



## Malaysian Sustainable Palm Oil (MSPO) Audit Summary Report

<b>Organization:</b>	<b>Infrapalm Sdn. Bhd.</b>		
<b>Address:</b>	<b>Headquarters</b> No.66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T 123, 96000 Sibul, Sarawak Malaysia. Head office: Tel: 084-211555 Fax: 084-211886 Email: <a href="mailto:info@suburtiasa.com">info@suburtiasa.com</a>  Contact person : Lance Hung Sing Lu (Assistant Senior Manager) Contact No : 019-888 5329 / 084-211555  <b>Estate Address</b> LPF/0036, Sungai Koyan, Belaga, Kapit, Sarawak.		
<b>Standard(s):</b>	<b>MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders</b>	<b>Accreditation Body (DSM): DEPARTMENT STANDARDS MALAYSIA</b>	
<b>Representative:</b>	<b>Ms Doria Ellison (PR Manager)</b> <b>Ms Maria Wong (Officer)</b>		
<b>Site(s) audited:</b>	<b>Infrapalm Sdn Bhd</b>	<b>Date(s) of audit(s):</b>	<b>2<sup>nd</sup> &amp; 3<sup>rd</sup> December 2019</b>
<b>Visit Type:</b>	<b>MSPO Audit Stage 2</b>	<b>Type of Certification Assessment</b>	<b>Main Audit</b>
<b>Lead auditor:</b>	<b>Abdul Khalik Bin Arbi</b>	<b>Additional team member(s): Audit Member (AM)</b>	<b>Jeffrey Denis Ridu</b>
This report is confidential, and distribution is limited to the audit team, audit attendees, client representative, the SGS office and may be subject to Accreditation Body, Certification Scheme owners or any other Regulatory Body sampling in line with our online Privacy Statement which can be accessed.			

### 1. Audit objectives

The objectives of this audit were:

- to confirm that the management system conforms with all the requirements of the audit standard;
- to confirm that the organization has effectively implemented the planned management system;
- to confirm that the management system is capable of achieving the organization's policy objectives.

### 2. Scope of certification

Production of Fresh Fruit Bunches (FFB) for Plantations in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3: General Principles For Oil Palm Plantations And Organized Smallholders

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

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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 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  1  Minor

Therefore the audit team recommends that, based on the results of this audit and the system's demonstrated state of development and maturity, management system certification be:

Granted /  Continued /  Withheld /  Suspended until satisfactory corrective action is completed.

### 4. Previous Audit Results

The results of the last audit of this system have been reviewed, in particular to assure appropriate correction and corrective action has been implemented to address any nonconformity identified. This review has concluded that:

Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective.

The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

### 5. Audit Findings

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives. The audit methods used were interviews, observation of activities and review of documentation and records.

The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of the management system.  Yes  No

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

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

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

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

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

Certification claims are accurate and in accordance with SGS guidance  N/A  Yes  No

## 6. Significant Audit Trails Followed

The specific processes, activities and functions reviewed are detailed in the Audit Plan. In performing the audit, various audit trails and linkages were developed, including the following primary audit trails, followed throughout:

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<b>MPOB License No.:</b>	<b>562171002000</b>	<b>Expiry date:</b>	<b>01.07.2019 till 30.06.2020</b>
<b>Scope of Activity:</b>	<b>1. Menjual dan mengalih (FFB)</b>		
<b>Date of certificate issued and validity</b>	<b>Nil (New application)</b>		
<b>Other Sustainability Certification</b>	<b>Nil</b>		
<b>Proposed date of next surveillance audit</b>	<b>October 2020</b>		
<b>Visit Number:</b>	<b>02 (Stage 2 )</b>	<b>Actual Visit Date:</b>	<b>2<sup>nd</sup> &amp; 3<sup>rd</sup> December 2019</b>
<b>Visit Due by Date:</b>	<b>Nil</b>	<b>For auditor information only</b>	
<b>Lead Auditor:</b>	Abdul Khalik Arbi (AKA)		
<b>Team Member(s):</b>	Jeffrey Denis Ridu (JDR)		
<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>	<p>1.The audit covered One (1) site performing the following scope: Operations, comprising of plantation management systems, production of Fresh Fruit bunches (FFB), documentation and field assessment.</p> <p>2.The audit covered all the MS2530-3:2013 Part 3 requirements with no permissible exclusion of clause in compliance to the MSPO Certification Standard</p>
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### Audit Plan

Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
2 <sup>nd</sup> Dec 2019	7.00 a.m 8.00 a.m	AKA,JDR	Flight Kuch to Btlu Arrived at Btlu Airport	Estate Personnel
2 <sup>nd</sup> Dec 2019 (Day 1)	8.00 a.m	AKA,JDR	Depart to estate Arrive at Estate Opening Meeting Audit Process (Site Visit) <ul style="list-style-type: none"> <li>• Principal 1: Management commitment and responsibility</li> <li>• Principle 2: Transparency</li> <li>• Principle 3: Compliance to legal requirements</li> <li>• Principal 4: Social responsibility, health, safety and employment condition</li> <li>• Principal 5: Environment, natural resources, biodiversity and ecosystem services</li> <li>• Principal 6: Best Practice</li> <li>• Principle 7: Development of New Plantings</li> </ul>	Estate Personnel
	12.30 pm		Lunch	
	1.00 pm		Continue Audit Process (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
	4.00 pm		Preparation for closing	
	5.00 pm		End Audit for Day 1 Depart to Guesthouse	

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Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
3 <sup>rd</sup> Dec 2019 (Day 2)	7.00 a.m	AKA,JDR	Breakfast	Estate Personnel
	7.30 a.m		Depart to estate Arrive at Estate Opening Meeting Audit Process (Site Visit)	
			<ul style="list-style-type: none"> <li>• Principal 1: Management commitment and responsibility</li> <li>• Principle 2: Transparency</li> <li>• Principle 3: Compliance to legal requirements</li> <li>• Principal 4: Social responsibility, health, safety and employment condition</li> <li>• Principal 5: Environment, natural resources, biodiversity and ecosystem services</li> <li>• Principal 6: Best Practice</li> <li>• Principle 7: Development of New Plantings</li> </ul>	
	12.30 pm		Lunch	
	1.00 pm		Continue Audit Process (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
4.00 pm		Preparation for closing		
5.00 pm		End Audit for Day 2 Depart to Bintulu Airport		

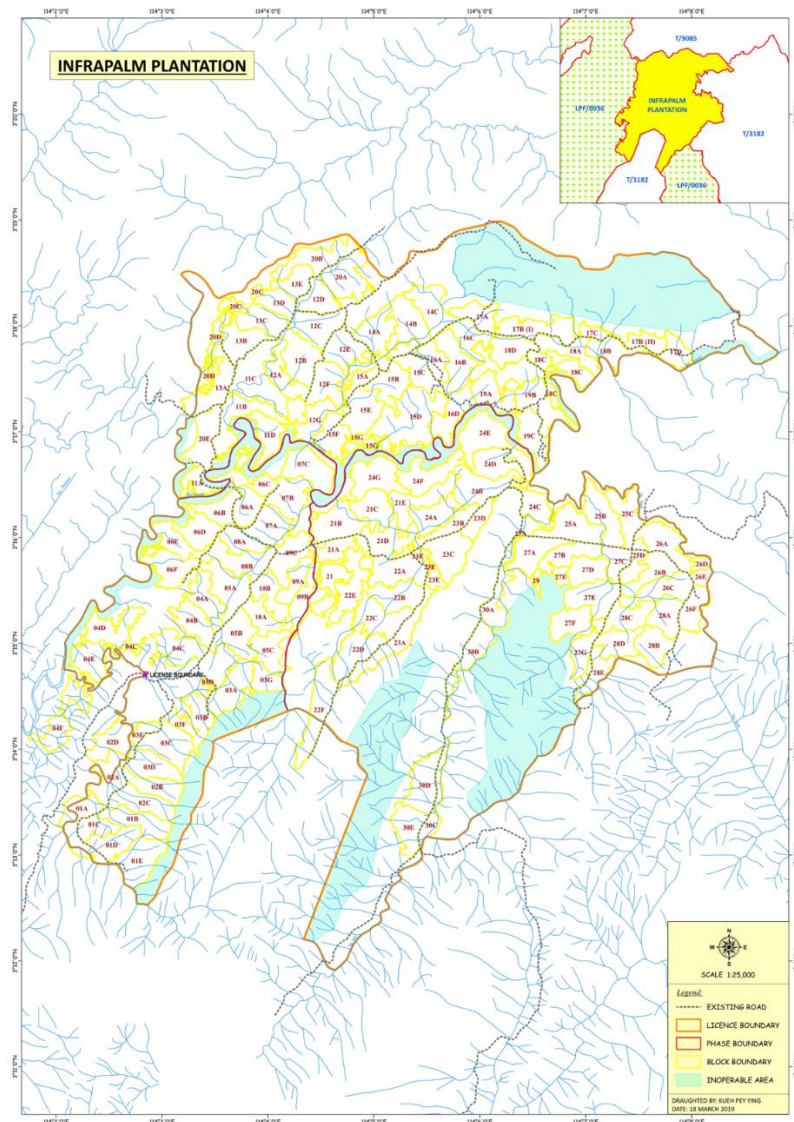
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## Location and Maps

Infrapalm estate was located at LPF/0036, Sungai Koyan, 96900 Belaga, Kapit, Sarawak. The project size covers a gross area of with total 8,414.00 ha and planted area 4,194.97 ha, with size registered with MPOB 4,316.46 ha. The GPS locations of the state are shown in Table 1.

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

Plantation	Coordinate	Total Area (ha)	Planted Area (ha)	Others (ha)	Size Registered with MPOB (ha)
Infrapalm Sdn. Bhd.	N 3.2661 E 114.078386	8,414.00	Mature: 4,194.97 Immature: 121.49	Nursery & Village: 12.90 Buffer Zones: 4,084.64	4,316.46



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### Description of Processing Capacity

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

**Table 2: FFB Production**

Estate	FFB Production (MT)	
	2018 (Actual)	2019(Projection)
Infrapalm Sdn Bhd	60,486.33	53,335.98

### Area of Statement

The supplying estate detail of production area (mature/immature) are listed in **Table 3**.

**Table 3: Area Statement of the Supplying Estates**

Plantation	Coordinate	Total Area (ha)	Planted Area (ha)	Others (ha)	Size Registered with MPOB (ha)
Infrapalm Sdn. Bhd.	3° 15' 57.96" N 114° 4' 42.19" E	8,414.00	Mature: 4,194.97 Immature: 121.49	Nursery & Village: 12.90 Buffer Zones: 4,084.64	4,316.46

### 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/infrapalm-sdn-bhd>

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

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Comment on MS2530-3 Compliance Status:

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO –</u>            Infrapalm Sdn Bhd is a subsidiary under Subur Tiasa Holdings.</p> <p>An MSPO Policy statement has been established by the mother company. In the policy, the organization emphasizes on their commitment towards MSPO implementation as per required by MSPO Certification. The policy was established on March 2018 signed by the Chief Executive Officer, Richard Teng King Huat.</p> <p>The briefing of the policy to the workers was conducted every morning muster to create awareness among the workers regarding the sustainable requirement.</p> <p>Based on interview, Jeannivie Lee (Senior Clerk), She aware regarding policy.</p> <p>Based on the MSPO Policy Statement referred, the organization does highlight their commitment thriving for continual improvement their resources and technology to operate in sustainability manners.</p> <p><u>Internal Audit –</u>            It was observed the internal audit was conduct on 1<sup>st</sup> April 2019. The next internal audit scheduled for Infrapalm will be in April 2020. It was sighted Internal audit plan which prepare by Fiano Laka Pakun (Team Leader).</p> <p>Issue raised 3 issues:</p> <p>A) Principal 4.5.3.1            1) Scheduled waste labelling was found lacking in the clinic and scheduled waste store.            2) Tyre and drums was found not properly managed.</p> <p>B) Principal 4.4.4.1            1) Safety plan was found not properly implemented after fire incident. There was no record and report on the incident.</p> <p>C) Principal 4.4.4.2            1) Emergency contact that display at estate notice board was not reachable.            2) Diesel bund next to the genset and emergency shower to be modified to minimize risk of trip and fall.            3) Lack of signage (Weighbridge- Engine to be off for accurate calibration weight). • The first aid kit was found have been used but no record was found at first kit monitoring form.            4) The first aid kit was found have been used but no record was found at first kit monitoring form.            5) Emergency response plan, HIRARC was found not reviewed after the fire incident.            6) PPE equipment was found kept in workers house despite there is transit store available.</p> <p>It was sighted internal audit report was available for management to review. The report was recorded in Internal audit File IFP.</p>
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	<p>The internal audit findings has been recorded and available for management review discussions.</p> <p>The audit report and mitigation to be done was verified on 12<sup>th</sup> April 2019, Meeting Room, 3<sup>rd</sup> Floor, STH, which attended by 14 persons.</p> <p><u>Management Review –</u> During the audit, it was found that management review was done at HQ level. The meeting involved by estate management and also management from HQ. The last management review done at HQ level was on 12<sup>th</sup> April 2019, Title MSPO – Second (2<sup>nd</sup> ) Management, to discuss on:</p> <ul style="list-style-type: none"> <li>a) Review on MSPO Standards and Committee</li> <li>b) Estates preparation and progress update</li> <li>c) Stakeholder’s Meeting</li> <li>d) Internal Audit</li> <li>e) Audit Findings</li> <li>e) Corrective Actions Taken</li> <li>f) Stage 1 and Stage 2 Audit</li> </ul> <p>The minute meeting was recorded by Ms Doria Ellison Ludan (Public Relations Manager) and approved by Mr. Wong Pak Ong (Regional General Manager)</p> <p>The management review minute / agenda found that, the management had taken necessary action on continual improvement and preventive action.</p> <p><u>Continual Improvement –</u> It was sighted Infrapalm Sdn Bhd Social Plan for Calender Year 2019 with example of activities as follows:</p> <ul style="list-style-type: none"> <li>a. Line site Cleaning</li> <li>b. Employee Consultative Meeting</li> <li>c. Line site Sanitation checks</li> <li>d. Line site structure checks</li> <li>e. Checking of estate amenities</li> </ul> <p>Most of the activities was recorded and circulate via Whatapp Group Field Discussion 1 2 3 (Infrapalm), based on interview with Mr Ling Mao King (Assistant Manager) fast action can be taken once communication via Whatapp group.</p> <p>Example: Based on internal audit result MSPO Internal audit result and identification of area for improvement, the management has conducted</p> <ul style="list-style-type: none"> <li>✓ Chemical handling training, which conduct on 20.08.2019, with participants 20 attendees.</li> <li>✓ Scheduled waste management labelling, conducted on 30.10.2019, with participant 9 attendees. either than that,</li> <li>✓ Stacking of sand bag for shoes platform to avoid erosion and waste of sachet fertilizers. It can be see along the palm trees which near the slope area, example Block 4, task 1, Block 5b task 7 &amp; 8 was sighted.</li> </ul>
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<p>Comment on Principle 2</p>	<p><u>Transparency of documents relevant to MSPO requirements –</u></p> <p>The management was communicate the information by relevant stakeholders via letter and grievance and complaints form. It was found out that the stakeholders meeting was conducted on 2<sup>nd</sup> April 2019 (Tuesday), time: 10.30 till 11.00 am, venue: Infrapalm Estate Meeting Room. It was attended by 23 attendees. Example MPOB Bintulu and Belaga. Example invitation via email was sighted from Mr Alvin Lim Shyun Liang (MSPO Coordinator) to: <u>Kien</u> San Metal Sibu Sdn Bhd and etc.</p> <p>Annual Report for year 2018 had been published and can be found in Subur Tiasa Holdings Berhad website <a href="http://www.suburtiasa.com">www.suburtiasa.com</a>. Information provided upon request and evaluation from to management due to confidentiality.</p> <p>Rejang Heigh Sdn Bhd is the Licensee for the License of Planted Forest No.LPF/0036. The so-called Koyan Forest Plantation that is to be developed under LPF/0036 has a gross area of about 43,645 ha. It is an intergral component of the forest plantation development programme of the Rimbunan Hijau (RH) Group. The whole project is meant to supply raw materials to the RH's existing and future sawmills, plywood plants and other wood-based factories based mainly in the central region of Sarawak, In accordance with the Forest (Planted Forest) Rules 1997 made subsequent to the passing of the Forest Amendment Bill 1996, a Tree Planting Plan (TPP) had been submitted to the Forest Department, Sarawak and subsequently a Licence for Planted Forest (No. LPF/0036) had been issued on the 22<sup>nd</sup> of March by the Director of Forests to Rejang Height Sdn Bhd with reference number WPO/P/120(Koyan)-2 dated 24<sup>th</sup> April 2004, signed by Datu CHEONG EK CHOON (Director of forests at that time).</p> <p>Actual on the ground development was initiated in Coupe 01A in 2005. Establishment of forest tree plantation, however, is a long term investment with long gestation period. In order to lighten the financial burden, the licensee has recently applied for permission to plant Coupes 03A, 04A and 05A (about 8,414 ha gross) with oil palm for the first cycle. The Director of Forests approved this request vide WPO/P/12 (Koyan)(II)-8, dated 19<sup>th</sup> August 2008. The area embarked for this Project.</p> <p>Within the same RH Group, the licensee, Rejang Height Sdn Bhd has recently appointed Infrapalm Sdn Bhd, a wholly owned subsidiary company of Subur Tiasa Holdings Berhad to undertake the development of the oil palm component under LPF/0036. Agreement between, Licensee: Rejang Height Sdn Bhd (325930-H) and Developer: Infrapalm Sdn Bhd (769262-T).</p> <p>Environmental Management Plan was available during audit conduct, its discuss on mitigating measures for each aspect which can lead to pollution. The management plan include the following:</p> <ul style="list-style-type: none"> <li>a) Soil erosion and sedimentation</li> <li>b) Water quality degradation</li> <li>c) Wastes generation</li> <li>d) Air quality</li> <li>e) Occupational safety and health aspects</li> <li>f) Socio-economic Impacts</li> <li>g) Management of agrochemical aspects</li> </ul> <p>Example</p>
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Based on internal audit result MSPO Internal audit result and identification of area for improvement the management had conduct as follows:

- ✓ Chemical handling training, which conduct on 20.08.2019, with participants 20 attendees.
- ✓ Scheduled waste management labelling, conducted on 30.10.2019, with participant 9 attendees. either than that,
- ✓ Stacking of sand bag for shoes platform to avoid erosion and waste of sachet fertilizers. It can be see along the palm trees which near the slope area, example Block 4, task 1, Block 5b task 7 & 8 was sighted.

Transparent Method of Communication and Consultation –

The procedure to establish consultation and communication with the relevant stakeholders was available in the estate with procedure No.: IFP/MSPO/ TRN.

Appointment letters for each tasks was available in the estate. The task and person appointed list as below:

<u>Name</u>	<u>Position</u>
Mr Nelson Ferry	Social Liaison Officer
Ms Jeannivie Lee	Legal Officer
	Traceability Officer
Mr Julius Bin Paul Joseph	Safety and Health Officer
Mr Yong Chen Ngi	Environmental Officer
Ms Grace Jarraw	Gender Representative

All of them appointed on 3<sup>rd</sup> January 2019 by Mr Wong Pak Lee (Manager of MSPO Certification Scheme).

Records of grievance form was kept in file Complaints and Grievances. Currently there was no complaint sighted for year 2019.

A Communication and Consultation Officer for Infrapalm Sdn Bhd is Mr Nelson Ferry as Social Liaison Officer to tackle this issue.

Traceability –

Procedure for Traceability had been established dated 23<sup>rd</sup> January 2018 Procedure No. STHB/ MSPO/ TRA/ 01. During site visit, it was found the procedure is being practiced accordingly.

A person in charge had been appointed in order to maintain the continuity of traceability practice in the estates. Ms Jeannivie Lee as Traceability Officer been appointed to ensure effectiveness of the traceability.

Visual inspection of traceability procedures / handling at site. Example of traceability implementation:

Date : 2<sup>th</sup> October 2019.

Estate/ Mill	Weight (kg)		Ticket No.
	Gross	nett	

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	<table border="1" data-bbox="687 262 1278 376"> <tr> <td>Infrapalm</td> <td>37,560</td> <td>22,600</td> <td>025064</td> </tr> <tr> <td>SOP Mill</td> <td>37,480</td> <td>22,630</td> <td>423989</td> </tr> </table> <p data-bbox="549 443 1015 506">Example of traceability implementation: Date : 26<sup>th</sup> November 2019</p> <table border="1" data-bbox="687 539 1278 725"> <thead> <tr> <th rowspan="2">Estate/ Mill</th> <th colspan="2">Weight (kg)</th> <th rowspan="2">Ticket No.</th> </tr> <tr> <th>Gross</th> <th>nett</th> </tr> </thead> <tbody> <tr> <td>Infrapalm</td> <td>37,520</td> <td>21,900</td> <td>432721</td> </tr> <tr> <td>SOP Mill</td> <td>37,880</td> <td>22,000</td> <td>025898</td> </tr> </tbody> </table> <p data-bbox="549 757 1417 846">Person In Charge will conduct a periodical checking on traceability implementation with frequency once a month. This was reflected from FFB Traceability Checklist. Last checklist completed was in November 2019.</p> <p data-bbox="549 882 1417 972">A person in charge had been appointed in order to maintain the continuity of traceability practice in the estates. Ms Jeannivie Lee as Traceability Officer.</p> <p data-bbox="549 1003 1417 1155">Currently the FFB is being transported by Estate personnel. The transporter will transport the FFB together with FFB Consignment Note to the Unique CPO Palm Oil Mill. After the FFB unloaded the transporter will be provided with Weighbridge Advice Ticket and FFB Grading Form to be returned to estate management for record keeping.</p> <p data-bbox="549 1187 1417 1339">Records of FFB sales to Sarawak Oil Mill Berhad was sighted with example Invoice No.: 1181909003 date 15.09.2019, transporter record. Counter check with Payment voucher from Sarawak Oil Palms Berhad the figure payment was tally, payment voucher No.:3300003092 dated 19.09.2019.</p>	Infrapalm	37,560	22,600	025064	SOP Mill	37,480	22,630	423989	Estate/ Mill	Weight (kg)		Ticket No.	Gross	nett	Infrapalm	37,520	21,900	432721	SOP Mill	37,880	22,000	025898
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<p data-bbox="156 1382 448 1413">Comment on Principle 3</p>	<p data-bbox="549 1382 863 1413"><u>Regulatory requirements –</u></p> <p data-bbox="549 1420 1417 1478">The estate is operating in compliance with the applicable local, state, national and ratified international laws and regulations.</p> <p data-bbox="549 1509 1174 1630">Natural Resources and Environment Board Sarawak EIA Report Approval for the Koyan FP Approved 9<sup>th</sup> December 2004 Reference No.: (12) NREB/6-3/2G/1</p> <p data-bbox="549 1662 1417 1877">Licence for Planted Forest No. LPF/0036 Period of licence: 60 years from 22/03/2004 till 21/03/2064. Refer to Application by LPF/0036, Rejang Height Sdn Bhd to convert part of Coupes 3A, 4A &amp; 5A from tree plantation to oil palm plantation. Gross Area: 8,414 hectares Planted area: 4,730.31 hectares (as per EIA). However, current latest planted area is 4,316.46 ha.</p> <p data-bbox="549 1908 735 1939">Area Statement</p> <table border="1" data-bbox="708 1939 1257 2002"> <thead> <tr> <th>Plantation</th> <th>Total Area (ha)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Plantation	Total Area (ha)																				
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		<table border="1"> <tr> <td>Infrapalm Sdn. Bhd.</td> <td>8,414.00</td> </tr> <tr> <td>Planted Area (ha)</td> <td>Mature: 4,194.97 Immature: 121.49</td> </tr> <tr> <td>Others (ha)</td> <td>Nursery &amp; Village: 12.90 Buffer Zones: 4,084.64</td> </tr> </table>	Infrapalm Sdn. Bhd.	8,414.00	Planted Area (ha)	Mature: 4,194.97 Immature: 121.49	Others (ha)	Nursery & Village: 12.90 Buffer Zones: 4,084.64	<p>MPOB Licence No.: 562171002000 Infrapalm Sdn Bhd; LPF/0036, Sungai Koyan, Belaga, Kapit, Sarawak. Keluasan Estet: 4,316.46 Ha. Licence activities: Menjual dan Mengalih FFB Validity: 01/07/2019 - 30/06/2020.</p> <p><u>Ordinan Perniagaan, Profesion dan Perlesenan</u> Perdagangan No. A680251; Validity: 09/10/2018 - 01/11/2019.</p> <p><i>Permit Barang Kawalan Berjadual</i> No. Siri : Q000921; No. Rujukan: BTU. P 09/2018 (D); Infrapalm Sdn Bhd (769262-T) Diesel Quantity: 90,000 Lit; Validity: 11/10/2018 - 10/10/2019. (Renewal has been made 1 month before expiry).</p> <p><i>Perakuan Pemerbadanan Syarikat Sendirian</i> Adalah diperakui bahawa INFRAPALM SDN BHD telah diperbadankan di bawah Akta Syarikat 1965 pada dan mulai dari 12/04/2007. No. Syarikat: 769262-T; No. Siri SSM: 851042.</p> <p>Person in-charge to monitor compliance for legal requirement is Ms Jeannivie Lee as Legal Officer.</p> <p>It was observed the document for legal related requirement was in placed and file in namely "<b>Legal Register</b>" Infrapalm Sdn Bhd.</p> <p>The estate has listed all laws applicable to their operations in a legal requirements register as evident in Laws, Regulations &amp; Guidelines folder for Infrapalm Sdn Bhd. Rev No. 1 dated 01/01/2019. Some of the list includes:</p> <ul style="list-style-type: none"> <li>i. Act 71 – Weights and Measures Act 1972.</li> <li>ii. Act 582 – MPOB Act 1998: Section 78 Malaysian Palm Oil Board (Licensing) Regulations 2005 PU (A) 516/2005.</li> <li>iii. Control of Supplies Regulations 1974 (for Diesel Storage).</li> <li>iv. Act 127 – Sections 21 and 51 of Environmental Quality Act 1974: Environmental Quality (Scheduled Wastes) Regulations 2005.</li> <li>v. Act 514 – Occupational Safety and Health Act 1994: Incorporating all amendments up to 15<sup>th</sup> May 2006.</li> <li>vi. Occupational Safety &amp; Health (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations 2013. Minimum Wage Order (Amendment) 2018</li> </ul> <p><u>Land use rights</u> – It was sighted that; palm oil activity was operating in the LPF area provided legally for it.</p>
Infrapalm Sdn. Bhd.	8,414.00								
Planted Area (ha)	Mature: 4,194.97 Immature: 121.49								
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	<p>It was observed the estate management had provide legal ownership or lease of the estate. It can be verified in the EIA report.</p> <p>The estate field map is evident and boundary is well maintained by the estate. Trenches has been constructed along the estates boundary and boundary marking is evident during the site visit. There is no issue on legal acquisition of land title.</p> <p><u>Customary rights –</u> There is no issues or encumbered by customary rights in the estates.</p> <p>The estate will respond according to the Complaints/Grievance Mechanism should any cases arise in future.</p> <p>Sustainability Team (based in HQ) will be referred for any issues of customary rights.</p>
<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment –</u> Social Impact Assessment (SIA) report is available that contains the followings:</p> <ul style="list-style-type: none"> <li>- Introduction</li> <li>- Objective</li> <li>- Organizational Chart</li> <li>- Infrapalm Balingian Estate Demographic</li> <li>- Estate Address and Contact Numbers</li> <li>- Adherence to National Laws and Regulations</li> <li>- Facilities/ amenities</li> <li>- Sexual harassment grievance procedure</li> <li>- Social liaison officer</li> </ul> <p>It was prepared on December 2018.</p> <p>The management was communicate the information by relevant stakeholders via letter and grievance and complaints form. It was found out that the stakeholders meeting was conducted on 2<sup>nd</sup> April 2019 (Tuesday), time: 10.30 till 11.00 am, venue: Infrapalm Estate Meeting Room. It was attended by 23 attendees. Example MPOB Bintulu and Belaga. Example invitation via email was sighted from Mr Alvin Lim Shyun Liang (MSPO Coordinator) to: <u>Kien</u> San Metal Sibul Sdn Bhd and etc.</p> <p>Agenda in the stakeholder meeting as follow:</p> <ul style="list-style-type: none"> <li>➤ Introduction of MSPO</li> <li>➤ Grievance and Complaints</li> <li>➤ Policies</li> <li>➤ Awareness on Environmental Aspect.</li> </ul> <p><u>Complaints and grievances –</u> Grievance Procedure is available in the Complaint and Grievances. In addition, the procedure on work flow detailing the Grievance Procedure Mechanism is available in the document. Details of complaints/grievances, date and details of action taken has been recorded in the “Complaint Record ”. Communication to the affected parties is evidenced. For instance, any social issues is communicated through briefing The established grievance procedures specifies the estimated time to settle issue raised (within 3 month) depending on types of complaint. Complaint and grievances issue can be verified in File name Complaint and Grievance.</p>

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Commitment to contribute to local sustainable developments –  
Infrapalm Plantation was far from local community. However, indirectly this company construct gravel road toward the estate area. Which may used by the local to the respective area.

Employees health and safety –

It was observed the occupational safety and health policy was made available in the estate.

The policy is displayed in the Estate Office. The policy has been communicated to all workers through briefing session (muster ground).

Based on interview, Ms Jeannivie Lee (Senior Clerk), She aware regarding policy.

Observed that the occupational safety and health plan covers the followings:

a) A **Policy Statement on Safety & Health** dated **March 2018** signed by Mr. Richard Teng King Huat (Chief Operating Officer). The policy is displayed in the Estate Office.

- ✓ It was observed the risks of all operations asses and documented, with document no.: IFP-SHC-FRM-HIRARC-0001 HIRARC Form. With release date 17.09.2019. Example of operations as follow:
  - ✓ Activities at Ramp
  - ✓ Motorcycle Riding
  - ✓ Spraying
  - ✓ Workshop
  - ✓ Manuring

b) The latest review was done on 10.04.2019, HIRARC on Quarters. This HIRARC review due to quarters caught on Fire, which occurred on 28.02.2019 location Phase 3, Block 21D – Block D, time 7.30 pm which affected 23 persons (18 adults & 5 children). Investigation was done. Action taken after the incident as follows:

- ✓ Short term measure
- ✓ Urgent repair of generator set, so that workers will no need to use oil lamp. Genset service record book was sighted the latest 20.09.2019.
- ✓ Provide fire fighting facalities – Water pump to control the fire.
- ✓ Long term control measure
- ✓ Training on Fire Fighting
- ✓ Establishment of Emergency Response Team and relevant training conducted
- ✓ Build water pond nearby the quarters for fire fighting purposed.
- ✓ It was sighted yearly training plan for Year 2019 which include safety aspects as follows:
  - ✓ Basic PPE usage for Harvesters Training
  - ✓ Briefing on safety while working
  - ✓ Harvesting training
  - ✓ Safety & Health Committee Training
  - ✓ Safety Briefing

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	<p>c) Example training sighted as follows:</p> <ul style="list-style-type: none"> <li>✓ Chemical Handling Training &amp; Triple Rinsing, dated 20.09.2019, time 10.00 am, trainer: Mr McMarsden Smith.</li> <li>✓ <i>Latihan Disiplin Kerja</i> on Safety and Health Committee, dated on 5.08.2019, time 7.15 am.</li> <li>✓ Chemical handling training, which conduct on 20.08.2019, with participants 20 attendees.</li> <li>✓ Scheduled waste management labelling, conducted on 30.10.2019, with participant 9 attendees. either than that</li> </ul> <p>d) Appropriate PPE were distributed for the specific risk assessed operations as per HIRARC. Records of PPE issuance are kept in the PPE Issuance File. Example: Safety Helmet received by Hasbullah (100396) and Mohamad alwi harvester team.</p> <p>e) The estate has a Safe Operating Procedure for handling of chemicals (Doc.No: STHB/MSPO/IFP/SHD/11, dated 12.03.2018 to ensure proper and safe handling and storage in accordance to OSH (Classification Packaging and labelling) Regulation 1997 and OSH (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. The procedure covers (in example):</p> <ul style="list-style-type: none"> <li>✓ Menabur Baja</li> <li>✓ Menyembur Racun</li> <li>✓ Menuai buah</li> <li>✓ Workshop</li> </ul> <p>f) The estate management had appointed safety committee member as follows:</p> <ul style="list-style-type: none"> <li>✓ Mr. Lau Sie King as Chairman, appointment letter was sighted, dated 9.10.2019.</li> <li>✓ Mr Julius Bin Paul Joseph as Secretary, dated 9.10.2019.</li> </ul> <p>g) It was sighted OSH committee meeting was conducted quarterly basis as mentioned by person in charged. Latest OSH meeting was conducted on 21<sup>st</sup> November 2019. Issue discuss on the OSH meeting as follows:</p> <ul style="list-style-type: none"> <li>✓ Menyemak semula ahli jawatankuasa keselamatan &amp; Kesihatan Pekerjaan IFP.</li> <li>✓ Pengesahan minit mesyuarat lepas</li> <li>✓ Perbincangan agenda yang baru: Pemeriksaan tempat kerja untuk bulan Noveber 2019</li> <li>✓ Laporan eksiden kemalangan.</li> <li>✓ Laopran tentang peralatan memdam api</li> <li>✓ Pekara lain-lain.</li> </ul> <p>h) Accident and emergency procedures was sighted with title Emergency Preparedness &amp; Response with Doc.no.: STHB/MSPO/IFP/SHB/06 dated:12<sup>th</sup> March 2018. Based on interview Mr McMarsden Smith, he was understand and understood regarding the emergency procedure.</p> <p>i) Employees trained in First Aid was available present at all field operations. Example:</p>
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	<p>✓ Lau Sie King (SN:FA18747/18/28923), validity till 28<sup>th</sup> February 2021.</p> <p>All of them train by CERT Academy, Sibuh. A First Aid Kit equipped with approved contents should be available at each worksite.</p> <p>j) It was sighted record of JKKP 8 form was sighted with reference number JKKP 8/19965/2018. Based on the record, two accidents occurred on 12.07.2018 name Su wen Kang and Dsniel Anggut occurred on 4.08.2018.</p> <p>Major 1 (4.4.4.2) Implementation of safety and health aspect was found lacking.</p> <p>Evidence sighted as follows:</p> <ol style="list-style-type: none"> <li>1. It was observed the use of recycled chemical containers as petrol storage was found not properly handled, in addition to that, original labelling of the chemical was still intact.</li> <li>2. The signage of emergency assembly point was available at labour quarters, however, the emergency layout plan was not available.</li> </ol> <p><u>Employment conditions</u> – It was observed the establishment of policy on good social practices regarding human rights was made available on site. The policy sighted was signed by Chief Operating Officer, Mr Richard Teng King Huat.</p> <p>The top management of estate is committed to implement the equal opportunity within their organization. It was observed in the organizational chart show involvement of female and male gender. There were no evidences of any form of discrimination based on race, national origin, religion, gender, union and political affiliation and is covered in the policy as well.</p> <p>The payroll and pay slip records of employees showed that all employees are paid with the basic salary are compliance with the local minimum wages requirements. Based on interview with the employees at the field and office, the wages paid by the estate are sufficient to meet basic need of the personnel.</p> <p>The estate maintain an accurate record all employees under the following documents :</p> <ol style="list-style-type: none"> <li>1) Working Status of Foreign Workers</li> <li>2) Working Status of Local Workers</li> </ol> <p>Both above records verified during the audit were found contains the following details of information for every employees.</p> <ul style="list-style-type: none"> <li>- Employee Name</li> <li>- Division</li> <li>- Nationality</li> <li>- Race</li> <li>- Place of Birth</li> <li>- Date of Birth</li> <li>- Occupation</li> <li>- Religion</li> <li>- Employment Date</li> <li>- Sex</li> <li>- Passport No. and Expiry Date ( for foreigner)</li> <li>- Work Permit Expiry Date</li> </ul>
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	<ul style="list-style-type: none"> <li>- Identification Card no.</li> <li>- Socso. No.</li> <li>- EPF no.</li> </ul> <p>Example of worker (foreign) verified :</p> <ol style="list-style-type: none"> <li>1. Mulia Bin Syawal</li> <li>2. Shurkadi Bin Hambal</li> <li>3. Ahmad Bin Sahir</li> </ol> <p>Employment Contract Form for local and foreign workers are available . Information indicated in the form showed that all employees are provided with fair contracts in term of salary, accommodation and other benefits. However, only record of foreign workers was requested during the audit.</p> <p>Copies of Employment Contract for each local workers indicated in the employment records are available.</p> <p>Copies of signed of employment contract is made available review by the audit team during the audit. Evidence of verified contracts are as follows:</p> <p>Foreign Workers</p> <ol style="list-style-type: none"> <li>1. Mulia Bin Syawal (11121027) Harvester</li> <li>2. Shurkadi Bin Hambal (11122186) Harvester</li> <li>3. Ahmad Bin Sahir (11120791) Harvester</li> </ol> <p>Major 2 (4.4.5.6) Fair contracts provided to the employees was found not complete.</p> <p>It was sighted the contract agreements have been signed by both employer and employees, however the date of signing was not available.</p> <p>The estate has established a time recording system for all employees Time recording system has been carried out manually on daily basis for field and office staff.</p> <p>For office staff, the working hours are recorded in the Pocket Check Roll of each staff (Manuring, maintenance and harvesting) For field workers, the Estate Field Staff in-charge is responsible for recording of working hours of all field staff and field workers.</p> <p><u>Training and competency –</u></p> <p>It was observed the safety and health training was conduct on 24th – 25th May 2018. It was attended by 12 persons. The scope of training include</p> <ol style="list-style-type: none"> <li>1) Triple rinsing of empty container.</li> <li>2) Emergency Respond Plan.</li> <li>3) Environmental impacts assessment</li> <li>4) Buffer Zone</li> </ol> <p>Based on site visit onsite, it was observed the management had taken necessary action to ensure safety &amp; health and environment to be take care accordingly. Training needs of individual</p>
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	<p>employees was made available in scheduled 2018. It can be verified in individual file.</p>
<p>Comment on Principle 5</p>	<p><u>Environmental management plan –</u>  An environmental policy and management plan is available during site visit and was signed by Mr Richard Teng King Huat (CHIEF OPERATING OFFICER), Dated March 2018.</p> <p>It was observed the EIA approval was made available in the estate. In EIA approval stated EMR shall be submit quarterly basis (3 months basis). Based on the file Environmental Monitoring Report (EMR) for Plantation it was observed the monitoring report was available every quarter. It was observed the latest Environmental Management Report (EMR) was made available during audit conduct. It was cover from 3<sup>rd</sup> Quarter 2019 (July to September 2019).</p> <p>It was observed the environmental management was covered in the Health, Safety &amp; Environment Policy Statement and some of the objectives was states as below:</p> <p>It was observed the environmental management was covered in the Health, Safety &amp; Environment Policy Statement and some of the objective was states as below:</p> <ol style="list-style-type: none"> <li>a. Developing and improving health, safety health, safety and environment (HSE) programs and procedures to ensure compliance with all applicable laws and regulations.</li> <li>b. Protecting the safety and health of all members of the company and others who may be affected by the work carried out.</li> <li>c. Preventing all types of pollution by establishing and implementing the necessary environmental programs</li> <li>d. Continually improving the performance of the HSE management system.</li> </ol> <p>Based on interview with personnel staff regarding the environmental management, it can be verified that they aware of the environmental policy and understand the responsibility.</p> <p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones was developed such as:</p> <ol style="list-style-type: none"> <li>a) <b>Control of Water Pollution</b>, It was observed the estate had taken necessary to construct proper storage of fertilizer and chemical.</li> <li>b) <b>Agrochemical Management Aspect</b>, these mitigating measures should be implemented during the maintenance stage. Chemical used should be those that are approved by Pesticide Board under the Pesticide Act, 1974, more environmentally friendly chemicals should be chosen.</li> </ol> <p>Verification document can be done by referring the file Environmental Management.</p> <p>A programmed to promote the positive impacts was available such as distribute rubbish bin to every estate office and workers quarter, regular collect and dispose domestic wastes according to schedule. The domestic</p>

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waste was collect 3 times per week and dump at the designated landfill area.

The estate management conduct training on Wild life Awareness Program (MSPO) on 29<sup>th</sup> August 2019, time: 10.00 am. Attended by 22 attendees.

Efficiency of energy use and use of renewal energy –

It was observed the record of diesel usage was made available in the estate record

	Liters		
	2017	2018	2019
Actual	911,132	1,158,065	1,438,636
Budget	11,914,245	2,616,551	3,444,376

FFB vs Diesel Usage 2019

Highest FFB on month of August, 6371.59 Mt, Diesel 134, 664L

Lowest FFB on month of May, 516.15 Mt, Diesel 113,244L

2 generators were sighted which cover for all estate operations. It was covered main office, staff quarters, clinic, food board, canteen, workshop, fertilizer store, weighbridge, guesthouse and chemical store. The details of genset as follows:

- ✓ Cummin Genset (150 KVA), time operation 6.00 pm – 6.00 am
- ✓ Cummin Genset (200KVA), time operation 6.00 am - 6.00 pm.

Waste management and disposal –

All waste generated in the oil palm plantation are categorize as below.;

- Soil Erosion and Sedimentation;
- Water Quality Degradation;
- Wastes Generation;
- Noise Pollution;
- Air Quality;
- Occupational Safety and Health Aspects;
- Socio-Economic Impacts;
- Management of Agrochemical Aspects

During site visit it was observed the buffer zone for the river was well maintained.

It was observed the SOP for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal was available in File Safe work procedure or SOP.

Minor 3 (4.5.3.3)

Scheduled waste was not properly handled to ensure proper and safe handling, storage and disposal. It was sighted E-Waste was being mixed with scrap iron.

Reduction of pollution and emission –

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	<p>An assessment of all polluting activities was sighted. Assessment as follows:</p> <ul style="list-style-type: none"> <li>• Soil Erosion and Sedimentation; <ul style="list-style-type: none"> <li>✓ It was observed the cover cropping was well maintained, evidence sighted along the slope area at Block 21A was covered with cover crops.</li> </ul> </li> <li>• Water Quality Degradation; <ul style="list-style-type: none"> <li>✓ It was observed the Labour quarter Block 23B (4 rows)</li> </ul> </li> <li>• Wastes Generation; <ul style="list-style-type: none"> <li>✓ Scheduled Wastes</li> <li>✓ Solid Wastes , dump site was sighted at Block 22E. The area was aware from the water surface runoff approximately 500meter</li> <li>✓ Effluent</li> </ul> </li> <li>• Noise Pollution;</li> <li>• Air Quality; <ul style="list-style-type: none"> <li>✓ Greenhouse gas emission</li> </ul> </li> <li>• Occupational Safety and Health Aspects;</li> <li>• Socio-Economic Impacts;</li> <li>• Management of Agrochemical Aspects</li> </ul> <p>It was zero burning policy available. Action plan to reduced pollutants and emissions was established. Establishment and implemented as follows:</p> <ul style="list-style-type: none"> <li>✓ It were sighted handling of schedule waste, workshop, fertilizer store and chemical store properly handled and construct. The area was bunded to avoid any spillage goes out if spillage occurred. Spill kits also sighted.</li> <li>✓ It was observed the cover cropping was well maintained, evidence sighted along the slope area at Block 21A was covered.</li> </ul> <p><u>Natural water resources –</u></p> <p>It was observed the water management plan was made available in the report Water Management Plan. It was discuss on:</p> <ol style="list-style-type: none"> <li>1. Introduction</li> <li>2. Water management plan team members</li> <li>3. Operating units</li> <li>4. Water management plans for Infrapalm balingian estate</li> <li>5. Management plan for Infrapalm Balingian estate</li> <li>6. Conclusion</li> </ol> <p>It can be verified in the Water Management Plan report.</p> <ol style="list-style-type: none"> <li>a) Based on the report, source of water come from gravity fit for food consumption and rain water for washing. Regular inspection will do at gravity fit if necessary. If no, it will be done monthly basis.</li> <li>b) Monitoring of water flow was conducted quarterly basis via Environmental Monitoring Report (EMR), there was 3 water samples taken to monitor the water surface runoff. Details as follows: <ul style="list-style-type: none"> <li>✓ WMK1: Sg Koyan</li> <li>✓ WMK2: Sg. Miri</li> <li>✓ WMK3: Sg. Aping</li> </ul> </li> <li>c) The estate management taken necessary action to ensure optimize water and nutrient usage to reduce waste such as <ul style="list-style-type: none"> <li>✓ Collecting back water after triple rinse chemical containers used as respective usage.</li> </ul> </li> </ol>
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	<ul style="list-style-type: none"> <li>✓ Collection of rain water using gutter and used it as washing activities.</li> <li>✓ Do regularly inspection to ensure no water leakage occurred at the respective equipment.</li> </ul> <p>d) It was observed the cover cropping was well maintained, evidence sighted along the slope area at Block 21A was covered</p> <p>There was no construction of bunds, weirs and dams across main rivers.</p> <p><u>Status of rare, threatened or endangered species and high biodiversity value area –</u>          The estate management had taken necessary action to ensure information collated that includes both the planted area itself and surrounding area. It was recorded in the Biodiversity Assessment Report, December 2018. The information cover as follows:</p> <p>a) Identification of biodiversity value such as follows:</p> <ul style="list-style-type: none"> <li>✓ Flora              The flora community within the project area was largely represented by planted forest, oil plantation and secondary vegetation such as ostrich fern, Long beech fern and bamboo orchid.</li> <li>✓ Fauna              Fauna survey was carried out by field observation and by discussions with local staffs. The common fauna is largely represented by insects (ants, flies and grasshopper), lizards and plantain squirrels.</li> </ul> <p>b) The project area was not fall under The International Union on Conservation of Nature and Natural Resources. The unplanted area due such as buffer zone and hilly area which is unplantable.</p> <p><u>Zero burning practices -</u>          The zero burning policy was sighted at the estate. Currently no replanting in next five years.</p>
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<p>Comment on Principle 6</p>	<p><u>Site management –</u>          Standard Operating Procedures In Oil Palm Plantation for Subur Tiasa Holdings Bhd prepared in August 2016 covering all aspects of oil palm plantations as follows:</p> <ol style="list-style-type: none"> <li>(1) Land preparation</li> <li>(2) Legume cover crop</li> <li>(3) Mucuna bracteata</li> <li>(4) Drainage water management</li> <li>(5) Nursery management</li> <li>(6) Fertilizer sampling</li> <li>(7) Foliar sampling</li> <li>(8) Manuring</li> <li>(9) Manuring (Plantsafe)</li> <li>(10) Weeding</li> <li>(11) Ablation</li> <li>(12) Pruning</li> <li>(13) Thinning</li> <li>(14) Harvesting</li> <li>(15) Store stock out</li> </ol>
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- (16) Upkeep and maintenance (operation)
- (17) Waste management
- (18) Water management plan

The plantation area is hilly and undulating. Areas without terracing are built platform using sandbags stacked in horse shoe pattern. This is one of their continuous improvement programmes.

The estate grounds are well covered with non-competitive vegetation allowed to grow to avoid bare ground cover.

Cut palm fronds are properly stacked between the planting rows. It was observed that the fronds were initially stacked against the contours but now for the new stacking to be along the contours.

All plantation roads are well designed, built and maintained mostly using river sand and gravel.

Economic and financial viability plan

The Budget Summary for Infrapalm Sdn Bhd sighted for 2018, 2019 and 2020. This is considering the fiscal year is from Aug 2018 to July 2019.

	Aug-17 to Jul-18	Aug-18 to Jul-19	Aug-19 to Jul-20
Ha	4,316.46	4,316.46	4,316.46
MT	56,200	67,600	90,000
YPH	13.02	15.66	20.85
RM/MT	340	299	269

Not applicable to Infrapalm Sdn. Bhd. because no replanting programme is required because their planted crops are only about 10 years old as first planting in 2009.

Transparent and fair pricing dealing

A Letter of Offer for the Purchase of Fresh fruit Bunch (FFB) from Sarawak Oil Palms Bhd to Infrapalm Sdn Bhd dated 27/11/2018.

Mill location: Sepakau Palm Oil Mill located at Lot 10, Punan Land District, Daerah Belaga, 96900 Bahagian Kapit.

Duration of contract: Expire on 31/12/2020 (2 years).

First schedule: SOPB's general terms & conditions (for FFB) (CIF basis to mill). Second schedule: Price formula (Clause 2).

An Invoice to Sarawak Oil Palms Bhd Invoice No: 1181909003 dated 15/09/2019 for FFB sales from 1 - 15 September 2019 for:

Sale of FFB - Grade A: 3,155.26 MT

Sale of FFB - Grade B: 21.34 MT

Payment Voucher from Sarawak Oil Palms Bhd No: 3300003092 dated 19/09/2019 showed FFB payment from 01/09/2019 to 15/09/2019.

Contractor

MSPO Terms & Conditions for Contractor sample seen with amendment and signed by the contractors.

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	<p>All contractors are provided with contracts:</p> <ol style="list-style-type: none"> <li>1) Yong Sek Hing Transport Co. for FFB Transportation and other related logistics services to CPO Mill made on 01.03.2019 valid for 1 year.</li> <li>2) Ngiu Tan Trading for Canteen Operation at Infrapalm Plantation from 01/08/2019 to 31/07/2020.</li> </ol>
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## 7. Nonconformities

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

Non- Conformity	N° 1		Major 1			
	<b>Date Recorded&gt;</b>	3 <sup>rd</sup> December 2019	<b>Due Date&gt;</b>	2 <sup>nd</sup> Feb 2019	<b>Date Closed&gt;</b>	20 <sup>th</sup> Dec 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.4.2	
Document Ref.:	Criterion 1: Safety and Health		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Implementation of safety and health aspect was found lacking					
Objective Evidence:	<p>Evidence sighted as follows:</p> <ol style="list-style-type: none"> <li>1. It was observed the use of recycled chemical containers as petrol storage was found not properly handled, in addition to that, original labelling of the chemical was still intact.</li> <li>2. The signage of emergency assembly point was available at labour quarters, however, the emergency layout plan was not available.</li> </ol>					
Root Cause	<ol style="list-style-type: none"> <li>1. Due to negligence of workers despite of the training given to them.</li> <li>2. Emergency layout plans have been prepared but yet to be displayed at designated areas.</li> </ol>					
Close-out evidence:	<ol style="list-style-type: none"> <li>1. Training and awareness will be given continuously to estate workers. Safe Chemical Handling Training has been conducted by Estate Safety &amp; Health Officer. (Refer to attached attendance of the training – Appendix I: Picture 1, <i>Pengurusan dan Pengendalian Bahan Kimia</i>).</li> <li>2. Emergency Layout Plan has been displayed at labour quarters and all workers are made aware of it. (Refer to attached Emergency Layout Plans at Phase 2 – Appendix I: Picture 2a (Block A), 2b (Block B) &amp; 2c (Block C))</li> </ol>					

Non- Conformity	N° 2		Major 2			
	<b>Date Recorded&gt;</b>	3 <sup>rd</sup> December 2019	<b>Due Date&gt;</b>	2 <sup>nd</sup> February 2019	<b>Date Closed&gt;</b>	20 <sup>th</sup> Dec 2019

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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:	Fair contracts provided to the employees was found not complete.		
Objective Evidence:	It was sighted the contract agreements have been signed by both employer and employees, however the date of signing was not available.		
Root Cause	We have overlooked on the dates of signing.		
Close-out evidence:	Dates of signing have been written and HR will ensure all contract agreements will be signed and dated. (Refer to attached copy of contract agreements with the dates of signing – Appendix I: Picture 3a & 3b, Contract of Employment).		

Non- Conformity	N° 3		Minor 3			
	Date Recorded>	18 <sup>th</sup> Dec 2018	Due Date>	17 <sup>th</sup> September 2019	Date Closed>	20 <sup>th</sup> Dec 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.5.3.3	
Document Ref.:	Criteria 3: Waste management and disposal		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Scheduled waste was not properly handled to ensure proper and safe handling, storage and disposal.					
Objective Evidence:	It was sighted E-Waste was being mixed with scrap iron.					
Root Cause	E-waste was temporary kept at scrap iron area prior to be disposed to HQ office.					
Close-out evidence:	E-Waste has been sent to Scheduled Waste Store and will be disposed along with other scheduled wastes. – Appendix I: Picture 4a & 4b).					

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.

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- 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

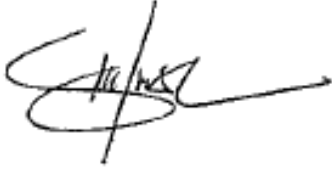

### Positive Observations:

- The support from Infrapalm 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.

### Appendix 1: List of Stakeholders Contacted

Stakeholder	Type of Stakeholder	Issues raised	Comments/Action Taken
Ngjue Tan Trading Canteen Operator	External	No issues raised	Happy provide service to estate
Worker A (Harvester)	Internal	No issues raised	Happy working in the estate
Worker B (Harvester)	Internal	No issues raised	Good cooperation and helping comment to estate management

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Signed on behalf of Infrapalm Sdn Bhd	Signed on behalf of SGS Malaysia Sdn Bhd
 <p data-bbox="347 660 544 719">Mr Lau Sie King Estate Manager</p>	 <p data-bbox="954 645 1265 703">Mr. Abdul Khalik Bin Arbi , Lead Auditor</p>

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