

MY05411 Mega Jutamas Sdn Bhd Audit Summary Report

| | | | |
|--------------------------|--|--|---------------------------------|
| Organization: | Mega Jutamas Sdn. Bhd. | | |
| Address: | <u>Headquarters (HQ)</u> Lot 1180, 2 nd Floor (B), Bangunan Bei, Lorong 2, Krokop 98000 Miri, Sarawak. Contact person.: Ms Joanne Jong (Admin Executive) Contact No.: 016 854 9680 Email: Joanne@puigroups.com <u>Estate Address</u> Lot 6, Block 32, Sungai Kabulu, Ulu Suai, Suai Niah, Sawai Land District 98000 Miri Sarawak (2,145.1 ha) | | |
| Standard(s): | MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders | Accreditation Body(s): STANDARDS MALAYSIA | |
| Representative: | Ms Joanne Jong (Admin Executive) | | |
| Site(s) audited: | Mega Jutamas Sdn Bhd | Date(s) of audit(s): | 27th May 2019 |
| EAC Code: | Nil | NACE Code: | Nil |
| No. of Employees: | 125 | No. of Shifts: | Normal 1 shift |
| Lead auditor: | Abdul Khalik Bin Arbi (AKA) | Additional team member(s): | Jeffrey Denis Ridu |

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**

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 1 of 20 | |

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 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

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 2 of 20 | |

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:

| | | | |
|---------------------------------------|---|-------------------------------------|---------------------------------|
| Organization: | Mega Jutamas Sdn. Bhd. | | |
| Address | Lot 6, Block 32, Sungai Kabulu, Ulu Suai, Suai Niah, Sawai Land District 98000 Miri Sarawak (2,145.1 ha) | | |
| MPOB License No.: | 508670402000 | Expiry date: | 01/05/2019 – 30/04/2020 |
| | | Next Surveillance Audit | January 2020 |
| Visit Number: | 02 (Stage 2) | Actual Visit Date: | 27th May 2019 |
| Visit Due by Date: | Nil | For auditor information only | |
| Lead Auditor : | Abdul Khalik Bin Arbi (AKA) | | |
| Audit Member | Jeffrey Denis Ridu (JDR) | | |
| Additional Attendees and Roles | Nil | | |
| Standard(s): | MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders | | |
| Audit Language: | English & Malay | | |
| Audit 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 | | |

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 3 of 20 | |

Audit Plan

| Date | Time | Auditor | Organizational and Functional Units/ Processes and activities | Key Contact |
|---------------------------|-------------------|------------|--|---------------------|
| 27 th May 2019 | 7.00am 8.00 am | AKA, JDR | Flight Kuching to Miri Arrived at Miri Airport | Estate Personnel |
| | 8.00 am | AKA, JDR | Depart to Mega Jutamas Sdn Bhd Arrive at Estate Opening Meeting Audit Process (Site Visit) <ul style="list-style-type: none"> Principal 1: Management commitment and responsibility Principle 2: Transparency Principle 3: Compliance to legal requirements Principal 4: Social responsibility, health, safety and employment condition Principal 5: Environment, natural resources, biodiversity and ecosystem services Principal 6: Best Practice | Estate Personnel |
| | 12.30pm | JDA AKA | Lunch Rest | |
| | 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 | | Auditor discussion | |
| | 5.00 pm | | Closing Stage 2 | |
| | 6.00pm | | End of Audit | |
| | 6.00pm | | Depart to Miri Town | |

Location and Maps

The plantation area is located at the watershed between two streams, Sg Kubulu to the north and Sg Simbau to the south. Both these streams are tributaries of Sg, Niah and Btg Suai respectively.

The Project site is squarish in shape, with the diagonal axis stretching nearly 7 km in a north-south

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 4 of 20 | |

direction. The plantation area is situated between 113°47.3'E to 113°54.8'E and 3°20.3' N to 3°29.9'N. The GPS locations of the state are shown in Table 1.



| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 5 of 20 | |

Table 1: GPS Location

| | Estate | Coordinates | Total Hectare (ha) | Total Planted Area (ha) |
|---|------------------------|---------------------------------|---------------------------|--------------------------------|
| 1 | Mega Jutamas Sdn. Bhd. | 3°32'26.80" N 113°48'16.14"E | 2,145.1 | 2,114.35 |

Description of Estate Production

The FFB are sourced from the estate which are individually managed by Mega Jutamas Sdn Bhd. The crop yield from these estate is mention in **Table 2** below.

Table 1: FFB Production

| Month | Mega Jutamas Sdn Bhd | |
|----------------|-----------------------------|--------------------------|
| | 2018 (Actual) | 2019 (Projection) |
| January | 5,697.15 | 4,633.51* |
| February | 3,850.15 | 4,438.04* |
| March | 4,285.15 | 4,471.22* |
| April | 4,518.28 | 4,215.00* |
| May | 4,899.17 | 4,339.57 |
| June | 4,901.61 | 4,341.73 |
| July | 6,150.83 | 5,448.26 |
| August | 6,654.46 | 5,894.36 |
| September | 7,712.11 | 6,831.21 |
| October | 7,476.40 | 6,622.42 |
| November | 6,311.04 | 5,440.88 |
| December | 5,665.21 | 5,190.00 |
| Total | 68,121.43 | 61,503.24 |
| <i>*Actual</i> | | |

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/mega-jutamas-sdn-bhd>

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 6 of 20 | |

Stakeholder consultation took place in the form of meetings and interviews. Due to this is the pilot main assessment, meetings with stakeholders were held in the respected estate office. Detail can be referred to **Appendix 2:**

Comment on MS2530-3 Compliance Status:

| | |
|-------------------------------|---|
| <p>Comment on Principle 1</p> | <p><u>Policy on Implementation of MSPO –</u> An MSPO Policy statement states that the management of Mega Jutamas Sdn Bhd is committed to provide adequate resource and commitment towards the sustainability of the palm oil business by implementing MSPO and ensure that all levels of workforce and stakeholders are committed and understood the commitment towards MSPO certification according to principles. The policy was display at site office, workers camp and storage area at notices board.</p> <p>The policy was established on 1st January 2019 signed by the Executive Director, Dato Pui Yuh Tzer. (Ref Control No. MJ-MSPO-P1-Policy-01)</p> <p>Based on interview with workers below:</p> <ol style="list-style-type: none"> 1) Mami Bin Sala (sprayer) 2) Sudi Kammisi (Harvester) 3) Latif bundu (Harvester) <p>All of them aware regarding the policy which is implemented by the management.</p> <p><u>Internal Audit</u> Internal audit report was evident during the time of audit. Internal audit date : 23rd January 2019 No. of findings: 2</p> <p>Issue raised: (1) Used oil filter mixed with other workshop waste. Root Cause : Nil. Corrective action: Close the opening at the bund wall. A corrective action form CAR control no.: 2019-03. Expected completion date : 12/03/2019 Date NCR closed : 16/02/2019.</p> <p>(2) No terms and conditions for contractors. Root cause: Nil Corrective action: Inform contractors on terms and conditions of MSPO & get them to sign. A corrective action form CAR control no.: 2019-02. Expected completion date : 28/02/2019 Date NCR closed : 16/02/2019.</p> <p><u>Management Review –</u> During the audit, it was found that management review was done at Miri Office Conference Room, dated 16th February 2019. The Management review discuss the following among 9 items: 1. Used oil filter mixed with ither workshop waste</p> |
|-------------------------------|---|

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 7 of 20 | |

| | |
|-------------------------------|--|
| | <p>2. Used oil filter still contain oil in it 3. The oxygen tank not secure posing risk of falling</p> <p><u>Continual Improvement -</u> The continuous improvement plan is in the Opportunities for Improvement under the management review. A continual improvement plan: (a) Ref: CIR control No.: 2019-01 on issue raised during internal audit such as The oxygen tanks at workshop not secure posing and there is risk of falling. The issue was closed on 16th February 2019, whereas secured the oxygen tanks with chain to avoid falling (b) Ref: CIR control No.: 2019-04 on issue raised during internal audit such as list of stakeholder need to be improved, some external and internal stakeholder not listed. Stakeholder list is updated 11.04.2019.</p> |
| <p>Comment on Principle 2</p> | <p><u>Transparency of information and documents relevant to MSPO requirements</u> The Complaint and Grievance Procedure is available. Ref MJ-MSPO-P4-Procedure-01 dated 01/01/2019. The grievance and complaints box & forms were available at the estate office. Currently no complaints received. The flow chart on page 2 of the procedure has a timeline to settle any issues raised.</p> <p><u>Transparent method of communication and consultation</u> The Communication procedure was established 1/01/2019. Ref MJ-MSPO-P2-Procedure-01. The flow chart for communication procedure is on page 3 of the procedure. It was informed by estate management that the procedure has been communicated during stakeholders meeting. The Social Liaison Officer appointed for MSPO is Mr Anselm Ak Dangga. Appointment endorsed by Mr. Chu Sung Yim, Estate Manager as in the MSPO Committee (Doc Control No: MJ-MSPO-Internal Organization-01) dated 1/01/2019.</p> <p><u>Traceability</u> Procedure for Traceability had been established dated 1/01/ 2019 Ref No. MJ-MSPO-P2-Procedure-02, it was found the procedure is being practiced accordingly. The person in charge of traceability is Ms Anna ak Ambrose. Letter of of appointment refer Doc Control No: MJ-MSPO-Internal Organization-01. During audit, evidence to show that the procedure has been follow accordingly :</p> <p>The Procedure start with Field Harvesting – Estate FFB Ramp <u>Example :</u> (1) Received from : Mega Jutamas Sdn Bhd Weighbridge Advice Ticket no: 097158</p> |

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 8 of 20 | |

| | <p>Date: 25-05-2019 Harvesting group - Buhari Block : 38 Vehicle no: FT9 (Tractor) Nett weight: 3640 Kg</p> <p>(2) MJM (Palm Oil Mill) Sdn Bhd Docket # 0243059 Date: 25/05/2019 Lorry # : QAK 6955 Supplier: Mega Jutamas Sdn Bhd Transporter: Tong Yen Transport Nett weight: 19,560 Kg.</p> <p>Record will be kept by Estate weighbridge office.</p> <p>The management was conduct regular inspections on compliance with the established traceability system.</p> <p>Delivery Order and Lorry Number and Weight Example 25 May 2019 Deliver Order No.: 45872 from Estate Weighbridge Advice Ticket No.: 097174 = 19670 kg Mill Docket no.: 0243059 = 19560 kg</p> <p>It shows weight acceptable</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>a. Lease of State Land - Sawai Land District, Miri Lot no. 6, Block no. 32</p> <table border="1" data-bbox="738 1290 1222 1424"> <thead> <tr> <th>Title No.</th> <th>Ha</th> </tr> </thead> <tbody> <tr> <td>04-LCLS-030-032-00006</td> <td>2,145.10</td> </tr> </tbody> </table> <p>Survey Plan No. G17-5-4(5.2) & BP 4/738 for the term expiring on 16th October 2065.</p> <p>b. Permit Barang Kawalan Berjadual (Diesel), No. Siri : Q008693 Quantity: 32,000 Lit, No. Rujukan: MIR/SK 04/10, Validity: 06/11/2018 till 05/11/2019.</p> <p>c. MPOB Licence for Mega Jutamas Sdn Bhd, Lot 6, Block 32, Sungai Kabulu, Ulu Suai, Suai, Niah, Sawai Land District, 98000 Miri, Sarawak, No. Lesen: 508670402000 (Valid from 01/05/2019 until 30/04/2020) Estate hectarage: 2,145.10 Ha</p> <p>d. The Businesses, Professions and Trading Licensing Ordinance Licence No. A 667896 valid until 27/10/2019.</p> <p>The appointment letter for Legal Officer in charge for updating legal register dated 2/1/2019 was signed by Mr Chi Sung Yim, Estate Manager. The appointed person is Mr Peterus Ajang.</p> | Title No. | Ha | 04-LCLS-030-032-00006 | 2,145.10 |
| Title No. | Ha | | | | |
| 04-LCLS-030-032-00006 | 2,145.10 | | | | |

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 9 of 20 | |

| | <p><u>Land Use Rights</u></p> <p>Mega Jutamas Sdn Bhd has a lease of State Land with Title No.04-LCLS-030-032-00006 covering an area of 2,145.10 Hectares.</p> <p>Hectarage Statement:</p> <table border="1" data-bbox="536 443 1126 510"> <thead> <tr> <th>Block</th> <th>Ha</th> </tr> </thead> <tbody> <tr> <td>1 - 43</td> <td>2,145.10</td> </tr> </tbody> </table> <p>An area of 11.22 Ha is for a nursery, located in Block 34 (66.74 Ha). The plantation village site is of 4.03 Ha located in Block 26 (72.23 Ha). Total Planted Area = 2,126.79 Ha.</p> <p>There is no issue on legal acquisition of land title.</p> <p><u>Customary Rights</u></p> <p>Mega Jutamas Sdn Bhd has a lease of State Land with Title No.04-LCLS-030-032-00006 covering an area of 2,145.10 Hectares.</p> | Block | Ha | 1 - 43 | 2,145.10 |
|-------------------------------|---|-------|----|--------|----------|
| Block | Ha | | | | |
| 1 - 43 | 2,145.10 | | | | |
| <p>Comment on Principle 4</p> | <p><u>Social Impact Assessment (SIA)</u></p> <p>It was sighted, SIA report was made available in the estate management record. The report was done on February 2019. This document serves as document for Mega Jutamas Sdn Bhd for Social Impact Assessment, Management Action Plan and Continuous Action Plan where all the latest information in the document is updated on annual basis.</p> <p>Stakeholders meeting was conducted on 23.01.2019 at Mega Jutamas Estet Office. Attended by 20 attendees. During the stakeholder meeting, issues being discussed on:</p> <ol style="list-style-type: none"> Introduction of MSPO MS 2530-3-2013 MSPO Procedures Other issues arise <p><u>Complaints and grievances</u></p> <p>Based on the estate record, Standard Operation Procedure (SOP) for grievance and complaint was made available in the site office, issue date on 1.01.2019. With control no.: MJ-MSPO-P4-Procedure-01.</p> <p>Currently there was no complaints record was made from workers or relevant stakeholders. If any complaint records available, it will be kept in MSPO Forms and record file.</p> <p>Based on the Complaints and Grievances procedure, the system able to resolve disputes in an effective, timely and appropriate manner.</p> <p>During interview with some stakeholders, it was found that stakeholders was found was aware on the available procedure.</p> <p><u>Commitment to contribute to local sustainable development</u></p> <p>Stakeholders meeting was conducted on 23.01.2019 at Mega Jutamas Estet Office. Attended by 20 attendees. During the stakeholder meeting, issues being discussed on:</p> <ol style="list-style-type: none"> Introduction of MSPO MS 2530-3-2013 MSPO Procedures Other issues arise | | | | |

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 10 of 20 | |

| | |
|--|--|
| | <p><u>Employees safety and health</u></p> <p>Mega Jutamas Sdn Bhd has established a Policy Statement on Occupational Safety & Health Policy. The policy has been signed by Pui Yuh Tzer (Director) on 01.01.2019.</p> <p>The policy is displayed in the Estate Office. From briefing record, it was sighted that safety and health aspects has been communicated to all workers through briefing session (muster ground).</p> <p>The policy which is in Bahasa Malaysia so as to be understood by workers was done on 21st May 2013.</p> <p>a) A Policy Statement of Occupational Safety & Health dated 01.01.2019 signed by Mr Pui Yuh Tzer (Director). The policy is displayed in the Estate Office.</p> <p>b) All operation risk was assessed and documented in the HIRARC Form. Ref Control No. MJ-MSPO-P4-Procedure-08 dated 01/01/2019. List of operations assess as below:</p> <ul style="list-style-type: none"> - Office - Transportation - Fertilizer store (Packaging) - Harvesting - Manuring - Pruning - General Store - Diesel store - Grasscutter - Chemical store - Scheduled wastes management - Genset room - Selective slashing - Spraying - Workshop <p>Risk assessment has been established on 1st January 2019.</p> <p>c) It was sighted Training Plan for year 2019 was made available in the estate. As evidence, there was record on training program conduct by Malaysian Red Crescent Miri District (PBSM) on 18-20 March 2019. The personnel attending the course was Mr Mohd Zulfadali Bin Osman. Training Plan 2019 for Mega Jutamas can be seen as per Form No: MJ-MSPO-P4-Procedure-10-F02 dated 01/01/2019.</p> <p>d) It was sighted record of PPE was made available in the estate record (Refer MJ-MSPO-P4-Procedure-04-F01 dated 01/01/2019. List of name samples as below:</p> <p>Field Maintenance</p> <ul style="list-style-type: none"> - Laina - Minggu Dugu - Mami Bin Sala <p>Harvester</p> <ul style="list-style-type: none"> - Sudi Kammisi - Latif bundu |
|--|--|

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 11 of 20 | |

| | |
|--|--|
| | <ul style="list-style-type: none"> - Baharudin Bin Manggo - Ical Minggu <p>e) There is a Safe Operating Procedure for chemicals handling to ensure proper and safe handling and storage in accordance to OSH (Classification Packaging and Labelling) with control no.: MJ-MSPO-P4-Procedure-02 dated 1.01.2019, 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"> ✓ Introduction ✓ Scope ✓ Definitions ✓ Role & Responsibilities ✓ Procedure <ul style="list-style-type: none"> - Requesting of Chemical - Chemical Storage - Chemical Transporting - Chemical Handling - Chemical Spillage ✓ Chemical Handling on Site <ul style="list-style-type: none"> - Before Handling - During Handling - After Chemical Handling ✓ Records <p>SOP sighted in the file name MSPO Document.</p> <p>f) Since this plantation has 125 workers, there is an OSH committee. The personnel in charge for safety and health aspect appointed name Mr Sinsely Ak Labang. It was sighted appointment letter for safety and health personnel incharge available in the Control Document No.: MJ-MSPO-Internal Organisation-01. It can be verified in File MSPO Document. Mr Sinsely Ak Labang is the chairmen of the OSH committee. And others, which can be verified in file MSPO 11 MSPO 16 Section: MSPO-4.4.4 Employee Safety & Health</p> <p>g) It was observed the estate management had conduct OSH committee meeting accordingly. For year 2019, OHS meeting conduct as follow:</p> <ul style="list-style-type: none"> ✓ 16th January 2019 (Bil 1) Time: 9.00 am – 10.30 am ✓ 18th March 2019 (Bil 2) Time: 9.00 am – 10.30 am <p>h) Site inspection evidence signage's 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). It was sighted Emergency Preparedness & Response Procedure was available with control document no.: MJ-MSPO-P4-Procedure-03.</p> <p>i) Currently the first aider was available at all field operations. List of</p> |
|--|--|

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 12 of 20 | |

| | |
|--|--|
| | <p>stakeholders list as below:</p> <ul style="list-style-type: none"> ✓ Peterus Ajang ✓ Elsie Liza Lah ✓ Anna Anak Ambrose <p>Trainer from Malaysian Red Crescent Miri District Training Institute</p> <p>J) Currently there was no accident happen. The estate management had taken necessary action to follow JKPP requirement, by that the estate management register with JKPP, no. pendaftaran perpasangan: SW PPA 1262.</p> <p>Major 1 Occupational safety and health implementation aspect was found lacking. Evidence sighted as follows:</p> <ol style="list-style-type: none"> 1. The records for OSH quarterly meetings were found incomplete. 2. It was observed Class I & II chemicals were stored in a separate room which can be locked, however the location of the shelves was found improper. <p><u>Employment Conditions</u></p> <p>The policy on good social practices has been indicated in the “Human Right Policy” established by the management of Mega Jutamas Sdn Bhd.</p> <p>Observed that the Policy has been signed by the Pui Yuh Tzer (Director) dated 1.01.2019.</p> <p>The top management of Mega Jutamas Sdn Bhd is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the “Human Rights Policy” established by the management.</p> <p>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>For Mega Jutamas Sdn Bhd, the contract agreement is in the form “Surat Perjanjian Selaku Pekerja Am”</p> <p>Copies of signed employment contract are made available reviewed by the audit team during the audit. Evidence of verified contracts are as follows:</p> <ol style="list-style-type: none"> (1) Mami Bin Sala; Passport No: B3109247; Sex: Male; Date of birth: 15/06/1982; Date of joining: 1/04/2016; Daily rate: RM 42.31; Signing date : 1/01/2019. (2) Nuraisah; Passport No: B3109249; Sex: Female; Date of birth: 30/05/1995; Date of joining: 1/04/2016; Daily rate: RM 42.31; Signing date : 1/01/2019. (3) Yunus Rurung; Passport No: A 82961067; Sex: Male; Date of birth: 1/03/1987; Date of joining: 17/07/2014; Daily rate: RM 42.31; Signing date : 1/01/2019. <p>Major 2</p> |
|--|--|

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 13 of 20 | |

| | |
|------------------------|--|
| | <p>Contract agreement between employee and employer was found incomplete.</p> <p>Evidence as follows Upon random check on 3 sampled of contract agreement, it was found both parties have signed the contract, however, date and name of the signatory was not available.</p> <p>Mega Jutamas working hours and breaks for each employee indicated in the employment contract are comply with the legal requirements.</p> <p>Pay slip and pay rolls records indicate that working hours for all employees is 8 hours daily from Monday to Saturday. Workers Working Hour : 7.00.am- 11.00pm : 1.00 pm- 5.00pm</p> <p><u>Training and Competency</u> Observed that Mega Jutamas Sdn Bhd employees are appropriate trained. Records of training provided are available in the MSPO Document. The following training conducted for year 2019 list as below:</p> <ol style="list-style-type: none"> 1) MSPO policies briefing 2) First Aid Training 3) Chemical Training 4) Pest & Disease Training. 5) Fertilizer Analysis training <p>Training needs of individual employees at Mega Jutamas Sdn Bhd has been established by the team management based on competency required which has been reported by the Estate Manager in the employee's Annual Assessment Report.</p> <p>The training needs for individual was identified thru yearly performance is via appraisal and the training matrix was sighted in estate office. Refer Form No: MJ-MSPO-P4-Procedure-10-F01 dated 01/01/2019.</p> |
| Comment on Principle 5 | <p><u>Environmental Management Plan</u> Environmental & Biodiversity Policy is available during site visit and was signed by Pui Yuh Tzer (Executive Director), Dated 1.01.2019 with revision:00.</p> <p>It was observed the environmental & Biodiversity Policy available in the estate record, the policy was display and communicate with the employees via morning muster and notice board. some of the objective was states as below:</p> <ol style="list-style-type: none"> a) To comply with existing and current legislations and regulations and to ensure that our operations are legally complaint. b) The company will respect the environment and biodiversity and utilize proven environmentally-friendly technology in its estate operations. c) Establishing, maintaining and continually improving sustainable estate management system both internally and externally. d) To set targets and implementation actions to allow the company to become resource efficient on waste utilization, energy and water |

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 14 of 20 | |

- usage within our day to day operations.
- e) Eliminating any potential adverse impacts on environment and biodiversity arising from our estate activities. Educating and enhancing awareness among stakeholders on environment and biodiversity aspects.

Efficiency of energy use and use of renewable energy

It was observed Records for consumption of diesel was available in the management record, with No. Siri: Q008693
Usage of diesel consumption list as below.

| <u>Year</u> | <u>2017</u> | <u>2018</u> | <u>2019*</u> |
|-------------|-------------|-------------|--------------|
| Actual | 354,042 | 386,012 | 131,476 |
| Budget | 384,000 | 384,000 | 384,000 |

*as April 2019

Diesel usage vs FFB production 2108

Highest FFB record 7,712.11 mt – Diesel usage 33,691 L (September)

Lowest FFB record 3,850.15 mt – Diesel usage 27,293 L (February)

Genset running hour

Genset GEP150 130 Kva

4.00 am – 7.00 am, 5 pm – 11.00 pm

Genset GEH250-4 230 Kva

7.00 am – 5.00 pm

Genset GEP44-5 45 Kva (Standby)

Waste management and disposal

All waste products and source of pollution was identified and documented in Plan File, with Ref. No.: MJ-MSPO-P5-EAEI.

Among the waste identified list as below:

- 1) Road construction
- 2) Road Maintenance
- 3) Field Maintenance
- 4) Workshop

The estates management managed to provide waste management plan in the file Waste Management Plan, with control no.: MJ-MSPO-P4-procedure 05 was made available dated: 5.11.2018.

Major 3

Implementation of waste management plan to reduce pollution was lacking. It was observed used chemical containers we disposed inside the domestic waste dumping pit.

It was sighted Map of rubbish pit location was available and display at the site office, the name of the map Mega Jutamas Sdn Bhd, Infrastructure Block 32. It was located within mineral soil area.

Reduction of pollution and emission

It was observed the estate management managed to identify the waste products. Example sighted as greenhouse gas emissions, scheduled wastes, solid wastes and effluent.

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 15 of 20 | |

| | |
|-------------------------------|--|
| | <p><u>Natural water resources</u> It was sighted the water management plan to maintain the quality and availability of natural water resources. It was include:</p> <ul style="list-style-type: none"> a) Assessment of water usage and sources of supply. Water source from rain. 130 units housing including staffs and workers quarters in total.. 1 tank/ 400 gallon. 1 unit of house got 2 units of water tank. Total: 30 units b) Environmental Monitoring Report was available in the estate record. It was covered half yearly Basis. The latest report was on 2nd Half Year 2019 cover July – December 2019. c) The estate practice collection of rainwater for drink and food purposed. d) It was observed riparian area was well maintained at block no.29 e) Not applicable f) Not applicable, there was no bore well use for water supply. <p>It was observed the estate management was practice water harvesting by blocking the block drainage system to maintain the water level as this area is peat land.</p> <p><u>Status of rare, threatened, or endangered species and high biodiversity value area.</u> It was observed the biodiversity report was available for year 2019. It was identified existing of flora and fauna in the estate, example sighted as follows:</p> <p>Flora Most of the area planted with oil palm trees. Flora sighted such as fern, macuna and etc.</p> <p>Fauna Based on biodiversity report, fauna sighted such as, squirrel, bird (Pipit, But but, acang) others can verified in the report.</p> <p>It was observed the signages on prohibiting, hunting and fishing was available at the entrance of the estate and buffer zone area.</p> <p><u>Zero Burning Practices</u> No evidence of burning was sighted. The estate committed of zero burning, by that the management spell out via Zero Burning Policy.</p> |
| <p>Comment on Principle 6</p> | <p><u>Site Management</u> Plantation Manual for Mega Jutamas Sdn Bhd as per Doc Control No: MJ-MSPO-P6-Manual-01 dated 1/01/2019.</p> <p>Good Practices as per Doc Control No: MJ-MSPO-P6-Manual-02 dated</p> |

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 16 of 20 | |

| | <p>1/01/2019.</p> <p>Block marking shows: Block no. , Ha, Year of planting, No of palms & source.</p> <p><u>Economic and Financial Viability Plan</u></p> <p>It was observed the operation budget, activity programme FY Year 2019 was made available in the estate. It can be verified in Budget 2019.</p> <p>The forecast for FFB for Mega Jutamas Sdn Bhd is only for 2019 = 59,000 MT</p> <p>Review of last 2 years performance can be accessed in the Monthly Operation Report.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th colspan="2">2017</th> <th colspan="2">2018</th> </tr> <tr> <th></th> <th>BUD</th> <th>ACT</th> <th>BUD</th> <th>ACT</th> </tr> </thead> <tbody> <tr> <td>Ha</td> <td>2,099.72</td> <td>2,099.72</td> <td>2,099.72</td> <td>2,099.72</td> </tr> <tr> <td>MT</td> <td>57,000</td> <td>61,759.79</td> <td>58,000</td> <td>68,121.43</td> </tr> <tr> <td>YPH</td> <td>27.15</td> <td>29.11</td> <td>27.62</td> <td>32.11</td> </tr> </tbody> </table> <p>Planted area = 2,120.00 Ha Harvested area = 2,099.72 Ha</p> <p><u>Transparent and fair price dealing</u></p> <p>The pricing mechanism is set by Mill.</p> <p>There is no contract agreement between the estate and mill as they are of same entity.</p> <p>FFB Statement from MJM Palm Oil Mill Statement No: 008014 Date: 30/04/2019 Total FFB received: 4,215.50 MT</p> <p>It was verified in the Summary of crop for month of April 2019 = 4,215.50 MT.</p> <p><u>Contractor</u> The Tong Yen Transport is the only contractor to transport FFB to the mill. There is a contract agreement between the contractor and the estate. Contract Date : 25/01/2019 Contract no: MJSB/TYTSB/170418/V4</p> <p>The estate management has shown evidence that the contractors are auditable.</p> | | 2017 | | 2018 | | | BUD | ACT | BUD | ACT | Ha | 2,099.72 | 2,099.72 | 2,099.72 | 2,099.72 | MT | 57,000 | 61,759.79 | 58,000 | 68,121.43 | YPH | 27.15 | 29.11 | 27.62 | 32.11 |
|-----|--|-----------|----------|-----------|------|--|--|-----|-----|-----|-----|----|----------|----------|----------|----------|----|--------|-----------|--------|-----------|-----|-------|-------|-------|-------|
| | 2017 | | 2018 | | | | | | | | | | | | | | | | | | | | | | | |
| | BUD | ACT | BUD | ACT | | | | | | | | | | | | | | | | | | | | | | |
| Ha | 2,099.72 | 2,099.72 | 2,099.72 | 2,099.72 | | | | | | | | | | | | | | | | | | | | | | |
| MT | 57,000 | 61,759.79 | 58,000 | 68,121.43 | | | | | | | | | | | | | | | | | | | | | | |
| YPH | 27.15 | 29.11 | 27.62 | 32.11 | | | | | | | | | | | | | | | | | | | | | | |

7. Nonconformities

MS2530-3 Part 3: General Principles for Oil Palm Plantations and Organised Smallholders

| Non Conformity | N°1 of 3 | | Major 1 | | | |
|----------------|----------|---------------------------|-----------|----------------------------|------|---------------------------|
| | Date | 27 th May 2019 | Due Date> | 27 th July 2019 | Date | 1 st July 2019 |

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 17 of 20 | |

| | | | | | |
|---------------------------|---|--|--------------------------|--------------------------|--|
| | Recorded> | | | Closed> | |
| Department / Function: | Administrative | | Standard Ref.: Indicator | MSPO 2350-Part 3 4.4.4.2 | |
| Document Ref.: | Criteria 4: Employees safety and health | | Issue / Rev. Status: | Closed | |
| Details of Nonconformity: | Occupational safety and health implementation aspect was found lacking. | | | | |
| Objective Evidence: | 3. The records for OSH quarterly meetings were found incomplete. 4. It was observed Class I & II chemicals were stored in a separate room which can be locked, however the location of the shelves was found improper. | | | | |
| Close-out evidence: | The estate management had taken necessary action to ensure corrective action plan had been done. Kindly refer Appendix A for closing evidence provided by the auditee | | | | |

| | | | | | |
|---------------------------|---|---------------------------|--------------------------|----------------------------|--|
| Non Conformity | N° 2 of 3 | | Major 2 | | |
| | Date Recorded> | 27 th May 2019 | Due Date> | 27 th July 2019 | Date Closed> 1 st July 2019 |
| Department / Function: | Administrative | | Standard Ref.: Indicator | MSPO 2350-Part 3 4.4.5.6 | |
| Document Ref.: | Criteria 5: Employment Conditions | | Issue / Rev. Status: | Closed | |
| Details of Nonconformity: | Contract agreement between employee and employer was found incomplete. | | | | |
| Objective Evidence: | Upon random check on 3 sampled of contract agreement, it was found both parties have signed the contract, however, date and name of the signatory was not available. | | | | |
| Close-out evidence: | The estate management had taken necessary action to ensure corrective action plan had been done. Kindly refer Appendix A for closing evidence provided by the auditee | | | | |

| | | | | | |
|---------------------------|---|---------------------------|--------------------------|----------------------------|--|
| Non Conformity | N° 3 of 3 | | Major 3 | | |
| | Date Recorded> | 27 th May 2019 | Due Date> | 27 th July 2019 | Date Closed> 1 st July 2019 |
| Department / Function: | Administrative | | Standard Ref.: Indicator | MSPO 2350-Part 3 4.5.3.2 | |
| Document Ref.: | Criteria 3: Waste Management and Disposal | | Issue / Rev. Status: | Closed | |
| Details of Nonconformity: | Implementation of waste management plan to reduce pollution was lacking. | | | | |
| Objective Evidence: | It was observed used chemical containers were disposed inside the domestic waste dumping pit. | | | | |
| Close-out evidence: | The estate management had taken necessary action to ensure corrective action plan had been done. Kindly refer Appendix A for closing evidence provided by the auditee | | | | |

8. General Observations & Opportunities for Improvement

Positive Observations:

- The support from Mega Jutamas Sdn Bhd personnel, especially the ground staff contribute to the smoothness and successful of the audit process.

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 18 of 20 | |

- 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.

Appendix 1: List of Stakeholders Interviewed

| Stakeholder | Issue Raised | Remarks |
|--|-----------------|--------------|
| <u>MJM Palm Oil Mill</u> External Mill Manager | No issue raised | No Issue |
| <u>Tong Yen Transport Sdn Bhd</u> External Manager | No issue raised | No issue |
| WWF <u>Interview via phone call</u> WWF-Malaysia (Sarawak Office) Tel: 082-247420/ 257420 Interview via phone (time call: 1 st Call: 2.00pm) | No issue raised | No iissue |
| Department of Environment (DoE) En Shahril Puan Zulaiha Cannot call 2.47pm | No issue raised | No available |

| | |
|---|---|
| Signed on behalf of Mega Jutamas Sdn Bhd | Signed on behalf of SGS Malaysia Sdn Bhd |
| | |

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 19 of 20 | |

| | |
|---|---|
|  <p>Mr. Chi Sung Yim (Estate Manager) 27th May 2019</p> |  <p>Mr. Abdul Khalik Bin Arbi (Lead Auditor) 27th May 2019</p> |
|---|---|

| | | | | | | | |
|---------------------|-----------|--------------|------------|-------------|-----------------|-----------|---|
| Job n°: | MY05411 | Report date: | 27.05.2019 | Visit Type: | Main Assessment | Visit n°: | 2 |
| CONFIDENTIAL | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 20 of 20 | |