

MY 05039 Karisma Plantation Sdn Bhd Audit Summary Report

Organization:	Karisma Plantation Sdn Bhd		
Address:	Head office Address: Wisma Pansar, 23-27 Jalan Bengkel, 96000 Sibul, Sarawak. Contact person : Ms Priscilla Lieu Hie Ming Contact No : 013 8033740 / 084 333366 Email address : lieu.hieming@pansar.com.my Estate Office Address Karisma Plantation Sdn Bhd, Lot 16, 19, 20 part of lot 21, Block 16, Kemena Land District, Bintulu Division, Sarawak.		
Standard(s):	MS2530-3 : Part 3 : General principles for Oil Palm Plantations and Organized Small Holders	Accreditation Body(s): Department Standards Malaysia (DSM)	
Representative:	Mr Jeffrey Yiek (Project Manager) Mr Affandy Wong Abdullah (Estate Manager)		
Site(s) audited: Planted area	1. Karisma Plantation Sdn Bhd (3106.94 ha)	Date(s) of audit(s):	19th October 2018
Visit Type:	MSPO Audit Stage 2	Type of certification assessment	Main Audit
Lead auditor:	Dickens Mambu (DM) (LA)	Additional team member(s): Audit Member (AM)	Abdul Khalik (AK) (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 FFB for Plantations in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3

The audit covered the MS 2530:2013 requirements particularly MSPO Certification Standard **MS2530-3:2013 Part 3** for production and service provision

Has this scope been amended as a result of this audit?

Yes

No

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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: 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

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

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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:

Organization:	Karisma Plantation Sdn Bhd		
Address	Head office Address: Wisma Pansar, 23-27 Jalan Bengkel, 96000 Sibu, Sarawak. Contact person : Ms Priscilla Lieu Hie Ming Contact No : 013 8033740 / 084 333366 Estate Office Address Karisma Oil Palm Plantation, Lot 16, 19, 20 part of block 16 Kemena District, Bintulu Division, Sarawak.		
MPOB License No.:	551872002000	Expiry date:	01/08/2018-31/07/2019
Scope of Activity:	<i>Menjual dan Mengalih FFB</i>	Hectare :	3106.94 ha
Visit Number:	02 (Stage 2)	Actual Visit Date:	19th Oct 2018
Proposed Date of Next Surveillance Audit:			August 2019
Visit Due by Date:	Nil	For auditor information only	
Lead Auditor :	Dickens Mambu (DM)		
Audit Member	Abdul Khalik Arbi (AK)		
Additional Attendees and Roles	NIL		
Standard(s):	MSPO 2530:3: Plantations and Organized Smallholders		
Audit Language:	English & Malay		
Audit Scope:	1.The audit covered One (1) site performing the following scope: Operations, comprising of management systems, production of Fresh Fruit bunches (FFB), documentation and site assessment. 2.The audit covered all the MSPO 2530 Part 3 requirements with no permissible exclusion of clause in compliance to the standard document		

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Date	Time	SGS Team	Organisational and Functional Units/ Processes and Activities	Key Contact
19 th Oct 2018	am	DM & AK	Arrive Bintulu (7.20 am)	DM / AK
19 th Oct 2018	8.15 am 8.15 8:30 5.00pm 6.00 pm	ALL	<p><u>Karisma Plantations Sdn Bhd</u></p> <p>Arrive Estate Opening Meeting Audit Process (Document)</p> <ul style="list-style-type: none"> • Principle 1: Management commitment and responsibility • Principle 2: Transparency • Principle 3: Compliance to legal requirements • Principle 4: Social responsibility, health, safety and employment condition • Principle 5: Environment, natural resources, biodiversity and ecosystem services • Principle 6: Best practices • Principle 7 : New Planting <p>Site Visit</p> <p>Estate site and Facility, environment components, safety and health requirement, Workers living conditions etc.</p> <p>Audit discussion and Closing (Each Interface)</p> <p>End of Audit Stage 2 Back to Bintulu Town / Airport</p>	Estate Personnel

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Location and Maps

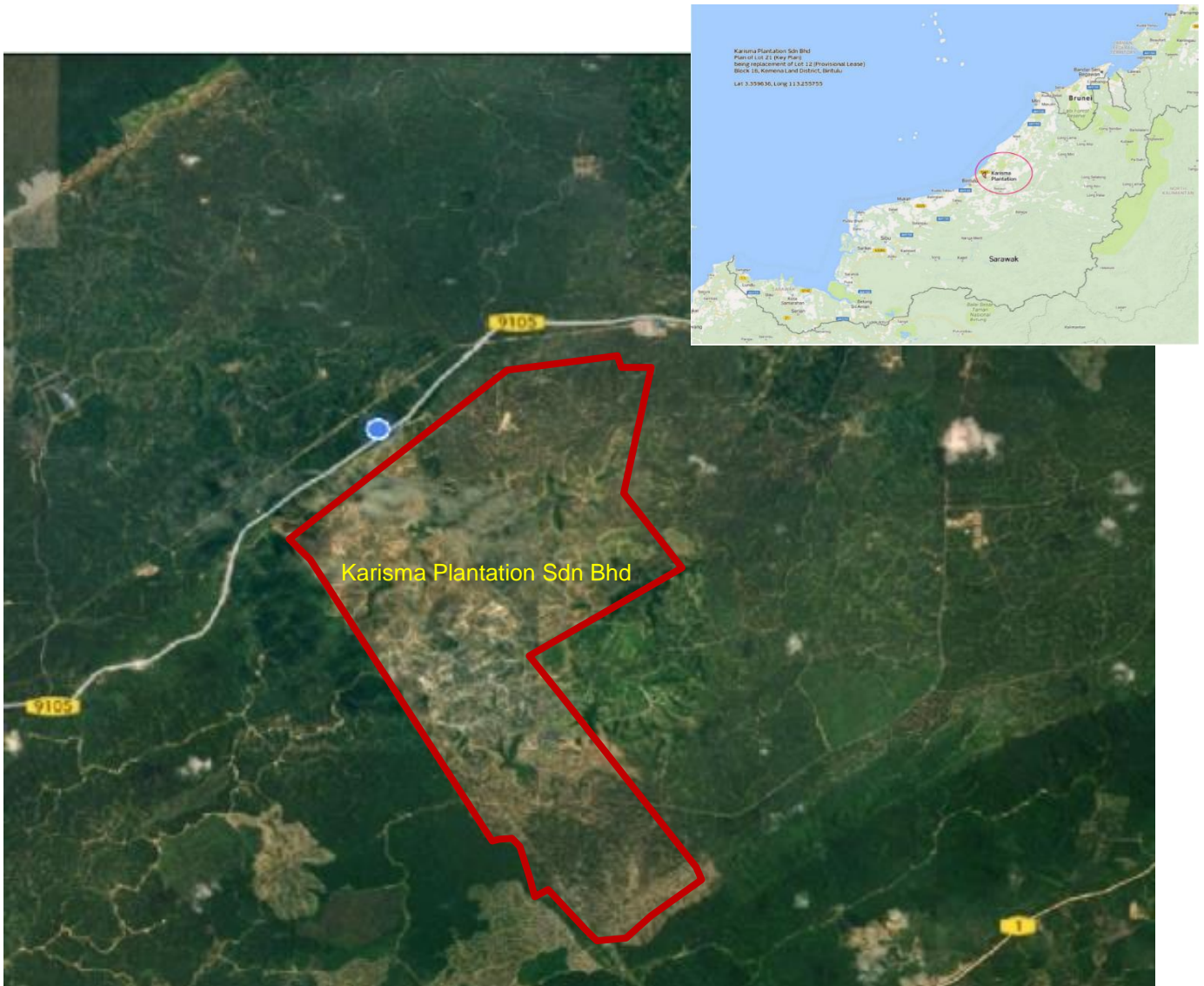
The plantation is located approximately 50 km from Bintulu town along the Miri –Bintulu coastal road.

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

Table 1: GPS Location

	Estate	Location	Coordinate	Total Hectare (ha)
1	Karisma Plantation Sdn Bhd	Lot 16, 19, 20 Part of Lot 21, Block 16, Kemena Land District, Bintulu Division, Sarawak	03°20' 73.7"N 113°17' 38.5"E	3,106.94

Karisma Plantation Sdn Bhd Locality Map



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Description of Estate Production

The crop yield from Karisma Plantation is mention in **Table 2** below.

Table 2: FFB Production

Estate	FFB Production (MT) (Client Year Reporting is in April during the previous year to the Month of April the Following Year)	
	April 2018- December 2018 (Actual)	April 2018 – March 2019 Projection
April 2018	2,071.62	3561.00
March	2,446.81	3560.00
April	2,922.81	4000.00
May	3,553.40	4449.00
June	3,712.59	4447.00
July	3,116.74	4886.00
August	3,708.35	4002.00
September	3,560.87	3557.00
October	3,243.89	3116.00
November	2,071.62	3561.00
December	2,446.81	3560.00
January 2019	-	3560.00
February 2019	-	3560.00
March 2019	-	3400.00
Total	32,855.51	53,219.00

* Sources from Karisma Plantations Sdn Bhd (Opening : April present year – March next year)

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Area of Statement

The areas of supplying estates for this operating unit are listed in Table 3. Details of production area (mature/immature) are also listed.

Table 3: Area Statement of the Supplying Estates

Name of estate	Title Area (ha)	Plantation area					
		Immature (ha)	Mature (ha)	Production (ha)	Buffer zone / Unplanted (ha)	Land Issue	*Others
Karisma Plantation	Total Area 3106.94 ha	-	2894.86	2894.86	201.08	-	11
*Others : Transmission tower, Quarry, Roads, line site, rives, water catchment area, office building ,etc							

Stakeholder Consultation and List of Stakeholders Contacted

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

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/-/media/a6b5f5d09c324b1c8b001bf6733d50d7.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> Karisma Plantation Sdn Bhd is a subsidiary under Pansar Berhad.</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 2nd May 2018 signed by the Managing Director, Datuk Jason Tai.</p> <p>Based interview with administrative staff, it was observed the communication of policy was done via Muster call in the morning and monthly meeting.</p> <p><u>Internal Audit</u> Latest Internal audit report was evident during the time of audit. The internal audit team was led by Mr Jeffery Denis Ridu and assisted by 3</p>
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audit members namely, Mr. Affandy Wong, Mr. Haffizul Haqim and Mr Awang Hermandy Ambrose Ho.

Internal audit date :31st July 2018

Next Internal audit : July 2019

Issue raised:

- a) Suggestion box available outside the office, but Suggestion/ complaints forms not available.
- Action taken done and complaints form was sighted at the complaint box
- b) Need to provide SDS (Safety Data Sheet) to be available at Chemical store (for all chemicals), fertilizer store (for all types of fertilizer) & Lubricant Store (Oil & Lube).
-SDS was sighted next to chemical material in the chemical store.
- c) Separate location for paraquat needed. Also SDS required to be available.
Reference number for Paraquat Dichloride:.
GL15070037. Tarikh Pemohonan: 26th June 2015
-Paraquat was separated from other material and SDS sighted.

It was observed the issues arise during internal audit was closed during Stage 2 audit conducted

Management Review –

It was observe the management review meeting was conduct at HQ (Sibu Office) dated 16th August 2018, time: 9.00 a.m.

It was attend by Top Management, list as below:

- a) Datuk Jason Tai Hee (Managing Director)
- b) Ling Ee Hee (Director/ Financial Controller)
- c) Wong Tong Hung (Senior Accountant)
- d) Jeffrey Yiek (General Manager)
- e) Affandy Wong (Estate Manager)
- f) Tieh Hie Hiong (Accountant)
- g) Lieu Hie Ming (Accountant)

The management review discussed on issue raised in thermal audit and plan to rectify the issue. Task delegation also being made in the meetings.

Next meeting was proposed on August 2019

Continual Improvement -

It was observed the action plan for continual improvement for 2018 was available on site. The activities includes:

- 1) Linesite Cleaning/ Gotong Royong
- 2) Firefighting training.
- 3) Linesite sanitation checks.

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	<p>4) Employee Consultative Meeting. 5) ELCB Check 6) Grievance Procedure Training 7) Sexual Harassment Policy Training 8) Group Policy Training. 9) Linesite structure checks 10) Annual Impact Review 11) Security Guard Training. 12) Sports Day 13) Labour Day Celebration 14) Emergency Response Training 15) Checking of estate amenities.</p> <p>To date from record, continuous improvement programme that has been conducted were</p> <ol style="list-style-type: none"> 1. First aid training – Four person sent :21-23 /09/18 2.PPE Training, Chemical Mixture training 3. MSPO Briefing & Awareness programme has been started during muster call. <p>These record was sighted in the estate office.</p>
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<p>Comment on Principle 2</p>	<p><u>Transparency of documents relevant to MSPO requirements</u> – It was observed the estate communication with relevant was via emails, grievance and complaints form, letter and memo. The example can be verified in file namely: Social Impact Assessment (SIA) file.</p> <p>The communication with stakeholders was assess thru stakeholders meeting conducted on 14th May 2018 whereby grievance procedure, MSPO policy & All related policy, discussion on any related issue was discuss. The minute meeting was sighted at site office.</p> <p><u>Transparent method of communication and consultation</u> – MSPO Communication and Consultation procedure was presented during the audit. Procedure was prepared by the management. The consultation platform was via Grievance Procedure.</p> <p><u>Traceability</u> Traceability Procedure was available at estate office. The procedure sighted include several stages</p> <ol style="list-style-type: none"> 1. Fresh Fruit Bunches (FFB) Harvesting Ticket : Harvesting bunch chit 2.FFB collection from platform Ticket : Harvesting chit & Grading 3.FFB Transport to ramp Record: Weighbridge ticket 4. FFB Transport to mill Record : Mill & Estate weighbridge
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<p>Comment on Principle 3</p>	<p><u>Regulatory requirements</u> – Legal register was available at estate office. Components of legal register includes 1.Federal Law 2.State Sarawak Law 3.International Law 4. Convention & Standard.</p> <p>Example of federal and state law registered available: 1.Environment Quality Act 1974 2.Employment Act 1956 3.Occupational Safety and Health 1994</p> <p><u>Land use rights</u> No record of land issue / land claim sighted and reported for Karisma Plantation Sdn Bhd since establishment in 2011.</p> <p><u>Customary rights</u> The estate was planted in the state land area and no native land affected. The Land & Survey map (state land) Ref No : LKB/ LP/B-01/17</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"> - Introduction - Site Location and Size - Land Use - Human Environment - List of Stakeholders Nearby the Site - Stakeholders consultation with local communities - Survey Methodology - Identify Direct and Indirect Potential Impacts from operation - Mitigation Plan <p><u>Complaints and grievances</u> Grievance Procedure is available in the Complaint and Grievances (Ref No.: JTH/ MSPO-03/ Estate BM). In addition, the procedure on work flow detailing the Grievance Procedure Mechanism is available in the document.</p>

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	<p>Details of complaints/grievances, date and details of action taken has been recorded in the “Complaint Record”.</p> <p><u>Commitment to contribute to local sustainable development</u> Karisma Plantation contribution to local sustainable development :</p> <ol style="list-style-type: none"> 1. Employment Total 16 staff (Origin from surrounding area) 2. Transportation to the staff and employee for health & education purpose) 3. Housing with basic amenities 4. Sports facility <p><u>Employees safety and health</u> OSH policy was made available at site office The Policy was signed on 2nd May 2018 by Datuk Jason Tai (Managing Director) The OSH Plan was available via OSH related training, risk assessment, safety & health committee and OSH Erp</p> <p><u>Employment Conditions</u> Human Right Policy was sighted at site office. The policy was signed by Datuk Jason Tai effective date on 2nd May 2018.</p> <p>The policy was communicated with stakeholders during stakeholders meeting.</p> <p><u>Training and Competency</u> Training was available in the file of training record at the estate.</p> <p>Principle 4.4.4.2 (Major 1) It was found that risk assessment does not include all current estate activities. It was observed that estate HIRARC is not covering construction activities in the estate area. The construction work for store construction work risk is not available in the present HIRARC document.</p>
<p>Comment on Principle 5</p>	<p><u>Environmental management programme –</u> Environmental policy and management plan in compliance with the relevant country and the environmental laws was available. It was sighted that EIA REPORT/EIS/EMP APPROVAL for oil palm estate was approved on 18th July 2000 with reference no.: (11) NREB/6-4/172. In line with the EIA approval, the estate management implementing mitigating measures written in approval. One of it is, maintaining buffer zone.</p> <p>It was observed that the Environmental & Biodiversity Policy was effectively communicated and implemented. The policy was available at the site office.</p> <p>Based on the interview with Ilham Bin Mulia (Cadet Assistant Manager), he was aware regarding the policy implemented in the estate.</p> <p><u>Efficiency of energy use and use of renewal energy –</u></p>

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Records usage of the electricity

Year	KWH
2016	185,071
2017	192,516
2018	141,208 (till August)

Records Usage of Diesel

Year	*Litre (L)
2016	275.80
2017	243.47
2018	150.11 (till August)

*Fuel consumption (in 1,000L)

Reduction of pollution and emission –

It was observed that the estate management was conducting a training on triple rinse procedure.

Natural water resources –

SOP: Water Management Plan

Area Concern	Management Plan	Monitoring Plan, Data Required
Rain water Harvesting	1. Proper piping for rainwater harvesting to reduce flushing effect on soil. 2. Proper rain water storage tank.	1. Routine checkup and maintenance of piping system. 2. Routine clean-up of water storage tank. 3. Annual water quality testing of rainwater for human consumption 4. Monthly water usage records.

Zero burning practices -

The zero burning policy was sighted at the estate.

Principle 4.5.5.1 (Major 2)

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	<p>Waste management plan to avoid or reduce pollution is not fully implemented. It was observed that oil leakage at generator set facility which are located near the water reservoir.</p>
<p>Comment on Principle 6</p>	<p><u>Site management</u> – Standard Operating Procedures (SOP) or Good Agricultural Practices outline the best management practices.</p> <p>Estate SOP's Mention on water level control in field Doc : SOP water management Plan</p> <p>Good Agricultural Practices Training conducted for the staff in the month of July 2018.</p> <ol style="list-style-type: none"> 1. Harvesting, weeding and maintenance 2. Chemical Handling and Safety 3. Safe Operating Procedure <p><u>Economic and financial viability plan</u> – At the estate level, Budget 2017/2018 is available which includes the projection of upkeep activities and FFB production trend. 5 years Forecast Crop Monthly Distribution is available.</p> <p>Budget 2017/2018 and Progress is reported in the Action Plan Review.</p> <ol style="list-style-type: none"> a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends -5 Years Forecast Crop monthly Distribution c) Cost of production: cost per tonne of FFB d) Price forecast and Financial indicators: -Price Forecast will be conducted by Marketing Department (in HQ level, Sibuh). <p>The estate is updating Progress Report (monthly) which includes status of planted area (mature and immature).</p> <p><u>Transparent and fair pricing dealing</u> – The pricing mechanism is set by Marketing Department</p> <p><u>Contractor-</u> It was sighted the contract agreement between contractor was include MSPO clause. The document was private and confidential.</p> <p>There are contract agreements with contractors which include the special clause on MSPO.</p>

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7. Nonconformities

MS2530-3:2013 Part 3

Nonconformity	N° 1 of 2		Major 1			
	Date Recorded>	19 th October 2018	Due Date>	19 th December 2018	Date Closed>	5 th November 2018
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.4.2	
Document Ref.:	Criterion 4: Safety and Health		Issue / Rev. Status:		Closed	
Details of Nonconformity:	It was found that risk assessment does not include all current estate activities					
Objective Evidence:	It was observed that estate HIRARC is not covering construction activities in the estate area. The construction work for store construction work risk not available in the present HIRARC document					
Close-out evidence:	HIRARC for contractors work has been prepared by the estate management. The HIRARC review dated 25 th October 2018 document was sent to auditor on 5 th November 2018 via email.					

Nonconformity	N° 2 of 2		Major 2			
	Date Recorded>	19 th October 2018	Due Date>	19 th December 2018	Date Closed>	31 st October 2018
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.5.5.1	
Document Ref.:	Criterion 5: Waste Management		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Waste management plan to avoid or reduce pollution is not fully implemented.					
Objective Evidence:	It was observed oil leakage at generator set facility which are located near the water reservoir.					
Close-out evidence:	The estate management has sent corrective action for this non conformity raised. From their corrective action, document sent via email dated 5 th November 2018, The estate genset has been repaired and second container has been installed under the generator. For future action, spill tool kit has been prepared in case future leakage occurs. From estate response, in the future to avoid reoccurrence, estate will monitored their equipment thru mechanic report monthly.					

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

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

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 Karisma Plantation 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

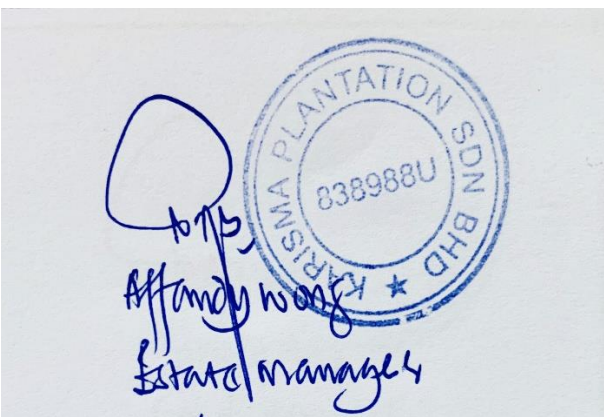

Important Observations and Opportunities for Improvements:

- Safety and health should be implemented accordingly.
- The management should carry out waste management plan inline to reduce pollution onto surrounding area.

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Appendix 1: List of Stakeholders Interviewed

Stakeholder	Type of Stakeholder	Issues raised	Comments/ Action Taken
En Zulkaria Bin Mat	External Stakeholders Legal & compliance (PalmHead Estate)	No issue raised by the stakeholders	NIL
En.Jiton ak Julin	External Stakeholders Field Supervisor Sebubu Sdn Bhd	No issue raised by the stakeholders	NIL
Pn Norliana	Internal Stakeholders Mandor	No issue raised	NIL
En. Haffizul Haqim	Internal Stakeholders Estate Staff	No issue raised	NIL

Signed on behalf of Karisma Plantation Sdn Bhd	Signed on behalf of SGS Malaysia Sdn Bhd
 <p>Mr Affandy Wong Estate Manager 31st October 2018</p>	 <p>Mr Dickens Mambu Regional Head Certification (Sarawak) Manager, Palm Oil Base (East Malaysia) 31st October 2018</p>

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