



## NIAMAS ISTIMEWA SDN BHD Audit Summary Report

<b>Organization:</b>	Niamas Istimewa Sdn Bhd		
<b>Address:</b>	<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> Niamas Istimewa Sdn Bhd, Lot No. 4, Block 6 and Lot No. 1, Block 18 Sawai Land District, Miri Sarawak.		
<b>Standard(s):</b>	MS2530-3 Part 3: General principles for oil palm plantations and organized smallholders	<b>Accreditation Body(s):</b> DEPARTMENT STANDARDS MALAYSIA (DSM)	
<b>Representative:</b>	Mr Seng Cheak Chai (Financial Controller) Ms. Rita Tan Yuh Fang (Administrative Manager) Mr Chuo Kuong Ping (General Operation Manager, Sawai) Mr. Ling Lee Giek (Asst. General Operation Manager, Grand Mutual)		
<b>Site(s) audited:</b>	Niamas Istimewa Sdn Bhd	<b>Date(s) of audit(s):</b>	28 <sup>th</sup> December 2018
<b>Visit Type:</b>	MSPO Audit Stage 2	<b>Type of certification assessment</b>	Main Audit
<b>Lead auditor (LA):</b>	Abdul Khalik Bin Arbi (AKA) (LA)	<b>Additional team member(s):</b> Audit Member (AM)	Afiq Othman (AO)(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: 3 Majors 0 Minor 3 Observations

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

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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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<b>MPOB License No.:</b>	504371102000	<b>Expiry date:</b>	29.02.2020
<b>Scope of Activity:</b>	<i>Menjual dan Mengalih#</i>	<b>Next Audit Plan</b>	<b>October 2019</b>
<b>Visit Number:</b>	<b>02 (Stage 2)</b>	<b>Actual Visit Date:</b>	<b>28<sup>th</sup> December 2018</b>
<b>Visit Due by Date:</b>	<b>Nil</b>	<b>For auditor information only</b>	
<b>Lead Auditor :</b>	Abdul Khalik Bin Arbi (AKA)		
<b>Audit Member</b>	Afiq Othman (AO)		
<b>Additional Attendees and Roles</b>	Nil		
<b>Standard(s):</b>	<b>MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders</b>		
<b>Audit Language:</b>	English & Malay		

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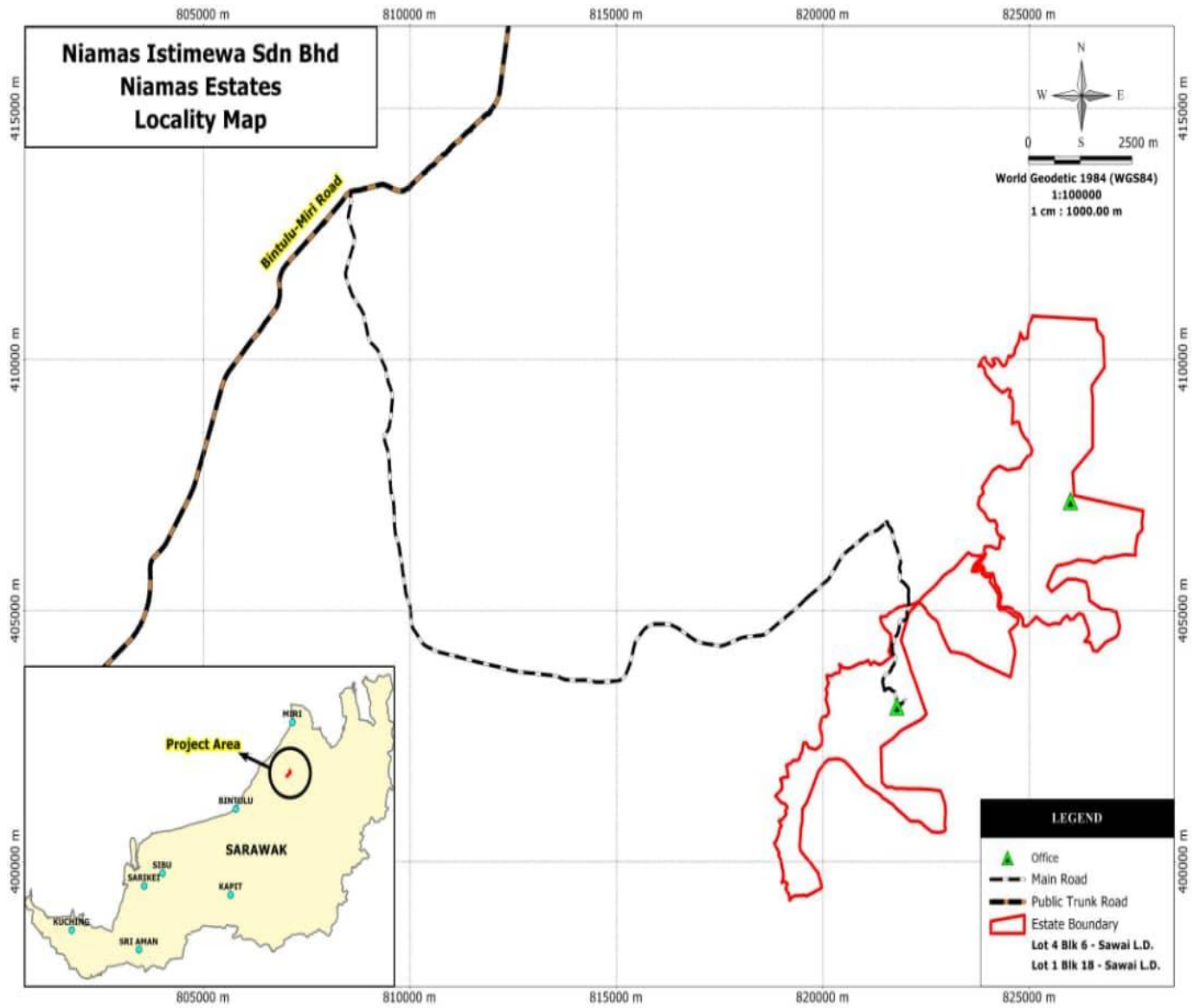
<b>Audit Scope:</b>	1.The audit covered Three (3) site performing the following scope: Operations, comprising of management systems, process of Fresh Fruit bunches (FFB), documentation and site assessment.
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### Audit Plan

Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
27 <sup>th</sup> December 2018  (Day 1)	3.00 pm 4.00 pm	AKA	Flight Kuching to Miri Arrived at Miri Airport	Estate Personnel
	1.15 pm 4.00 pm	AO	Flight KLIA 1 to Miri Arrived at Miri Airport	
28 <sup>th</sup> December 2018  (Day 2)	6.00 am	AKA, AO	Depart to Niamas Istimewa Sdn Bhd  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
	12.30pm		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)	
	4.00pm		Preparation for closing	
	5.00pm		Closing Meeting	
	6.00pm		Depart to Miri Airport	

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## Location and Maps



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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) :
Niamas Estates	Niamas Istimewa Sdn Bhd, Lot No. 4, Block 6 and Lot No. 1, Block 18 Sawai Land District, Miri Sarawak.	03°40'44.6" N 113°56'03.8" E	2483.8

#### Description of Estate Production

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

**Table 2: FFB Production**

Month	Niamas Istimewa Sdn Bhd	
	2018 Actual	2019 Projection
January	2,231.88	2,010.00
February	1,770.34	2,010.00
March	1,893.25	2,278.00
April	2,101.61	2,144.00
May	2,039.98	2,278.00
June	1,884.27	1,876.00
July	2,111.88	2,412.00
August	2,286.41	2,278.00
September	2,434.59	2,412.00
October	2,484.73	2,412.00
November	1,989.96	2,412.00
December	Nil	2,278.00
<b>Total</b>	23,228.90	26,800.00

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## Stakeholder Consultation and List of Stakeholders Contacted

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

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/-/media/b62efff982404137ada956c4df73d4ee.ashx>

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

### Comment on MS2530-3 Compliance Status:

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO –</u> An MSPO Policy covering Safety &amp; Health,  Good Social Practices, Harassment and, Violence Prevention and; Environmental, Sustainability and Continuous improvement was prepared and signed by the General Operation Manager, Niamas Istimewa Sdn. Bhd. Mr. Chuo Kuong Ping dated 1<sup>st</sup> July, 2018 and has been communicated to all levels of work force and stake holders</p> <p>Sustainability and continuous improvement was also included in the above MSPO Policy.</p> <p><u>Internal Audit</u> MSPO internal audit procedures prepared and signed and approved by Mr. Chuo Kuong Ping to be conducted at least once a year or whenever deemed necessary by management.</p> <p>Internal audit latest conducted: 30<sup>th</sup> October 2018. Audit plan was prepared on 22<sup>th</sup> October 2018 by Lead Auditor Mr Ngu Tai Hing.</p> <p>The SOP for Internal audit was made available in the premise with document ref. no.: NI02-03-TM01/REV0 dated updated 1<sup>st</sup> August 2018. The objective of this procedure is to provide an independent assessment system to identify strength(s), weakness (es) and potential areas for continual improvement to the MSPO system.</p> <p><u>Management Review</u> Management Review meeting was conducted on the 1<sup>st</sup> October, 2018 chaired by Mdm Rita Tan Yuh Fang (MSPO Main Committee, Chairman) attended by all MSPO Committee members and invited members. Agendas and minute of the said meeting was viewed in file (Ref. NI/MRR/18/11/01-01); the Audit Report was tabled and conformance and non-conformances reported.</p> <p>Results of CAR (Ref.: Control No. 0001/18- 0014/18) was viewed where corrective action have already been made on all the 14 findings as reported by Lead Auditor 1<sup>st</sup> till 5<sup>th</sup> November 2018.</p>
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	<p><u>Continual Improvement -</u> Training matrix of all the relevant staffs was prepared in order for them to carry their duties better for Harvesting, Field Conductor, Manuring Fertiliser, Chemical Sprayer and Workshop.</p>
<p>Comment on Principle 2</p>	<p><u>Transparency of information and documents relevant to MSPO requirements</u></p> <p>Sighted Transparent Method Procedure Doc Ref NI01-03-TM-3REV0 dated 1/8/18 to cater communication method between the estate and its stakeholders.</p> <p>Also established, Complaints and Grievances Procedure NI02-03-SR02REV0 dated 1/8/18</p> <p>The procedure explains about stakeholder engagement through Stakeholder Meeting.</p> <p>Apart from stakeholder meeting, the stakeholders may engage the estate management through phone call and email.</p> <p>Complaint forms and complaint box were made available in front of the estate's office to ensure the stakeholder may access the form. All request and complaints made by stakeholder will be recorded in the established complaint form. Noted there was no complaint made at the time of audit.</p> <p><u>Transparent method of communication and consultation</u></p> <p>Sighted Transparent Method Procedure Doc Ref NI01-03-TM-3REV0 dated 1/8/18 to cater communication method between the estate and its stakeholders. Also established, Complaints and Grievances Procedure NI02-03-SR02REV0 dated 1/8/18.</p> <p>The procedure explains about stakeholder engagement through Stakeholder Meeting.</p> <p>Apart from stakeholder meeting, the stakeholders may engage the estate management through phone call and email.</p> <p>Complaint forms and complaint box were made available in front of the estate's office to ensure the stakeholder may access the form. All request and complaints made by stakeholder will be recorded in the established complaint form. Noted there was no complaint made at the time of audit.</p> <p>Sighted Stakeholder Register consists of Gov Agency, Service Provider, Contractor, Neighbouring Committee and employee representative.</p> <p><b>OBS 1 (4.5.3.3)</b> To add more stakeholders into the register such as immigration.</p> <p><u>Traceability</u></p> <p>Traceability Procedure established dated 1/8/18 Doc Ref NI02-03-TM04REV0. The Procedure covers the process of FFB evacuation starting from harvesting activity until delivery to mill.</p>

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	<p>Noted an inspection of traceability has been done dated 8/9/18. As explained by the management, currently the inspection is set to be done once a year. Should there be any complaint the management will adjust the frequency according.</p> <p><b>OBS 2 (4.2.3.1)</b> To add procedure of Traceability System Inspection into existing Traceability SOP.</p>
<p>Comment on Principle 3</p>	<p><u>Regulatory Requirements</u> All operations comply with applicable local, state, national and ratified international laws and regulations.</p> <p>All the applicable laws and regulations are being listed in Monthly Legal Monitoring Checklist. Also sighted Register of Applicable Legal Requirements. Based on the register mostly all the requirements are being met. Some of the requirements are still in progress such as eSWIS application.</p> <p><u>Land Use Rights</u> Noted the estate did not diminish land use right of other users. The estate had installed 121 boundary markers. Sighted a record of location of boundary pegging is being maintained together with coordinates of each pegging.</p> <p>Land titles were available during the audit being named under Niamas Istimewa Sdn Bhd. They were 2 land titles with a total of 2483.8 Ha (1066.4 Ha + 1417.4 Ha). The two land titles sighted were TRN 04-LCLS-030-018-00001 and 04-LCLS-030-006-00004.</p> <p>Sighted the evidence of quit rent payment done for year 2018 dated 19/4/18 for both.</p> <p><u>Customary Rights</u> No land encumbered</p>
<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment (SIA)</u> SIA had been conducted internally by the estate management. The assessment was conducted in December 2018 and the report was prepared on 14/12/18. A set of questionnaires was distributed to stakeholders to identify the positive and negative impacts to be incorporated in the SIA Report.</p> <p>Based on the report, in overall the stakeholders are happy with their relationship between Niamas Estate. Except, the some of the workers are not happy with the water quality supplied to them. Currently, the water is obtaining through rain water harvesting and river for washing and cleaning purpose. Sighted management plan dated 2/12/18 and approved by Mr. Chuo Kuong Ping, General Operation Manager to address the issue identified. The management is proposing to build water treatment plant. At the moment the estate management is seeking for quotation from supplier. The management targeted to materialise the plan by December 18. As for temporary, the workers installed water filter at their house to minimise the contamination of water.</p>

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Complaints and grievances

Sighted Transparent Method Procedure Doc Ref NI01-03-TM-3REV0 dated 1/8/18 to cater communication method between the estate and its stakeholders.

Also established, Complaints and Grievances Procedure NI02-03-SR02REV0 dated 1/8/18.

In the procedure stipulated that 14 working days to assess any complaint received and 30 working days for investigation.

Commitment to contribute to local sustainable development

CSR Records available:

1. Road repair for RH Changgai Dali dated 1/11/18
2. Donation of Photocopy Machine to RH Changgai Dali dated 12/10/18.

Employees safety and health

Sighted MSPO Policy which shows commitment of the org. on Safety & Health, Good Social Practices, Harassment & Violence Prevention and Environment.

- a) MSPO Policy established which happen to include Safety and Health commitment has been communicated to workers during MSPO Briefing conducted on 21/10/18. The Briefing was conducted by Mr. Dismon Dawat.
- b) HIRARC Assessment has been done covering for various activities from operational activities such as harvesting, weeding, manuring and also non-operational activities like scheduled waste store, office and workshop. The assessment was conducted on 11/7/18 by Mr. Alexander Rabu and approved by Mr. Dismon Dawat Kalasi on 16/7/18. CHRA was also available during the audit. The assessment was conducted by Nur Azimah Binti Ali HQ/17/AS/00/00013 dated 15.8.18.

**Major 1 (4.4.4.2)**

It was found that activity for welding operation was not included in the CHRA Report. A new welder was recruited after CHRA has been conducted in August 2019. This resulting in the welding operation not being included in the CHRA report.

**OBS 3 (4.4.4.2)**

It was found that FORM F in the CHRA Report was not completed. Only partially was sighted from the report.

Chemical register has been established dated 9/1/18.

Employment Condition

Sighted MSPO Policy which shows commitment of the org on Safety & Health, Good Social Practices, Harrassment & Violence Prevention and Environment.

The policy explains:

1. Prohibiting abusive, forced or child labour
2. Commitment to respect and protect human rights

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	<p>3. Elimination of discrimination</p> <p>Maintain friendly relationship with local communities.</p> <p><u>Training and Competency</u> Sighted training matrix established for Niamas Estate. The matrix is being used to assess the needs of training individually for all working levels.</p> <p>Noted that Training Programme for year 2018 has been established in accordance to the training matrix. Based on sampled training records, it was shown that all trainings planned were conducted accordingly.</p>
<p>Comment on Principle 5</p>	<p><u>Environmental Management Plan</u></p> <p>Environmental policy was integrated in MSPO policy which commit by General Operations Manager Mr. Chuo Kuong Ping, sign 1<sup>st</sup> July 2018. In the environment part, several issues need to highlight:</p> <ul style="list-style-type: none"> <li>a. Meeting applicable environmental rules and regulations in the palm oil industry through proper management practices.</li> <li>b. Preventing pollution by striving to minimize waste generations and resource consumptions.</li> <li>c. Monitoring and managing environmental components of our daily operations in accordance to environmental rules and regulations of relevant governing body.</li> <li>d. Maintain the culture of caring for environment within the workforce.</li> <li>e. Conduct biodiversity assessment with continuous monitoring at conservation area to protect wildlife, flora and fauna.</li> </ul> <p>It was observed Niamas Istimewa Sdn Bhd at Ulu Sungai Niah Oil Palm Plantation Block of NCR Development at Sawai land District, Niah, Miri Division, Sarawak had obtain Environmental Impact Assessment (EIA) approval from Natural Resources Environmental Board (NREB) dated 26<sup>th</sup> October 2001 with ref.no.: (18)NREB/6-4/44 which sign by Deputy Chairmain of Natural Resources Mr James Dawos Mamit.</p> <p>In line with that, the monitoring was conducted to monitor plantation activities on site by provide analyses on pesticides/ weedicides every 6 months in the Environmental Monitoring Report (EMR). The latest report was made available on July – September 2018 (3<sup>rd</sup> quarter 2018). Based on the report the estate was comply with mitigating measures required by EIA Approval.</p> <p>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.</p>

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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	99,697	101,173	86,614
Estimated Budget	101,920	107,200	103,188

*\*latest as November 2018*

Usage of Diesel VS FFB 2018

Lowest FFB 1001.04 mt, diesel 6,880 L

Highest FFB 1,436.46 mt, diesel 8,209 L

**Genset operation.**

Genset 1 – 4.30 am -11.00 am, circle 5.00 pm till 11 pm

70Kva (cover for all area)

Genset 2 – 11.00 am till 5pm

30Kva (staffs house, office, store, workshop and canteen)

Waste Management and Disposal

Based on interview with Estate Manager name, Mr Arun Abd Rahmat. He managed to identify the sources of pollution in the estate. List of the sources of pollution list as below:

- a. Canteen
- b. Chemical Store
- c. Lubricant Store
- d. Diesel Tank
- e. Water Treatment Plant
- f. Genset House
- g. Office
- h. Schedule Waste Store
- i. Workshop
- j. Field Operation

It was sighted the management had taken necessary action to avoid or reduce pollution. The activities had been identified list as below:

- i. Storage of lubricants
- ii. Handling lubricants
- iii. Pantry
- iv. Storage of diesel
- v. Receiving of diesel
- vi. Storage of liquid and solid chemical store
- vii. Handling of chemical
- viii. Collection of scheduled waste etc spent lubricant oil, battery, fuel filter & used empty paint.
- ix. Storage of scheduled waste

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	<p>x. Maintenance works xi. On and off generator and including maintenance &amp; repair</p> <p><b>Major 2 (4.5.3.3)</b> However, based on site visit at the scheduled waste store it was observed the scheduled waste such as oil filter and used batteries was not properly label as mention in Environment Quality Regulations (Scheduled Waste) 2005.</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. It was observed the positive impacts was included in the continual improvement plan such as air pollution, noise pollution, water pollution and odour pollution. The continual improvement plan can be verified in Environment Aspect Environment Impact (EAIA) File 004 HIRARC and EAIA.</p> <p><u>Natural water resources</u> It was observed there was water management plan was available in the both estates. The document ref. No: NI02-03-EN06REV0, with latest updated on 26<sup>th</sup> November 2018. Currently Environmental Monitoring Report for estate was available.</p> <p>It was observed Niamas Istimewa Sdn Bhd at Ulu Sungai Niah Oil Palm Plantation Block of NCR Development at Sawai Land District, Niah, Miri Division, Sarawak had obtain Environmental Impact Assessment (EIA) approval from Natural Resources Environmental Board (NREB) dated 26<sup>th</sup> October 2001 with ref.no.: (18)NREB/6-4/44 which sign by Deputy Chairmain Natural Resources &amp; Environment Board, Sarawak by YB Dr. James Dawos Mamit.</p> <p><u>Status of rare, threatened, or endangered species and high biodiversity value area</u> It was observed all of the information regarding the flora fauna, conservation area was stated in EIA report which is done by Environmental Consultation Sarona Sdn Bhd.</p> <p>It was observed the estate management had provide report on Rare, threatened or Endangered (RTE) Biodiversity and Ecosystem Assessment In Niamas Istimewa Plantation dated 26<sup>th</sup> December 2018.</p> <p><u>Zero Burning Practices</u> It was observed the estate was practice zero burning policy in the estate. The SOP for planting and replanting was available and practice on site.</p>
Comment on Principle 6	<p><u>Site Management</u> Standard Operating Procedures on management practices approved 03/08/2018 updated 1/08/2018 includes for:</p> <ul style="list-style-type: none"> <li>- Weeding for Mature Field (NI02-04-ES05BREVO)</li> <li>- Manuring for Mature Field (NI02-04-ES06BREVO)</li> <li>- Pest and Disease Control (NI02-04-ESO7REV0)</li> <li>- Site Management (NI-03-ES01REV0)</li> <li>- Harvesting (NI02-04-ES04REV0).</li> <li>- Road and drainage Maintenance (NI02-04-ES09REV0)</li> </ul>

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	<p><b>Major 3 (4.6.1.1)</b>          However, based on site inspection along the main road in plantation (Block 16, Task 14) it was observed there was water clogging at the surface of the road. It can cause damage to the road once it not managed properly.</p> <p><u>Economic and Financial Viability Plan</u>          Business or management plan which includes operational plan for at least 2 years projection to be made available to Auditor in the Stage 2 audit.</p> <p>Profit and Loss Estimates to be made available during Stage 2 Audit.</p> <p><u>Transparent and Fair Price Dealing</u>          A monthly estate account is prepared for plantations according to Financial Controller but is not made available for us to view because it is with the Accounts Dept. at company's HQ.</p> <p>The management provide contractors are provided with contracts:          i) Tokyo Link Trading Company (Contract No. for Transporting stone from Telabit Quarry to Niamas or Estate. It was sighted the payment record was teli with invoice from contractor (Invoice No.: 00433) and contract form (CF No.: 4058)</p> <p><u>Contractor</u>          The management provide contractors are provided with contracts:          i) Tokyo Link Trading Company (Contract No. for Transporting stone from Telabit Quarry to Niamas or Estate. It was sighted the payment record was teli with invoice from contractor (Invoice No.: 00433) and contract form (CF No.: 4058)</p> <p>Training of contractors for awareness and compliance to MSPO have been carried out:          i) Tokyo Link Trading Company contract form (CF No.: 4058)</p>
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## 7. Nonconformities

### Corrective Action Request and Observation MS2530-3: 2013 Part 3: General principles for oil palm plantations and organized smallholders

<b>Non- Conformity</b>	N° 1 of 3		Major 1			
	<b>Date Recorded&gt;</b>	28 <sup>th</sup> Dec 2018	<b>Due Date&gt;</b>	27 <sup>th</sup> Feb 2019	<b>Date Closed&gt;</b>	12 <sup>th</sup> Feb 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.4.2	
Document Ref.:	Criteria 4: Employee Safety and Health		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Implementation of risk assessment of operations was found inadequate.					
Objective Evidence:	Sighted CHRA Report dated 15.8.18 conducted by Nur Azimah Binti Ali JKPP Reg No HQ/17/ASS/00/00013 was available during the audit. However, it was found that assessment for risk of welding operations was not conducted. The management explained that a new welder just joined the estate in September 2018. This is not in accordance to OSH (USECHH) Regulations 2000 (Regulation 9 Assessment of Risk to Health).					
Close-out evidence:	<p>Communicate with CHRA Assessor on the assessment for risk of welding operations to ensure meeting the OSH (USECHH) Regulations 2000 (Regulations 9 Assessment of Risk to Health).</p> <ul style="list-style-type: none"> <li>• CHRA Assessor confirmed that assessment for welding operations was properly conducted. Supporting documents of communication with CHRA assessor:- <ul style="list-style-type: none"> <li>- Niamas Letter to CHRA Assessor request for meeting OSH requirements (Appendix 3a)</li> <li>- CHRA Assessor's letter to reply on their assessment conducted for welding operations (Appendix 3b) &amp; pages of CHRA Report relevant to welding operations (Appendix 3c)</li> </ul> </li> <li>• Training provided to the new welder based on the recommendations in CHRA Report (Appendix 3d)</li> </ul>					

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<b>Non- Conformity</b>	N° 2 of 3		Major 2			
	<b>Date Recorded&gt;</b>	28 <sup>th</sup> Dec 2018	<b>Due Date&gt;</b>	27 <sup>th</sup> Feb 2019	<b>Date Closed&gt;</b>	12 <sup>th</sup> Feb 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.5.3.3	
Document Ref.:	Criterion 3: Waste management and disposal		Issue / Rev. Status:		Closed	
Details of Nonconformity:	The implementation of handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005 was found lacking.					
Objective Evidence:	Based on site visit at the scheduled waste store it was observed the scheduled waste such as oil filter and used batteries was not properly labelled as mention in Environment Quality Regulations (Scheduled Waste) 2005.					
Close-out evidence:	Attached the scheduled waste labelling at the oil filter and used batteries as per Environment Quality Regulations (Scheduled Waste) 2005.  Photo of oil filter and used batteries labelling at Scheduled Waste store (Appendix 1a & Appendix 1b)					

<b>Non- Conformity</b>	N° 3 of 3		Major 3			
	<b>Date Recorded&gt;</b>	28 <sup>th</sup> Dec 2018	<b>Due Date&gt;</b>	27 <sup>th</sup> Feb 2019	<b>Date Closed&gt;</b>	12 <sup>th</sup> Feb 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.1.1	
Document Ref.:	Criteria 1: Site Management		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Implementation of site management was found inadequate					
Objective Evidence:	Based on site inspection along the main road in plantation (Block 16, Task 14) it was observed there was water clogging at the surface of the road. It can cause damage to the road once it not properly managed.					
Close-out evidence:	Repair the road at Block 16, Task 4. Photo of Main Road condition at Block 16, Task 4 after completion of repair work (Appendix 2)					

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## Observation

<b>Observation</b>	N° 1 of 3		Obs 1			
	<b>Date Recorded&gt;</b>	28 <sup>th</sup> Dec 2018	<b>Due Date&gt;</b>	Nil	<b>Date Closed&gt;</b>	Nil
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.2.2.3	
Document Ref.:	Criterion 2: Transparent method of communication and consultation		Issue / Rev. Status:		Nil	
Objective Evidence:	Stakeholder list could be better improved by adding more relevant parties such as immigration, consulate etc					

<b>Observation</b>	N° 2 of 3		Obs 2			
	<b>Date Recorded&gt;</b>	28 <sup>th</sup> Dec 2018	<b>Due Date&gt;</b>	Nil	<b>Date Closed&gt;</b>	Nil
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.2.3.1	
Document Ref.:	Criteria 3: Traceability		Issue / Rev. Status:		Nil	
Objective Evidence:	Traceability system inspection could be included into existing traceability procedure established					

<b>Observation</b>	N° 3 of 3		Obs 3		Nil	
	<b>Date Recorded&gt;</b>	28 <sup>th</sup> Dec 2018	<b>Due Date&gt;</b>	Nil	<b>Date Closed&gt;</b>	
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.4.2	
Document Ref.:	Criteria 4: Employee Safety and Health		Issue / Rev. Status:		Nil	
Objective Evidence:	To follow up on Completed version of Form F of CHRA Report with relevant CHRA Assessor.					

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## 8. General Observations & Opportunities for Improvement

### Positive Observations:

- The support from Niamas Istimewa 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

### Important Observations and Opportunities for Improvements:

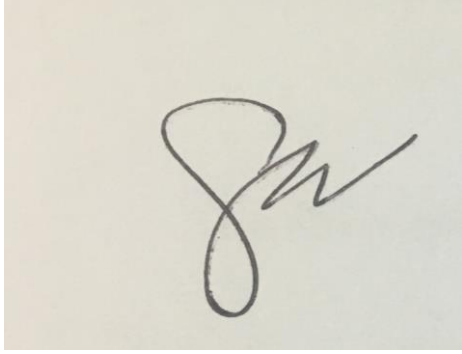
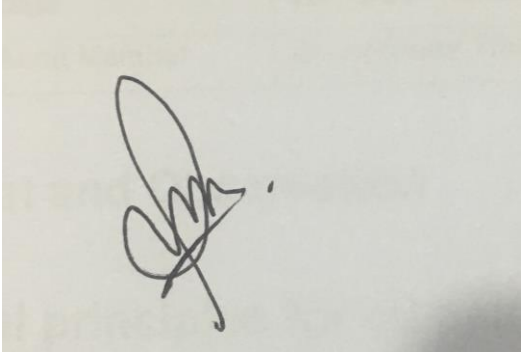
- The root causes of nonconformities should be clearly identified and tackle in appropriate method.
- The management should appoint suitable person to implement and maintain the traceability system to ensure all document recorded.
- Action taken on complaints and grievance by stakeholders should be highlight 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
<b>Asiantech Water (M) Sdn Bhd</b> External Mr. Leslie Lah Supervisor	No issue raised	Repair and Upgrade existing water treatment plant
<b>BLD Sawai Palm Oil Mill 60mt/hr</b> External Mr. Hu Chung Lai Production Manager	No issue raised	3,500 tonne per month,
<b>San Hing Transporter</b> External Caroline Mujan Admin Assistant Mdm Wong Hee Ming (Director)	No issue raised	6 lorries Sent the FFB to Sawai Palm Oil Mill  FFB Transport Stone Transport  Payment based on km
<b>KTS Trading Sdn Bhd</b> 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 <sup>st</sup> Call: 2.32pm)	No issue raised	
Jabatan Keselamatan Kesihatan dan Pekerja (JKKP) Mr Mazidi Bin Gani Pemerisa kilang dan jentera 085-428151, Call: 12.30pm	No issue raised	Not available (Travelling)
Department of Environment (DoE) En Shahril Puan Zulaiha Cannot call 1428pm	No issue raised	No available

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On Behalf of <b>Niamas Istimewa Sdn Bhd</b>	On Behalf of <b>SGS Malaysia Sdn Bhd</b>
 <p data-bbox="327 689 582 757">Mr Seng Cheak Chai Financial Controller</p>	 <p data-bbox="933 689 1189 757">Abdul Khalik Bin Arbi Lead Auditor</p>

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