

## MY05121 PALMLYN SDN BHD

### Audit Summary Report

<b>Organization:</b>	<b>Palmlyn Sdn Bhd</b>		
<b>Address:</b>	<b><u>Headquarters</u></b> No.66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T 123, 96000 Sibul, 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 Relation Manager) Contact No : 084-211555  <b><u>Estate</u></b> Lot No. 47, Block 135, Sungai Bawan Balingian Land District, 96400 Mukah, Sarawak Malaysia		
<b>Standard(s):</b>	<b>MS2530-3 : Part 3 : General principles for Oil Palm Plantations and Organized Small Holders</b>	<b>Accreditation Body(DSM): DEPARTMENT STANDARDS MALAYSIA</b>	
<b>Representative:</b>	<b>Ms Doria Ellison (PR Manager)</b> <b>Ms Maria Wong (Officer)</b>		
<b>Site(s) audited:</b>	<b>Palmlyn Sdn Bhd</b>	<b>Date(s) of audit(s):</b>	<b>26<sup>th</sup> October 2018</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 (LA)</b>	<b>Additional team member(s):</b>	<b>Dr. Anthony Tibok (AM)</b>
		<b>Audit Member (AM)</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

**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**.

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: 2 Major 0 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:

<b>Organization:</b>	<b>Palmlyn Sdn Bhd</b>		
<b>Address:</b>	<b>Contact person : Mr Simon Ting Sing Kang (MSPO Coordinator)</b> No.66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T 123, 96000 Sibul, Sarawak Malaysia. Head office: Tel: 084-211555 Fax: 084-211886 Email: <a href="mailto:info@suburtiasa.com">info@suburtiasa.com</a>		
<b>MPOB License No.:</b>	<b>522018002000</b>	<b>Expiry date:</b>	<b>01.07.2018 till 30.06.2019</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>August 2019</b>	
<b>Visit Number:</b>	<b>02 (Stage 2 )</b>	<b>Actual Visit Date:</b>	<b>26<sup>th</sup> October 2018</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>	Dr Anthony Tibok (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		
<b>Audit Scope:</b>	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. 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		

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### Audit Plan

Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
25 <sup>th</sup> Oct 2018	1840 p.m 1935 p.m	AKA,DAT	Flight Miri to Sibul Arrived at Sibul Airport	Estate Personnel
26 <sup>th</sup> Oct 2018	7.00 a.m	AKA,DAT	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 Sibul Airport to Kuching	

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## Location and Maps

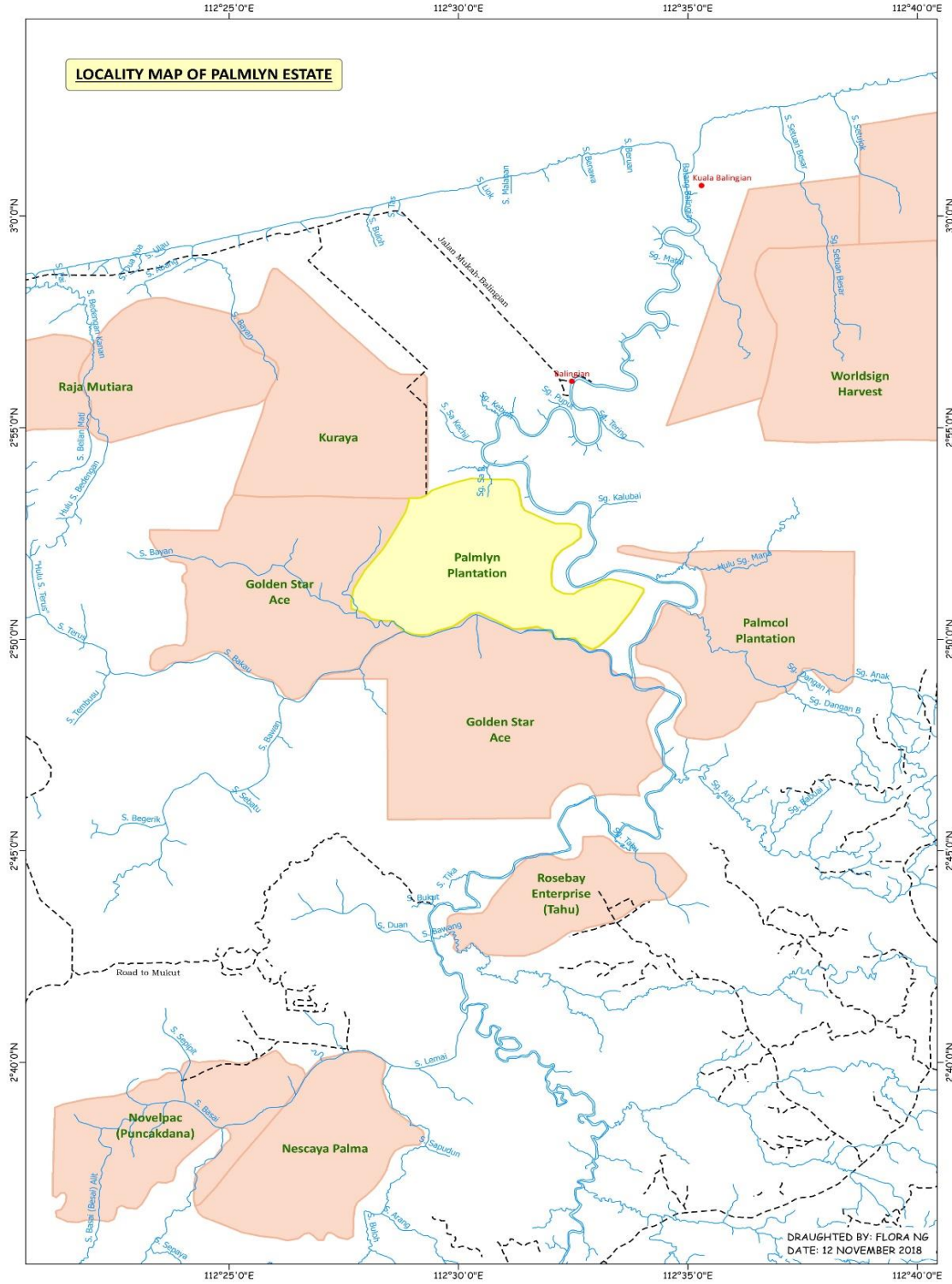
Palmlyn Balingian estate was located at the Balingian Area (refer Figure 1). Approximately half hours to Mukah township and 2 hours connect to Bintulu town via coastal road. For information, all of this plantation area planted with oil palms tree. The project size covers a gross area of 4,938.50 ha. .The GPS locations of the state are shown in Table 1.

**Table 1: Palmlyn Sdn Bhd GPS Location**

<b>Supply Base / Estates:</b>	<b>Location Address:</b>	<b>GPS Coordinate(s):</b>	<b>Area Certified(HA):</b>
Palmlyn Estate	Lot No. 47, Block 135, Sungai Bawan, Balingian Land District, 96400 Mukah, Sarawak, Malaysia	02°51'57.4" N 112°30'35.8" E	4730.31

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### Palmlyn Sdn Bhd Locality Map



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### Description of Processing Capacity

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

**Table 2: FFB Production**

Estate	FFB Production (MT)	
	Jan2017-Dec2017 (Actual)	Jan2018-Sep2018(Projection)
Palmlyn Sdn Bhd	115,284.88	129,272.92

### Area of Statement

The supplying estate detail of production area (mature/immature) are 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
Palmlyn Sdn Bhd	4,938.50	113.42	4,616.89	208.19	Nil	Nil
*Land issue is included in total production **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/palmlyn-sdn-bhd>

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**:

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Comment on MS2530-3 Compliance Status:

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO –</u> Palmlyn 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>Management Review –</u> It was observed the internal audit was conduct on 25th and 26th June 2018. The next internal audit scheduled for Palmlyn will be in June 2019. Issue raised: 5 issues</p> <p>Subur Tiasa Holding Berhad had established MSPO Internal Audit Procedure which is prepared by Ms Doria Ellison Ludan and approved by the Regional General Manager, Mr. Wong Pak Ong. The procedure was established in 20th August 2018.</p> <p>Based on the internal audit findings sampled, nonconformance had been issued and closed accordingly by the management.</p> <p>Palmlyn Sdn Bhd: Based on the internal audit findings sampled, 2 nonconformance had been issued and closed accordingly by the management. It was observed the report was recorded accordingly.</p> <p><u>Continual Improvement</u> It was observed the management had taken necessary action to ensure action plan and continual improvement implemented. As an example HIRARC on : Example 1 Motorcycle Riding, it was observed three hazards recorded high rating which is 12 and it was list as below: a) Speeding – The rider will be brief during tools box meeting, SOP, speed limit signage and training. b) Unsafe act of other road users – Familiar with the routes rule/ briefing/ tool-box meeting, driving policy, SOP and training. c) No checking after working/ defective machinery –</p>
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	<p>Ensure that the operator check/ inspect the motorcycle after using, SOP and training.</p> <p>Example 2 Triple rinsing, it was observed one hazard recorded high rating which is 1 and it was list as below:</p> <p>a) Piercing bottom of chemical gallons using loading spike – Take proper care when using loading spike, ensure that the container does not move when pierced using loading spike.</p> <p>It was observed the Training Plan for Year 2018 was available and the latest training was conduct on July:</p> <p>a) Basic Health Training b) Basic PPE usage briefing c) Basic safety briefing d) MSPO Awareness briefing</p> <p>The action plan was documented in the continual improvement process flow. It was sighted the estate was practices new technique of fertilizer bag.</p>												
<p>Comment on Principle 2</p>	<p><u>Transparency of documents relevant to MSPO requirements –</u> The management was communicate the information by relevant stakeholders via letter and grievance and complaints form. It was found out that the stakeholders meeting was conducted on 25th June 2018 (Monday), time: 2.00 pm till 3.30 pm, venue: Palmlyn Estate Meeting Room. The details of the meeting can be verified in minutes of meeting no.: MSPO/ SHM01, Title Malaysian Sustainable Palm Oil – Stakeholders Meeting in the Social Impact Assessment Report 2018.</p> <p><u>Transparent method of communication and consultation</u> The procedure to establish consultation and communication with the relevant stakeholders was available in the estate with procedure No.: STHB/ MSPO/ TRN.</p> <p>Appointment letters for each tasks was available in the estate. The task and person appointed list as below:</p> <table border="0"> <thead> <tr> <th>Name</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>1. Ms Helen Bungan</td> <td>Traceability Officer</td> </tr> <tr> <td>2. Mr. Nasib Bin Hj. Sahari</td> <td>Social Liasion Officer Safety &amp; Health Officer</td> </tr> <tr> <td>3. Ms Pauline Anak Payah</td> <td>Gender Representative</td> </tr> <tr> <td>4. Mr Luin Anak Guma</td> <td>Legal Officer</td> </tr> <tr> <td>5. Mr. Ngu King Ing</td> <td>Environmental Officer</td> </tr> </tbody> </table>	Name	Position	1. Ms Helen Bungan	Traceability Officer	2. Mr. Nasib Bin Hj. Sahari	Social Liasion Officer Safety & Health Officer	3. Ms Pauline Anak Payah	Gender Representative	4. Mr Luin Anak Guma	Legal Officer	5. Mr. Ngu King Ing	Environmental Officer
Name	Position												
1. Ms Helen Bungan	Traceability Officer												
2. Mr. Nasib Bin Hj. Sahari	Social Liasion Officer Safety & Health Officer												
3. Ms Pauline Anak Payah	Gender Representative												
4. Mr Luin Anak Guma	Legal Officer												
5. Mr. Ngu King Ing	Environmental Officer												

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Records of grievance form was kept in file Complaints and Grievances. Currently there was 3 complaints rise by workers. The complaints stated as below:

a) Complainer: Mr Jason ak Mambai  
 Date of complaint: 8.04.2018  
 Issue arise: “mengenai menu masakan didapur. Tiap petang selalu makan ikan (ikan ular) terlalu banyak tulang. Tiada ikan lain. Sayur terlalu sedikit untuk setiap hidangan”.  
 Closed date: 10th April 2018.

b) Complainer: Bambang  
 Date of complaint: 11.06.2018  
 Issue arise: “Menyakul masalah reset gaji. Saya sangat berharap kalau boleh dibuat seperti yang sudah 2x resef gaji yang keluar pada tanggal 07.06.2018. Saya sangat tidak puashati, kerana didalam tidak tercantum banyak buah dari berat tandan. Berharap pihak atasan dapat mempertimbangkan untuk membangunkan surau.  
 Closed date: 16.06.2018

A Communication and Consultation Officer for Palmlyn Sdn Bhd had been appointed by the estate was available in the estate. The task and person appointed list as below: Mr. Nasib Bin Hj. Sahari Social Liasion Officer & Safety & Health Officer.

Stakeholder list was sighted during the audit. The list confined of community and supplier / contractor record. It was found that the list incorporating government bodies, mill, supplier and others.

Traceability  
 Procedure for Traceability had been established dated 23rd January 2018 Procedure No. STHB/ MSPO/ TRA/ 01. 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 Helen Bungan Traceability Officer been appointed to ensure effectiveness of the traceability.

Visual inspection of traceability procedures / handling at site

Example of traceability implementation:  
 Date : 21st May 2018  
 Total Weight: 56,900 kg  
 In the record 52,133.20 kg its due to rejected by mills.  
 Consignment note : 505218  
 Estate grading : N/A

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	<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 September 2018.</p> <p>A person in charge had been appointed in order to maintain the continuity of traceability practice in the estates. Ms Helen Bungan as Traceability Officer</p> <p>Currently the FFB is being transported by Estate personnel. The transporter will transport the FFB together with FFB Consignment Note to the Unique CPO Palm Oil Mill. After the FFB unloaded the transporter will be provided with Weighbridge Advice Ticket and FFB Grading Form to be returned to estate management for record keeping.</p>
<p>Comment on Principle 3</p>	<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 10th December 2004 Reference No.: (7) NREB/6-1/1E/24</p> <p>Forest licence no.: LPF/ 0031 Gross Area: 4,938.50 hectares Planted area: 4,730.31 hectares</p> <p>MPOB Licence No.: 522018002000 Licence activities: Menjual dan Mengalih FFB Period: 1st July 2017 till 30th June 2019 Keluasan: 4,731.02 hectares</p> <p>Ordinan Perniagaan, Profesion dan Perlesenan Perdagangan.: 799694 (Oil Palm). Period 3rd January 2018 till 1st January 2019.</p> <p>Licence</p> <p>Person in-charge to monitor the compliance legal requirement is Mr Luin Anak Guma Legal Officer as Legal Register Officer.</p> <p>It was observed the document for legal related requirement was in placed and file in namely “Legal Register” Palmlyn Sdn Bhd. The estate has listed all laws applicable to their operations in a legal requirements register as evident in Laws, Regulations &amp; Guidelines folder.</p> <p>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> </ul>

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	<p>iii. Control of Supplies Regulations 1974 (for Diesel Storage).  iv. Act 127 – Sections 21 and 51 of Environmental Quality Act 1974: Environmental Quality (Scheduled Wastes) Regulations 2005.  v. Act 514 – Occupational Safety and Health Act 1994: Incorporating all amendments up to 1st January 2006.</p> <p>It was observed the updating of legal requirement done by Mr Luin Anak Guma accordingly. Person in-charge to monitor the compliance legal requirement is Mr Luin Anak Guma Legal Officer as Legal Register Officer</p> <p><u>Legal land use rights –</u>  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>The estate field map is evident and boundary is well maintained by the estate. Trenches has been constructed along the estates boundary and boundary marking is evident during the site visit.</p> <p><u>Customary rights –</u>  There is no issues or encumbered by customary rights in the estates. 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. The estate will respond according to the Complaints/Grievance Mechanism should any cases arise in future.</p>
<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment –</u>  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>- Palmlyn Estate 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 July 2018.</p> <p><u>Complaints and grievances –</u>  Grievance Procedure is available in the Complaint and Grievances. In addition, the procedure on work flow detailing the Grievance Procedure</p>

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	<p>Mechanism is available in the document. 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>Complaint form was made available at site office along with the complaint form.</p> <p>It was observed the surrounding communities was aware regarding the complaints and grievance form. During interview with stakeholders, it was also noticed that the stakeholders aware on the complaint form / procedure.</p> <p><u>Commitment to contribute to local sustainable developments –</u> The audit team notes that the assessment has been conducted with consultation with local communities.</p> <p><u>Employees health and safety –</u> 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><b>Major 1 (4.4.4.1)</b> During site inspection it was observed defective PPE provided to the manuring workers (Torn boot).</p> <p>Observed that the occupational safety and health plan covers the followings:</p> <ul style="list-style-type: none"> <li>a) A Policy Statement on Safety &amp; Health dated March 2018 signed by Mr. Richard Teng King Huat (Chief Operating Officer). The policy is displayed in the Estate Office.</li> <li>b) Safety trainings for employees exposed to pesticides have been conducted; records of the training were available in Workers Training Records (2018). Example of safety training conducted as below: <ul style="list-style-type: none"> <li><input type="checkbox"/> Scheduled waste : 24th May 2018 Finding- The empty container not properly manage and stored</li> </ul> </li> <li>c) Appropriate PPE were distributed for the specific risk assessed operations as per HIRARC .Records of PPE issuance are kept in the PPE Record Book.</li> </ul>
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	<p>d) 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><input type="checkbox"/> <i>Menabur Baja</i></li> <li><input type="checkbox"/> <i>Menyembur Racun</i></li> <li><input type="checkbox"/> <i>Menuai buah</i></li> <li><input type="checkbox"/> Workshop</li> </ul> <p>e) Site inspection evidence sign of potential hazard available at strategic location especially at the workshop, chemical store and fuel tanks. In addition, the emergency procedure is also made available to all workers by posting on the wall or on notice board (i.e.: Chemical and Fertilizer Store).</p> <p><b>Major 2 (4.4.4.2)</b>          During site visit at the workers camp. It was observed the pressure of fire extinguisher low. It need to replace with new one, in case emergency occurred in future.</p> <p><u>Employment conditions –</u>          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.          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 payroll and pay slip records of employees showed that all employees are paid with the basic salary are compliance with the local minimum wages requirements.          Based on interview with the employees at the field and office, the wages paid by the estate are sufficient to meet basic need of the personnel.</p> <p>As informed by the Manager, in case of subcontractors employed on their operation, the management will ensure that the employees of the subcontractors are paid based on legal minimum standard.</p> <p><u>Training and competency –</u>          It was observed the safety and health training was conduct on 24th – 25th May 2018. It was attended by 12 persons. The scope of training include</p> <ol style="list-style-type: none"> <li>1) Triple rinsing of empty container.</li> <li>2) Emergency Respond Plan.</li> <li>3) Environmental impacts assessment</li> </ol>
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	<p>4) Buffer Zone</p> <p>Based on site visit onsite, it was observed the management had taken necessary action to ensure safety &amp; health and environment to be take care accordingly.</p> <p>Training needs of individual employees was made available in scheduled 2018. It can be verified in individual file. It was observed the annual training programmed for 2018 was made available in the estate.</p>
<p>Comment on Principle 5</p>	<p><u>Environmental management plan –</u> An environmental policy and management plan is available during site visit and 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 3rd 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 objective was states as below:</p> <ul 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> </ul> <p>Based on interview with personnel staff regarding the environmental management, it can be verified that they aware of the environmental policy and understand the responsibility.</p> <p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones was developed such as:</p> <ul style="list-style-type: none"> <li>a) Control of Water Pollution, It was observed the estate had taken necessary to construct proper storage of fertilizer and chemical.</li> <li>b) Agrochemical Management Aspect, These mitigating measures should be implemented during the maintenance stage. Chemical used should be those that are approved by Pesticide Board under the Pesticide Act, 1974, more environmental friendly chemicals should be</li> </ul>

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	<p>chosen.</p> <p>Verification document can be done by referring the file Environmental Management.</p> <p>A programmed to promote the positive impacts was available such as distribute rubbish bin to every estate office and workers quarter, regular collect and dispose domestic wastes according to schedule. The domestic waste was collect 3 times per week and dump at the designated landfill area.</p> <p>There was several awareness and training programmed was conduct for the workers. The evidence of record can be verified in File name Training Record.</p> <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. There no use of renewable energy apply in this estate</p> <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>It was observed the SOP for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal was available in File Safe work procedure or SOP</p> <p>It was observed the estate management was conduct triple rinse procedure and stored the empty container accordingly at the designated area. Map of rubbish pit location was available in File waste management plan.</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. It was zero burning policy 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. Water management plan team members</li> <li>3. Operating units</li> <li>4. Water management plans for Palmlyn estate</li> <li>5. Management plan for Palmlyn estate</li> <li>6. Conclusion</li> </ol> <p>It can be verified in the Water Management Plan report.</p> <p>There was no construction of bunds, weirs and dams across main rivers. Water harvesting practices was well practices.</p> <p><u>Status of rare, threatened or endangered species and high biodiversity value area –</u> There was no status of rare, threated or endangered species and high biodiversity value area was available in the estate. It was observed there was signage's on prohibiting, hunting and fishing was sighted at the main entrance and buffer zone area.</p> <p><u>Zero burning practices -</u> The zero burning policy was sighted at the estate.</p>
<p>Comment on Principle 6</p>	<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.</p> <p>The plantation area is flat throughout made of peat land, where non-competitive vegetation's are allowed to grow and cover the sites.</p> <p>The estate grounds are well covered with non-competitive vegetation's 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.</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 31.07.2018 and 31.07.2019 were available for auditor's viewing in the Business Management Plan File.</p> <p>Not applicable to Palmlyn Sdn. Bhd. because no replanting programme is required because their planted crops are only about 10-11 years old.</p>

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	<p>Business management Plan for the last 2 years performance is available for viewing in the file.taking into accounts: quality of planting material and FFB, crop production projection is made taking into account: site yield potential, age profile, FFB yield trends, cost of production, price forecast, and financial costs. Monthly management and/or progress reports prepared and filed.</p> <p><u>Transparent and fair pricing dealing</u> A monthly estate account is prepared for the plantations was viewed by auditor. All contractors are provided with contracts:</p> <ul style="list-style-type: none"> <li>i) PT Transport Sdn. Bhd. for FFB Transportation to CPO Mill from 01.08.2018 to 31.07.2019.</li> <li>ii) Multiple Trading Co's for Canteen Operation from 08.05.2018 to 07.05.2019.</li> </ul> <p>Evidence of payment made to contractors are available for viewing for example to PT Transport Sdn. Bhd. (Payment Document No.: 1812002046).</p> <p><u>Contractor</u> All contracts are mutually agreed to and signed by the contractors with clear terms and conditions stated in the Contract Agreement, for example with:</p> <ul style="list-style-type: none"> <li>i) PT Transport Sdn. Bhd. for FFB Transportation to CPO Mill.</li> <li>ii) Multiple Trading Co's for Canteen Operation.</li> </ul> <p>Training of contractors for awareness and compliance to MSPO have been carried on the 25<sup>th</sup> June 2018 for Multiple Trading Staffs Mr. Ho Ung Chiong and Mr. Mohd Saifullah Abdullah of Multiple Trading and Mr. Ting Liing Nyiah of PT Transport Sdn. Bhd.</p> <p>All contracts are mutually agreed to and signed by the contractor with clear terms and conditions stated in the Contract Agreement, for example with of PT Transport Sdn. Bhd.</p> <p>Yes, the company have agreed to the auditing it's contractors and 2 contractors were audited during this audit, namely Mr. Ho Ung Chiong of Multiple Trading and Mr. Ting Liing Nyiah of PT Transport Sdn. Bhd.</p> <p>Work completion certificate or reports on Rat Baiting Work (Cert No.: 21231) certified and signed by Estate Manager Mr.. Ngu King Ing dated 18.10.2018 was viewed.</p>
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## 7. Nonconformities

### MS2530-3:2013 Part 3

<b>NonConformity</b>	N° 1 of 2		Major 1			
	<b>Date Recorded&gt;</b>	26 <sup>th</sup> October 2018	<b>Due Date&gt;</b>	26 <sup>th</sup> December 2018	<b>Date Closed&gt;</b>	31 <sup>st</sup> October 2018
Department / Function:	Administrative		Standard Ref.: Indicator		MS2350-Part 3 4.4.4.1	
Document Ref.:	Criterion 4: Employees safety and health		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Appropriate Personal Protective Equipment (PPE) not been replaced (Boot)					
Objective Evidence:	It was observed defective PPE provided to the manuring workers (Torn boot)					
Close-out evidence:	New pair of boots has been given to the manuring worker. (Refer to Appendix 1-Picture 1) (Refer to Appendix 2-PPE Issuance Record-Boots to Manurer)					

<b>NonConformity</b>	N° 2 of 2		Major 2			
	<b>Date Recorded&gt;</b>	26 <sup>th</sup> October 2018	<b>Due Date&gt;</b>	26 <sup>th</sup> December 2018	<b>Date Closed&gt;</b>	31 <sup>st</sup> October 2018
Department / Function:	Administrative		Standard Ref.: Indicator		MS2350-Part 3 4.4.4.2	
Document Ref.:	Criterion 4. Safety and Health		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Readiness of safety emergency equipment on site					
Objective Evidence:	It was observed the pressure of fire extinguisher low.					
Close-out evidence:	New fire extinguisher has been replaced and the low pressured one sent for servicing. (Refer to Appendix 1-Picture 2)					

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.

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- 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

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

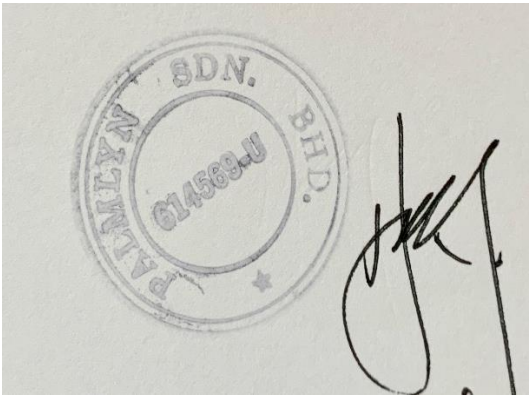
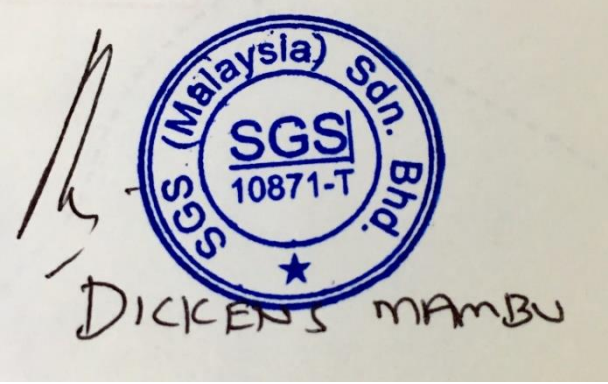
### Positive Observations:

- The support from Palmlyn 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
PT Transport Sdn Bhd 013-8183577 Mr. Ting Liing Nyiah (Manager)	External	No issues raised	Happy provide service to estate
Roslan Bin Awing Harvester (4 years working at estate)	Internal	No issues raised	Happy working in the estate
Multiple Trading Company Mr. Ho Ong Chiong Canteen Operator 4 to 5 years as canteen operator	External	No issues raised	Good cooperation and helping comment to estate management

Signed on behalf of <b>Palmlyn Sdn Bhd</b>	Signed on behalf of <b>SGS Malaysia Sdn Bhd</b>
 <p>Mr Ling Kuok Hong (Estate Manager) 31<sup>st</sup> October 2018</p>	 <p>Mr. Dickens Mambu Certification and Business Enhancement (CBE) Regional Head Certification 31<sup>st</sup> October 2018</p>

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