractor)
Attend by government agencies & consultants (41 attendees).

Group 2 Government agencies
Local communities (Ketua Kampung, Contractors and neighbor community. (27 attendees).

All of the stakeholders have invitation letter from the estate management. As an evidence, some of the stakeholders list name as below:

- a) Pemanca Wilson Siang (Miri Resident Office
- b) Mdm Sati Bandat (Natural Resources and Environmental Board (NREB Miri)
- c) Ahmad Nizam Bin Sapaiee (Bomba)
- d) Masjidi Bin Gani DOSH Miiri)
- e) Abu Khushairi Bin Sanong (MPOB)

All the document can be verified in Stakeholders File 009.

Employees safety and health

Safety policy was include in MSPO policy which is sign by top management Mr Lau Kung Hieng (General Operations Manager) dated 1st June 2018.

Safety and health policy was documented, communicated and implemented at this estate.

It was observed the safety policy was display at the site office, workshop and chemical store. Besides that, based on interview with harvester name Muslimin Banggu, he was aware regarding the safety and health issue on site.

Major 3 4.4.4.2

Appropriate Personal Protective Equipment (PPE)

Based on PPE issuance and replacement record, It was observed the Management had provided Personnel Protective Equipment (PPE) to the workers name Taufik Bansaring and Reski Damayanti (Both sprayer). However, based on site visit at Block 32 task 12 the sprayers were not wearing goggles during spraying activities. Based on observation and interview with them, the google provided by the management was not fit to be used, which can limit their view.

Accident and emergency response procedures

It was observed the SOP for Emergency Preparedness & Response was available in the estate management record. However, the SOP for

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	<p>Weeding activities (refer Doc. Ref.: BLDL-04-SH18REV0) was not clear regarding handling emergency during spraying activities.</p> <p>Safety committee Was made available in the estate BLD Lambir B1. Appointment letter for OSH committee members can be verified document ref: BLDL-01-TM04REV0. Dated 20th September 2018.</p> <p>Safety committee Was made available in the estate BLD Lambir A. Example of appointment letter for OSH committee members can be verified document in File Safety and Health Committee File 16. Name Robert Galang Lagang as a Pengerusi Jawatankuasa Keselamatan dan Kesihatan (JKKP).</p> <p><u>Employment Conditions</u> The management had established policy on good social practices regarding human rights in respect of industrial harmony. The policy was signed by the top management (Mr Lau Kung Hieng) he is General Operations Manager dated 1st June 2018 and communicated to the employees by display at the site office, line site and workshop area.</p> <p><u>Training and Competency</u> It was observed there was training programme was conduct for:</p> <ul style="list-style-type: none"> i) Employees MSPO Policy regarding: Safety & Health, Good Social Practices and Harrasment & Violence Preventive. Dated 4.10.2018, Time 5.30 am venue Muster Ground at office area. <p>Operasi kerja selamat membaja, which attend by 8 persons including mandore, 1st October 2018, conduct by John Gerina. Prosedur kerja selamat & banchuan racun (Div.2), which attend by 7 persons (Sprayer) 19.12.2018, conduct by John Gerina.</p> <ul style="list-style-type: none"> ii) Contractor It was sighted training record regarding: Introduction on MSPO & The Policy and Complaints & Grievences Procedure for contractor Tong Yen Transport Sdn Bhd, name Mr Yong Kie Hua, which brief by Mr Jengaing Gramong <p>It can be verified in File Training Record 011.</p>
<p>Comment on Principle 5</p>	<p><u>Environmental management plan</u> Environmental policy was integrated in MSPO policy which commit by General Operations Manager Mr. Lau Kung Hieng, sign 1st June 2018. In the environment part, several issues need to highlight:</p> <ul style="list-style-type: none"> a. Meeting applicable environmental rules and regulations in the palm oil industry through proper management practices. b. Preventing pollution by striving to minimize waste generations and resource consumptions. c. Monitoring and managing environmental components of our daily operations in accordance to environmental rules and regulations of relevant governing body. d. Maintain the culture of caring for environment within the workforce. e. Conduct biodiversity assessment with continuous monitoring at conservation area to protect wildlife, flora and fauna. <p>BLD Lambir B1 It was observed the Lambir B1 Environmental Impact Assessment (EIA) report was</p>

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under name Merak Murni Oil Palm Plantation on Lot 3931, Lambir Land District and Lot 193, Teraja Land District dated May 2001 and obtain Environmental Impact Assessment (EIA) approval from Natural Resources Environmental Board (NREB) dated 19th November 2001 with ref.no.: (12) NREB/6-4/195 which sign by deputy Chairman, Natural Resources Environmental Board, Mr James Dawos Mamit.

Major 4 4.5.1.1

Based on the NREB EIA Approval dated 19th November 2001 with ref.no.: (12) NREB/6-4/195 in mitigating measures item 6. Agrochemical Management Aspect (c) Monitoring reports for water quality and analyses of pesticides/ weedicides shall submitted to the NREB once every three(3) months starting from the date of commencement of the project for the entire period of the project. However, based on the cross check with Environmental Monitoring Report (EMR) 1st, 2nd and 3rd Quarters 2018 the parameter for pesticides/ weedicides was not available.

It was observed the Training plan for year 2018 related with environment available. The training involved a Chemical Handling and Fertilizers application somewhere in December 2018.

Efficiency of energy use and use of renewable energy

Record and usage of Non-renewable Energy (Diesel Consumption). As we can see at the table below, the consumption of diesel waste increased from 2016 to 2017 due to increasing of machine in the estate.

	2016	2017	2018
	Litre		
Actual usage	165,102	180,784	145,650
Estimated Budget	170,500	187,000	168,800

**latest as November 2018*

Usage of Diesel VS FFB 2018

Lowest FFB 2,677.44 mt, diesel 13,817 L
 Highest FFB 5,176.01 mt, diesel 11,391 L

Genset operation.

Ganset 1 – 3.30 am -3.30 am, circle 12.00 pm till 5.00 Pm and 6.00 pm till 1130pm
 120Kva (staffs house, office, store, workshop and canteen).

Ganset 2 – 7.30am till 12.00pm

80Kva (staffs house, office, store, workshop and canteen).

BLD Lambir A

	2016	2017	2018*
	Litre		
Actual usage	191,849	221,083	198,751
Estimated Budget	204,000	228,000	204,000

**latest as November 2018*

Usage of Diesel VS FFB 2018

	<p>Lowest FFB 2,647.68 mt, diesel 17,558 L Highest FFB 4,868.83 mt, diesel 21,117 L</p> <p>Genset operation. Ganset 1 – 3.30 am -3.30 am, circle 12.00 pm till 5.00 Pm and 6.00 pm till 1130pm 240Kva (staffs house, office, store, workshop and canteen).</p> <p>Ganset 2 – 7.30am till 12.00pm 120Kva (staffs house, office, store, workshop and canteen).</p> <p><u>Waste management and disposal</u> The estate management able to identified and documented sources of pollution. The activities which can lead to pollutions list as below:</p> <ol style="list-style-type: none"> i. Mixing of chemical ii. Handling of chemical iii. Loading and unloading fertilizer iv. Storage of fertilizer v. Unloading Lubricant vi. Storage of lubricant vii. Handling of lubricant viii. Storage of chemical ix. Handling of chemical x. Mixing of chemical xi. Operation and maintenance of genset xii. Refueling of diesel xiii. Storage of diesel xiv. Receiving of diesel xv. Refueling of vehicles xvi. Storage of scheduled waste xvii. Handling of chemical xviii. Maintenance works xix. Fertilizers application <p>Major 5 4.5.3.3 The SOP for handling of used chemicals was made available in the estate management record. However, during site visit at Block 32 task 12 and premix area it was sighted the herbicides containers used as water storage was still labelling with herbicides label.</p> <p><u>Reduction of pollution and emission</u> It was observed the assessment of all polluting activities was available in continuous improvement on pollution prevention and environment plan.</p> <p>The management had taken necessary action to identify pollutant. It can be referring in Environmental Aspect and Impact Assessment (EAIA) Register. Recommended action list as follow:</p> <ol style="list-style-type: none"> a. Handling of chemical by provide secondary containment and emergency spill kit. b. Storage of lubricant by provide secondary containment and emergency spill kit. c. Storage of diesel by provide secondary containment and bund wall. d. Fertilizers application by no fertilizers application at the buffer and riparian zone. e. Chemical spraying by no chemical spraying at the buffer & riparian zone. <p>It was observed the estates was commit to zero open burning.</p>
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	<p><u>Natural water resources</u> It was observed there was water management plan was available in the both estates. The document ref. No: BLDL-03-EN06REV0. Currently Environmental Monitoring Report for estate was available.</p> <p>Environmental Impact Assessment (EIA) report was under name Merak Murni Oil Palm Plantation on Lot 3931, Lambir Land District and Lot 193, Teraja Land District dated May 2001 and obtain Environmental Impact Assessment (EIA) approval from Natural Resources Environmental Board (NREB) dated 19th November 2001 with ref.no.: (12) NREB/6-4/195 which sign by deputy Chairman, Natural Resources Environmental Board, Mr James Dawos Mamit.</p> <p><u>Status of rare, threatened, or endangered species and high biodiversity value area.</u> Not applicable for BLD Lambir B1 Estate.</p> <p>It was observed BLD Lambir A next to Lambir National Park, based on site investigation the estate management had taken necessary action to ensure no activity should allowed at national park area, by that signages put to warn the employees or outsider not to disturb.</p> <p><u>Zero Burning Practices</u> Not applicable, all domestic waste dump at designated pit.</p>
<p>Comment on Principle 6</p>	<p><u>Site Management</u></p> <p>Standard Operating Procedures prepared for:</p> <ul style="list-style-type: none"> - Weeding for Immature Field (BLDL-04-ES05AREV0) - Weeding Activities (BLDL-04-SH18REV0) - Weeding for Mature Field (BLDL-04-ES05BREVO) - Manuring for Mature Field (BLDL-04-ES06BREVO) - Manuring Activities (BLDL-04-SH17REV0) - Harvesting (BLDL-04-ES04REV0). - Harvesting Activities (BLDL-04-SH16REV0). <p>Most of the area are flat and undulating and does not require terracing and some area covered with non-competing weeds to prevent soil erosion.</p> <p>Grounds are well covered with non-competitive vegetation allowed to grow to avoid bare ground.</p> <p><u>Economic and Financial Viability Plan</u></p> <p>Business plan which includes operational plan for at least 2 years projections (2019 and 2020) was made available to Auditor in the Stage 2 audit. Profit and Loss Estimates for 2018 was available during Stage 2 Audit.</p> <p><u>Transparent and Fair Price Dealing</u></p> <p>A monthly estate account is prepared for September 2018 and a quarterly estate account is prepared for BLD Lambir estates.</p> <p>All contractors are provided with contracts:</p> <ul style="list-style-type: none"> i) Tong Yen Transport Sdn. Bhd. (CF No.: 2581) for Hiring of Excavator EX100 Series for New Ramp Side Preparation dated

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	<p>01.08.2018.</p> <p>ii) Tong Yen Transport Sdn. Bhd. (CF No.: 2591) for Hiring Transport of FFB from Lambir to Primaluck Mill Sdn. Bhd. dated 01.08.2018.</p> <p>iii) Tenancy Agreement with Canteen Operator Mr. Lau Siew Tong (Ref: BLD/cs-LB/19) signed 21st October 2018.</p> <p><u>Contractor</u></p> <p>All contracts, with special clause to MSPO compliance, are mutually agreed to and signed by the contractors with clear terms and conditions stated in the Contract Agreement, for example with:</p> <p>i) Tong Yen Transport Sdn. Bhd. (CF No.: 2581) for Hiring of Excavator EX100 Series for New Ramp Side Preparation dated 01.08.2018.</p> <p>ii) Tong Yen Transport Sdn. Bhd. (CF No.: 2591) for Hiring Transport of FFB from Lambir to Primaluck Mill Sdn. Bhd. dated 01.08.2018.</p> <p>iii) Tenancy Agreement with Canteen Operator Mr. Lau Siew Tong at BLD Lambir B1 (Ref: BLD/cs-LB/19) signed 21st October 2018.</p> <p>Training of contractors for awareness and compliance to MSPO have been carried out:</p> <p>i) Tong Yen Transport Sdn. Bhd. (CF No.: 2581) represented by Mr. Yong Kie Hua 26th September, 2018.</p> <p>Tadomoto Enterprise Sdn. Bhd. (CF No.: 0024) Tee Cheng Chau dated 26.09.2018.</p>
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9. Nonconformities

MS2530-3:2013 Part 3

Non- Conformity	N° 1 of 5		Major 1			
	Date Recorded>	21 st Dec 2018	Due Date>	21 st Feb 2019	Date Closed>	12 Feb 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.2.2.3	
Document Ref.:	Criteria 2: Transparent method of communication and consultation		Issue / Rev. Status:		Closed	
Details of Nonconformity:	List of stakeholders not complete.					
Objective Evidence:	It was observed BLD Lambir A estate list of stakeholders was found lacking as it not includes Lambir National Park and Forest Department of Sarawak.					
Close-out evidence:	<p>The estate management had taken necessary action to closed the issue raised.</p> <p>(i) Update stakeholder list to include Sarawak Forestry Corporation Sdn Bhd. (Lambir National Park).</p> <p>(ii) Brief Sarawak Forestry Corporation Sdn Bhd. (Lambir National Park) representatives on MSPO and grievances procedures.</p> <ul style="list-style-type: none"> • Updated stakeholder list (Appendix 1a) • Stakeholder briefing form (Appendix 1b) • Photo of meeting with stakeholder (Appendix 1c) 					

Non- Conformity	N° 2 of 5		Minor 2			
	Date Recorded>	21 st Dec 2018	Due Date>	21 st Feb 2019	Date Closed>	12 Feb 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.1.1	
Document Ref.:	Criteria 1: Social Impact Assessment (SIA)		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Social Impact Assessment (SIA) report was found inadequate.					
Objective Evidence:	It was observed the Social Impact Assessment (SIA) Report for Bintulu Lumber Development Sdn Bhd (Lambir Estates) December 2018 was made available in the estate. However, there was no map include in the SIA report to indicated/ show the stakeholders nearby.					
Close-out evidence:	Attached map in the SIA report. (Appendix 2a)					

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Non- Conformity	N° 3 of 5		Major 3			
	Date Recorded>	21 st Dec 2018	Due Date>	21 st Feb 2019	Date Closed>	12 Feb 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.4.2	
Document Ref.:	Criteria 4: Employees safety and health		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Implementation of safety and health was found in adequate					
Objective Evidence:	<p>1. Based on PPE issuance and replacement record, It was observed the Management had provided Personnel Protective Equipment (PPE) to the workers name Taufik Bansaring and Reski Damayanti (Both sprayer). However, based on site visit at Block 32 task 12 the sprayers were not wearing googles during spraying activities. Based on observation and interview with them, the google provided by the management was not fit to be used, which can limit their view.</p> <p>2. It was observed the SOP for Emergency Preparedness & Response was available in the estate management record. However, the SOP for Weeding activities (refer Doc. Ref.: BLDL-04-SH18REV0) was not clear regarding handling emergency during spraying activities.</p>					
Close-out evidence:	<p>(i) Provide appropriate PPE to the mentioned sprayers. PPE Issuance record (face shield) for sprayers (Appendix 3a).</p> <p>(ii) Update the Weeding Activity SOP- to include details of emergency procedure during spraying activities. Updated Weeding SOP – Emergency Procedure for Spraying (Appendix 3b)</p>					

Non- Conformity	N° 4 of 5		Major 4			
	Date Recorded>	21 st Dec 2018	Due Date>	21 st Feb 2019	Date Closed>	12 Feb 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.5.1.1	
Document Ref.:	Criteria 1: Environmental management plan		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Compliance with state environmental laws was found lacking.					
Objective Evidence:	Based on the NREB EIA Approval dated 19th November 2001 with ref.no.: (12) NREB/6-4/195 in mitigating measures item 6. Agrochemical Management Aspect (c) Monitoring reports for water quality and analyses of pesticides/ weedicides shall submitted to the NREB once every three (3) months starting from the date of commencement of the project for the entire period of the project. However, based on the cross check with Environmental Monitoring Reports (EMRs) 1st, 2nd and 3rd Quarters 2018 the parameter for pesticides/ weedicides was not available.					
Close-out evidence:	Write-in to the EMR consultant regarding the parameter to be tested in every quarter according to the EIA requirements. Letter to EMR Consultant (Appendix 4)					

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Non- Conformity	N° 5 of 5		Major 5			
	Date Recorded>	21 st Dec 2018	Due Date>	21 st Feb 2019	Date Closed>	12 Feb 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.5.3.3	
Document Ref.:	Criteria 1: Site Management		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Implementation for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005 was found inadequate.					
Objective Evidence:	The SOP for handling of used chemicals was made available in the estate management record. However, during site visit at Block 32 task 12 and premix area it was sighted that, herbicide containers used as water storage was still labelled with herbicides label.					
Close-out evidence:	<ul style="list-style-type: none"> (i) Remove all the labelling for used chemical container. Photo of used chemical container use for pre-mix (Appendix 5a) (ii) Issue MEMO that all tripled rinsed chemical container label need to be removed. Memo on removing label from tripled rinsed chemical container (Appendix 5b) 					

10. General Observations & Opportunities for Improvement

Positive Observations:

- The support from BLD Lambir Estates 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

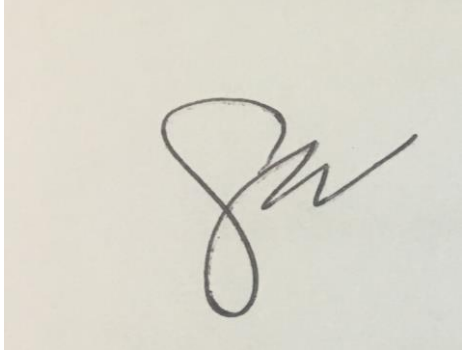
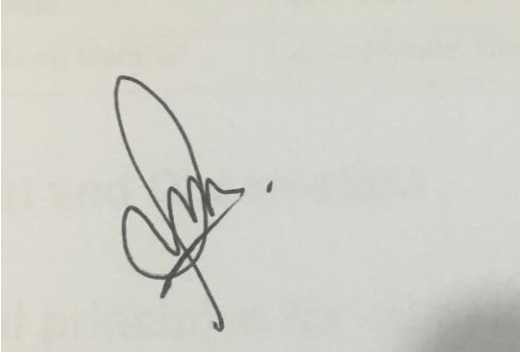
Important Observations and Opportunities for Improvements:

- The root causes of nonconformities should be clearly identified and tackle in appropriate method.
- The management should appoint suitable person to implement and maintain the traceability system to ensure all document recorded.
- Action taken on complaints and grievance by stakeholders should be highlight and discuss.
- Safety and health practices should be fully implemented.
- All waste products and sources of pollution are been identified and documented accordingly.

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Appendix 1: List of Stakeholders Interviewed

Stakeholder	Issue Raised	Remarks
<u>Primaluck Palm Oil Mill</u> Enternal Mr Tan Kwan Hun Mill Manager	No Issue raised	Conduct FFB quality day Communication Via call/ drop at the office/ memo
<u>Tong Yen Transport Sdn Bhd</u> External Mr. Wong Ging Zing (Asst. Director)	No issue raised	10 lorries Sent the FFB to Primaluck Palm Oil Mill FFB Transport Stone Transport Payment based on km Around 10 years
<u>Tuai Rh Lambor</u> External	No issue raised	Pintu: 26 215 orang
<u>KTS Trading Sdn Bhd</u> External Supplier Mr. Cheiu Ching Nguong Branch Manager, Miri	No issue raised	Supply tools such as chainsaw, machineries, spare part, sprayer, diesel (300,000 Liter) for whole BLD group
WWF <u>Interview via phone call</u> WWF-Malaysia (Sarawak Office) Tel: 082-247420/ 257420 Interview via phone (time call: 1 st Call: 2.52pm)	No issue raised	No Answer
Jabatan Keselamatan Kesihatan dan Pekerja (JKKP), Miri Division Mr Shaiful Rizal Bin Shafri Pemerisa kilang dan jentera 085-428151, Call: 2.47pm	No issue raised	Pemeriksaan Not available (Travelling)
Department of Environment (DoE) En Sharir 085-426994 Cannot call 1.30pm	No issue raised	No available

On Behalf of BLD Lambir Estates	On Behalf of SGS Malaysia Sdn Bhd
 <p data-bbox="331 651 576 719">Mr Seng Cheak Chai Financial Controller</p>	 <p data-bbox="935 651 1185 719">Abdul Khalik Bin Arbi Lead Auditor</p>

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