

Gayanis Sdn. Bhd. Audit Summary Report

Organization:	Gayanis Sdn. Bhd.		
Address:	<u>Headquarters (HQ)</u> 7th Floor Crown Towers, 88, Jalan Pending, 93450 Kuching, Sarawak. Contact person.: Ms Adeline Lau (Director) Mr William Tham (Assistant Manager) Contact No.: 082-345033 <u>Estate Address</u> Lot 1, Block 45, Sungai Serai, Niah Sawai Land District, Miri, Sarawak.		
Standard(s):	MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders	Accreditation Body(s): DEPARTMENT STANDARDS MALAYSIA (DSM)	
Representative:	Ms Adeline Lau (Director) Mr William Tham (Assistant Manager) Mr Lim Wui Phew (Senior Plantation Manager)		
Site(s) audited:	Gayanis Sdn. Bhd. (estate)	Date(s) of audit(s):	29th – 30th April 2019
EAC Code:	Nil	NACE Code:	Nil
No. of Employees:	587	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**

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Validation of processes for production and service provision

Has this scope been amended as a result of this audit? ☐ Yes ☒ No

This is a multi-site audit and an Appendix listing all relevant sites and/or remote locations has been established (attached) and agreed with the client ☒ Yes ☐ No

3. Current audit findings and conclusions

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

The structure of the audit was in accordance with the audit plan and audit planning matrix included as annexes to this summary report.

The audit team concludes that the organization ☒ has ☐ has not established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives.

Number of nonconformities identified: 2 Major 0 Minor

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

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

4. Previous Audit Results

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

- ☐ Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective.
- ☐ The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

5. Audit Findings

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

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

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

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

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

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

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

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

6. Significant Audit Trails Followed

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

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Address	7th Floor Crown Towers, 88, Jalan Pending, 93450 Kuching, Sarawak.		
MPOB License No.:	503244202000 12,2111 ha	Expiry date:	30/08/2018 – 30/09/2019
Scope of Activity:	Menjual dan Mengalih#	Next Audit Plan	January 2020
Visit Number:	02 (Stage 2)	Actual Visit Date:	29 th & 30 th April 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:	1.The audit covered Three (3) site performing the following scope: Operations, comprising of management systems, process of Fresh Fruit bunches (FFB), documentation and site assessment.		

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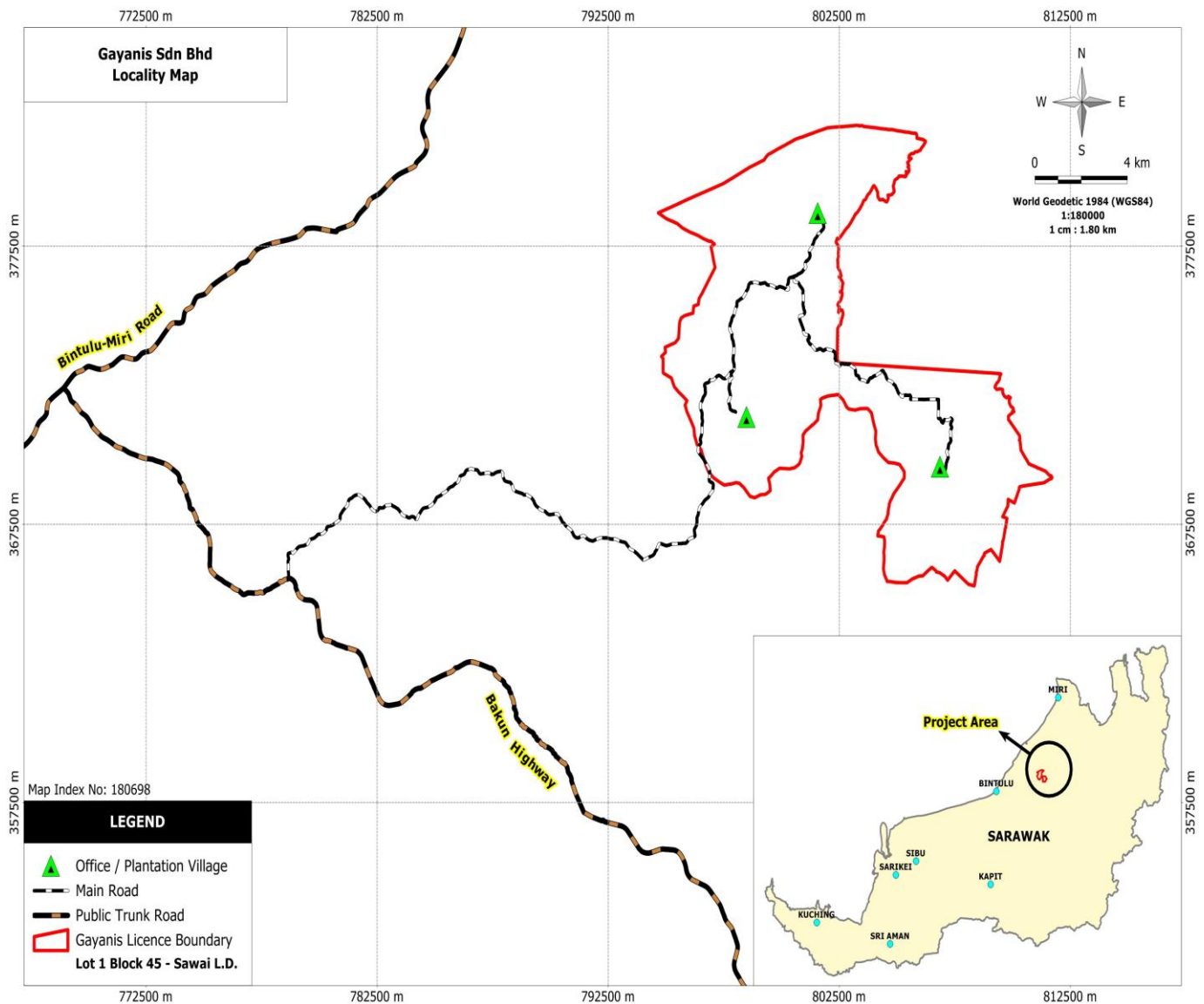
Audit Plan

Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
29 th April 2019	7.55 am	AKA/JDR	Arrived to Bintulu Airport	AK/JDR
29 th April 2019 (Day 1)	8.00 am		Depart to Gayanis Estate Opening Meeting Audit Process (Site Visit) <ul style="list-style-type: none"> Principal 1: Management commitment and responsibility Principal 2: Transparency Principal 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		Lunch	
	1.00 pm		Continue Audit Process (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
	4.00 pm		Preparation for closing	
	5.00 pm		Closing Meeting	
	6.00 pm		Depart to Bintulu Town	

Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
30 th April 2019 (Day 2)	7.30 am	AKA/JDR	Depart to Gayanis Estate Opening Meeting Audit Process (Site Visit) <ul style="list-style-type: none"> Principal 1: Management commitment and responsibility Principal 2: Transparency Principal 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		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)	
	3.30 pm		Preparation for closing	
	4.00 pm		Closing Meeting	
	5.00 pm		Depart to Bintulu Town	
30 th April 2019 (Day 2)	6.55 pm		Depart from Bintulu Airport	
	7.45 pm		Arrived in Kuching Airport	

Location and Maps

The plantation area is situated between latitudes 3018'N – 3027'N and Longitudes 113039'E. It is located approximately 80 kilometers at east of Bintulu town. The total plantation area is approximately 12,211 hectares (ha) and is divided into two estates namely Estate 1 (Divisions 1-3) and Estate 2 (Divisions 1-2). The GPS locations of the state are shown in Table 1.



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Table 1: GPS Location

Supply Base / Estates:	Location Address:	GPS Coordinate(s):	Area Certified(HA):
Gayanis Sdn. Bhd.	Lot 1, Block 45, Sungai Serai, Niah Sawai Land District, Miri, Sarawak	3°25'19.8" N 113°42'49.8" E	12,211.00

Description of Estate Production

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

Table 1: FFB Production

Month	Gayanis Sdn. Bhd.	
	2018 (Actual)	2019 (Projection)
January	15,593.07	12,653.80*
February	11,907.72	11,348.89*
March	12,648.28	11,334.70*
April	13,383.11	11,580.00
May	13,084.34	13,520.00
June	11,851.48	13,520.00
July	13,101.32	15,440.00
August	14,027.63	19,300.00
September	15,612.36	21,240.00
October	16,145.81	21,240.00
November	14,460.56	19,300.00
December	14,170.80	19,300.00
Total	165,986.48	189,777.39
*Actual		

Stakeholder Consultation and List of Stakeholders Contacted

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/gayanis-sdn-bhd-2019>

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

Comment on MS2530-3 Compliance Status:

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO –</u> An MSPO Policy covering Safety & Health, Good Social Practices, Harassment and, Violence Prevention and; Environmental, Sustainability and Continuous improvement was prepared and signed by the Director, Ms Adeline Lau, dated 10th October 2018 and has been communicated to all levels of work force and stake holders. Sustainability and continuous improvement was also included in the above MSPO Policy</p> <p><u>Internal Audit</u> MSPO internal audit procedures prepared and signed and approved by Mr. Chuo Kuong Ping to be conducted at least once a year or whenever deemed necessary by management. First Internal Audit was performed on 28th January 2019. Based on the Audit Summary Report 11 findings was recorded. Mechanism of follow up activities established and verified in the Corrective Action Report file. Internal Auditors team have been appointed headed by Mr. Lim Wui Phen as Lead Auditor by Mr. Lim Wui Phen. The team audit member can be verified in Management Review Report File. Training for Internal Auditors was conducted by Mr Lim Wui Phen on the 28th January 2019 and the Lead Auditor Mr. Lim Wui Phen. First Audit Report dated 28th January 2019 prepared by Lead Auditor.</p> <p><u>Management Review –</u> Management Review meeting was conducted on the 30th January 2019 chaired by Ms. Adeline Lau (Director, Chairman) attended by all MSPO Committee members and invited members. Agendas and minute of the said meeting was viewed in file (Ref. GYSB/MRR/19/01/01); the Audit Report was tabled and conformance and non-conformances reported. Results of CAR (Ref.: Control No:GYSB/E1/01/19) was viewed where corrective action have already been made on all the 11 findings as reported by Lead Auditor 28th January 2019.</p>
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	<p><u>Continual Improvement -</u></p> <p>Training matrix of all the relevant staffs was prepared in order for them to carry their duties better for Harvesting, Field Conductor, Manuring Fertiliser, Chemical Sprayer and Workshop.</p> <p>Adoption of New Technologies and Techniques:</p> <p>The high-volume spray to low volume spray was implementing to improve the productivity of palm oils harvesting. All the sprayer nozzle already changes.</p> <p>Training programmed on Social and Best Practices Training 2019 was made available in the estate management site office. It can be verified in Training File D12.</p>
Comment on Principle 2	<p><u>Transparency of information and documents relevant to MSPO requirements</u></p> <p>The management communicate with relevant stakeholders by conduct stakeholders meeting on 4.12.2018, time: 1.00 pm. Which attend by External (38 attendees).</p> <p><u>4.12.2018</u> Attend by Internal (18 attendees)</p> <p>All of the stakeholders have invitation letter from the estate management. As an evidence, some of the stakeholders list name as below:</p> <ol style="list-style-type: none"> 1. Kaminsky Sdn Bhd, dated 28.11.2018 2. Twin Fantastic Sdn Bhd, dated 28.11.2018 3. KTS Forest Management Sdn Bhd, dated 28.11.2018 4. Natural Resources & Environment Board (NREB) – Miri dated 28.11.2018 <p>All the document can be verified in Stakeholders File B01.</p> <p><u>Land Titles in total 12,211 ha</u></p> <p>It was observed the Gayanis Estate was operation in land title Lot 1, Block 45 Sawai Land District, Sungai Serai, Niah which registered under Gayanis Sendirian Berhad and operate under MPOB Licence: 503244202000 (12,211 ha) period: 30.08.2018 till 30.09.2019.</p> <p><u>Transparent method of communication and consultation</u></p> <p>It was observed the procedures for consultation and communication with relevant stakeholders was available in the site office management, with Document name: Transparent Method, Document Ref: GYSB-03-TM03REV0 latest update 1st Oct. 2018.</p> <p>Appointment letter for MSPO Designated person was made available with document ref: GYSB-01-TM04REV0. The appointment letter was sign by Ms Adeline Lau (Director), dated 10th October 2018.</p> <p>Based on appointment letter, social liaison officers were appointed to three persons name:</p>

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	<ul style="list-style-type: none"> i. Liza anak Baba (In-charge) ii. Ruhinah Darawanding (Assistant) iii. Suzenely Emyza Ngindang (Assistant) <p><u>Traceability</u> Standard Operating Procedures on Traceability was available with Document ref no.: GYSB-03-TM04REV0.</p> <p>The record of the FFB Delivery Note, Tractor Delivery Note, Harvesting Transaction details and weighbridge ticket, the record was made available in estate record. The management had taken necessary action to make sure the traceability system in place such as conduct traceability system inspection.</p> <p>Appointment letter for MSPO Designated person was made available with document ref: GYSB-01-TM04REV0. The appointment letter was sign by Ms Adeline Lau (Director), dated 10th October 2018.</p> <p>Based on appointment letter, Traceability officers were appointed to three persons name:</p> <ul style="list-style-type: none"> i. Peter anak Bagai (In-charge) ii. Tindit Bulit (Assistant) iii. Jee Siaw Yien (Assistant) <p>It was observed the records of sales, delivery or transportation of FFB was record in Crop Produced and Dispatched Monitoring Record.</p> <p><u>Evidence</u> Gayanis Palm oil Mill weighbridge ticket: 263532, weight of FFB 26,060.00 kg</p>
Comment on Principle 3	<p><u>Regulatory requirements</u> The company personnel are generally quite knowledgeable on the applicable laws and regulations pertaining to oil palm plantation development and operations.</p> <p>All the laws and regulations relevant to oil palm plantation are listed and filed Legal Requirement File C01. The updating of the Legal Requirement Register for Gayanis Estate is the responsibility of Mr Lim Wui Phen by monthly basis.</p> <p><u>Land Use Rights</u> All the Land Titles were made available where the land use terms and conditions are for the agricultural purposes and purposes incidental to the production and processing of crops grown thereon.</p> <p>Land Titles: The Land Titles are: i) TRN 04-LCLS-030-045-00001 – 12,211 ha</p> <p>The Gayanis Estate total area is 12,211 hectares with provisional lease for 60 years specifically for agricultural purposes and purposes incidental to the production and processing of crops grown thereon.</p> <p>Site inspection: All perimeter boundaries have been surveyed and marked. From visual check of boundary bordering Kaminsky Sdn. Bhd. was pegged</p>

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	<p>with number 17 and shown in the Plantation Estate Map.</p> <p><u>Customary Rights</u> No customary rights claim on the said company's land.</p>
Comment on Principle 4	<p><u>Social Impact Assessment (SIA)</u> It was observed the Social Impact Assessment (SIA) report was available during the document assessment name Gayanis Sdn. Bhd. Estates, Social Impact Assessment Report, December 2018.</p> <p>The management communicate with relevant stakeholders by conduct stakeholders meeting on 4th December 2018, attended by two groups, whereas,</p> <p>Person In charge : Mr James Atom</p> <p>Total Attendees : 18 stakeholder</p> <p>All of the stakeholders have invitation letter from the estate management. As an evidence, some of the stakeholders list name as below:</p> <ul style="list-style-type: none"> i. Natural Resources and Environment Board (NREB Miri). Mr. Kennedy ii. KTS Trading Sdn Bhd. Mr. Yong Lok Kon iii. Jabatan Keselamatan dan Kesihatan Pekerjaan (JKKP Miri). Mohd Azril Bin Jalil <p>All the document can be verified in Stakeholders File B01 Person In charge : Ms Elaine Cyril (Document controller)</p> <p><u>Complaints and grievances</u> The Grievance and Complaint form was made available at the front of estate office. SOP for complaints and grievances procedure was made available in the estate, with reference Document No.: GYSB 03 SR02REV0 with date updated in 1st July 2018.</p> <p>Records of complaints and grievances It was sighted 2 complaints was made by the complainer during audit. All the issues raised by the complainant will be</p> <ol style="list-style-type: none"> 1. assessed by social liaison officer 2. Investigation to be done 3. Develop Action to be taken 4. Implementation <p>Example sighted Complain by</p> <ol style="list-style-type: none"> 1. Vira was sighted on TASKA netting. From record, action has been taken immediately. 2. Several complain on mini tractor parking at non-designated area which

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can caused hazard to children (as per described by complainant – Pathronziues & Ardi) was sighted.

Both complaints were closed accordingly.

Commitment to contribute to local sustainable development

Currently there was no record of the CSR with the local communities.

However, CSR to school was available

1. Donation to SK Suai : April 2018

From record, there is no nearby community's settlement surrounding the area.

Gayanis Sdn. Bhd. instant neighbour is the other KTS subsidiaries estate.

Employees safety and health

Safety policy was include in MSPO policy which is sign by top management Ms Adeline Lau Kor See (Director) dated 13th July 2017

Safety and health policy was documented, communicated via display at the notice board and implemented at this estate. It was observed the safety policy was display at the site office, workshop and chemical store.

Safety & Health Plan sighted at Gayanis Estate Site Office

- 1.Safety Training
- 2.Safety Meeting Minute /Safety Committee
- 3.SOP Chemical Handling
- 4.Medical Surveillance etc

MAJOR 1 (4.4.4.2)

The fire extinguishers were not placed appropriately at the labour quarters.

Employment Conditions

The management had established policy on good social practices regarding human rights in respect of industrial harmony. The policy was signed by the top management Ms Adeline Lau (Director) dated 10th October 2018.

It was observed the equal opportunity statement by the top management was include in the MSPO policy. As evidence Welfare Women Committee was form to ensure welfare of women in the estates take care and handle in equal.

Training and Competency

Annual training programme on safety and health for Year 2018 and 2019 was made available. Based on the training record, it was observed the Safety Operation was conduct in the estate which focus with workers operation. The training list as below:

- i. MSPO Training
- ii. Fire Fighting Demo
- iii. Fire emergency Demo
- iv. Fire emergency exercise (Fire Drill)
- v. First aid training
- vi. Workplace safety
- vii. Workshop safety

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	<ul style="list-style-type: none"> viii. Tractor driver's safety and health training ix. Harvesting Tool Handling x. Chemical Handling, Sprayers safety & health Training xi. Fertilizers application & management xii. Women welfare committee (Sexual harassment policy and grievances procedure) xiii. Environmental Training xiv. Triple rinse xv. MSPO internal audit training. <p>As evidence, there was several trainings was conduct in the estate:</p> <ul style="list-style-type: none"> a. Penjagaan Alam Sekitar 24.11.2018, Time:6.15am – 7.00am, venue at Gayanis estate, attended by 17 attendees b. <i>Cara-cara menyelenggara mesin/ jentera dan menerangkan akibat kecuaian sewaktu bekerja.</i> 29.11.2018, time: 7.30 venue at Gayanis estate, attended by 15 attendees.
Comment on Principle 5	<p><u>Waste Management and Disposal</u></p> <p>Environmental policy was integrated in MSPO policy which commit by Director Ms. Adeline Lau, sign 10th October 2018. In the environment part, several issues need to highlight:</p> <ul style="list-style-type: none"> a. Meeting applicable environmental rules and regulations in the palm oil industry through proper management practices. b. Preventing pollution by striving to minimize waste generations and resource consumptions. c. Monitoring and managing environmental components of our daily operations in accordance to environmental rules and regulations of relevant governing body. d. Maintain the culture of caring for environment within the workforce. e. Conduct biodiversity assessment with continuous monitoring at conservation area to protect wildlife, flora and fauna. <p>It was observed Gayanis Estate at Lot 1 Block 45 Sawai Land District, Sungai Serai, Niah had obtain Environmental Impact Assessment (EIA) approval from Natural Resources Environmental Board (NREB) dated 11st September 1997 with ref.no.: (9)NREB/6-8/40 which sign by Controller of Environmental Quality Mr James Dawos Mamit.</p> <p>In line with that, the monitoring was conducted to monitor plantation activities on site by provide analyses on pesticides/ weedicides every 6 months in the Environmental Monitoring Report (EMR). The latest report was made available on October to December 2018 (4th quarter 2018) which done by environment consultant Name Perunding Najna. Based on the report the estate was comply with mitigating measures required by EIA Approval.</p> <p>It was observed the Training plan for year 2019 related with environment available. List of training program list as below:</p> <ul style="list-style-type: none"> i. Basic Environmental Awareness ii. Basic Environment Awareness (Sprayer & Manuring Gang) iii. Waste Management Awareness (Domestic Waste) iv. Waste Management Awareness (Scheduled Waste)

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v. Wild Life Awareness

Based on site observation the management had taken necessary action to ensure mitigate the negative impacts and to promote the positive ones was develop, implement and monitor.

It was observed the riparian was well maintained. There was no evidence of spraying activity along the riparian area. Block 5A, task 13.

Efficiency of energy use and use of renewable energy

Record and usage of Non-renewable Energy (Diesel Consumption). As we can see at the table below, the consumption of diesel waste increased from 2016 to 2017 due to increasing of machine in the estate.

	2016	2017	2018	*2019
	Litre			
Actual usage	986,254	1,067,260	1,099,418	248,034
Estimated Budget	1,598,700	1,612,306	1,573,936	1,574,312

*latest as March 2019

Usage of Diesel VS FFB 2018

Lowest FFB 1652.67 mt, diesel 17,553 L

Highest FFB 1,206.28 mt, diesel 19,153 L

Genset operation.

Division 1 & 2

Ganset 1 – 4.00 am -2.00 pm

Kva (cover for all area)

Ganset 2 - 2.00 pm – 11.00pm

40Kva (staffs house, office, store, workshop and canteen.

Ganset 3 – 11.00 pm till 4am

40Kva (staffs house, office, store, workshop and canteen.

Ganset 4 – 8.30am till 4pm

40Kva (staffs house, office, store, workshop and canteen.

Ganset 5 – 8.30am till 4pm

40Kva (staffs house, office, store, workshop and canteen.

Ganset 6 – 8.30am till 4pm

40Kva (staffs house, office, store, workshop and canteen.

Ganset 7 – 8.30am till 4pm

40Kva (staffs house, office, store, workshop and canteen.

Waste management and disposal

It was sighted all waste products and source of pollution was made available during audit conduct. Some of the activities indentified:

- i. Unloading FFB at Ramp
- ii. Transport (FFB, Road Maintenance)

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- iii. Genset
- iv. Workshop
- v. Water Treatment Plant
- vi. Chemical Store
- vii. Fertilizer store
- viii. Lubricant oil store
- ix. Scheduled waste store

It was sighted the waste management plan to avoid or reduce pollution was developed and implemented. For example:

Transport (FFB, Road maintenance), dust from moving vehicle near housing and office area. The action taken by estate management The estate management put the speed limit signage and speed bump to avoid vehicle reduce the speed.

Based on interview with personnel in charge (Weeding staff). He aware regarding the triple rinse procedure.

The triple SOP was available and apply for empty containers and store properly and to be disposed by registered collector.

MAJOR 2 (4.5.3.3)

Labelling of scheduled waste (SW305 & SW102) was incomplete as per requirement in the schedule waste labelling regulation.

It was observed the triple rinse procedure was made available in the estate SOP.

The scheduled waste items are collected by DOE registered companies. An example of Consignment Note for Scheduled Wastes 3590 for SW305 waste oil; Qty 9.60 MT; delivery date 04/01/2019;
Name of contractor: GVE Strategic Waste Sdn Bhd
Name of facility: DNS Waste Management Sdn Bhd

Consignment Note for Scheduled Wastes 1904 for SW410 oil filter; Qty 13 drums; delivery date 04/01/2019;
Name of contractor: GVE Strategic Waste Sdn Bhd
Name of facility: DNS Waste Management Sdn Bhd

Reduction of pollution and emission

It was observed the assessment of all polluting activities was available in continuous improvement on pollution prevention and environment plan. The management had taken necessary action to identify pollutant. It can be referred in Environmental Aspect and Impact Assessment (EAIA) Register. Recommended action list as follow:

- a. Handling of chemical by provide secondary containment and emergency spill kit
- b. Storage of lubricant by provide secondary containment and emergency spill kit.
- c. Storage of diesel by provide secondary containment and bund wall.
- d. Fertilizers application by no fertilizers application at the buffer and riparian zone.
- e. Chemical spraying by no chemical spraying at the buffer & riparian zone.

It was observed the estates was commit to zero open burning.

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	<p><u>Natural water resources</u> It was observed there was water management plan was available in the estate.</p> <p>Environmental Impact Assessment (EIA) approval from Natural Resources Environmental Board (NREB) dated 11st September 1997 with ref.no.: (9)NREB/6-8/40 which sign by Controller of Environmental Quality Mr James Dawos Mamit.</p> <p>Based on the Environmental Monitoring Report (EMR) it was observed there was 5 waters was collect to monitor the water quality:</p> <p>W1 Sg. Suai W2 Sg. Paroh (Downstream) W3 Sg. Senai W4 Sg. Paroh (Centre) W5 Sg. Paroh (Upstream)</p> <p><u>Status of rare, threatened, or endangered species and high biodiversity value area.</u> It was observed the conservation area was located next to Block 21, 25 and 16 with size approximately 80 ha. This area not planted due to fall under category steep area >25⁰.</p> <p><u>Zero Burning Practices</u> It was observed the estate was practice zero burning policy in the estate. The SOP for planting and replanting was available and practice on site.</p>						
Comment on Principle 6	<p><u>Site Management</u> Standard Operating Procedures on management practices approved Manual Doc Ref GYSB-01-TM01REV0 dated 1/10/2018; Environmental Aspect, Environmental Impact Doc Ref GYSB-03-EN01REV0 dated 3/10/2018; HIRARC Doc Ref GYSB-03-SH01REV0 dated 3/10/2018;</p> <p>Work Instruction such as: Scheduled wastes Doc Ref GYSB-04-EN02REV0 dated 3/10/2018; Natural Water Resources Doc Ref GYSB-04-EN11Rev0 dated 3/10/2018;</p> <p>Safe Work Procedures: Harvesting Activities Doc Ref WSSB-04-SH16REV0 dated 3/10/2018; Prosedur Kerja Selamat for Creche Ayah; Prosedur Kerja Selamat for Slashing Doc File: GAYSB-sop Editin 2018.</p> <p>Most of the plantation areas are hilly and are terraced with soil/water conservation measures. Vegetation are allowed to grow and cover the slopes to prevent erosion.</p> <p><u>Economic and Financial Viability Plan</u> Business or management plan includes operational plan for 2 years projection was available.</p> <table><tr><td>Budget</td><td>2018</td><td>2019</td></tr><tr><td>Ha</td><td>9,616.81</td><td>9,616.81</td></tr></table>	Budget	2018	2019	Ha	9,616.81	9,616.81
Budget	2018	2019					
Ha	9,616.81	9,616.81					

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	MT	193,866	193,060
	MT/Ha	20.16	20.08
<p>The management plan has been implemented and is regularly monitored, periodically reviewed and documented, for example monthly production performance of all planting blocks and the planting materials used.</p> <p><u>Transparent and fair price dealing</u></p> <p>All contractors are registered with the company and every month a Contract Form will be given to the contractor for work to be carried out for the month.</p> <ul style="list-style-type: none"> i) Twin Fantastic Sdn. Bhd. (Contract Form No. 02650) for B1799 for EFB stacking by Excavator EX120 for January 2019. Period of contract: 01/01/2019-31/01/2019 ii) LYK Hong & Sons Realty Sdn. Bhd. (Contract Form No.,: 02659) for transport of FFB for the month of January 2019. Period of contract: 01/01/2019-31/01/2019. <p><u>Contractor</u></p> <p>All contracts are mutually agreed to and signed by the contractors with clear terms and conditions stated in the Contract Agreement, for example with:</p> <ul style="list-style-type: none"> i) Kunci Raya Sdn. Bhd. (Contract No. 5688) for Transport of Stones from Telabit Quarry to GM 1 Estate. ii) Asiantec Water Sdn. Bhd. (Contract No.,: 5726) for Repair and upgrade of existing water treatment plant. <p>Training of contractors for awareness and compliance to MSPO have been carried out:</p> <ul style="list-style-type: none"> i) Kunci Raya Sdn. Bhd. (Contract No. 5688) represented by Mr. Wong Park Tat on 02/10/2018. ii) Asiantec Water Sdn. Bhd. (Contract No.,: 5726) represented by Mr. Lee Ling Wei on the 26th September, 2018. 			

7. Nonconformities













Corrective Action Request and Observation MS2530-3 Part 3: General Principles for Oil Palm Plantations and Organised Smallholders

Non Conformity	N°1 of 2		Major 1			
	Date Recorded>	30 th April 2019	Due Date>	30 th June 2019	Date Closed>	17 th May 2019
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 aspect was found lacking.					
Objective Evidence:	The fire extinguishers were not placed appropriately at the labour quarters.					
Close-out evidence:	All fire extinguishers which were not appropriately placed/positioned are now being rectified and correctly positioned.					
	Before			After		
						
	Fire extinguisher placed high on wall			Fire extinguisher repositioned to lower height on wall		
Before			After			
						

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	Fire extinguisher positioned slanting against wall	Fire extinguisher repositioned in upright position against wall
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Non Conformity	N° 2 of 2	Major 2	
	Date Recorded>	30 th April 2019	Due Date> 30 th June 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:	Implementation on handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 was found inadequate.		
Objective Evidence:	Labelling for scheduled waste (SW305 and SW102) was incomplete as per requirement in the scheduled waste labelling regulation.		

Close-out evidence:	All scheduled wastes are now labelled individually in accordance with D.O.E. regulations													
	<table><tr><th>Before</th><th>After</th></tr><tr><td></td><td></td></tr><tr><td>No labelling on Individual scheduled waste</td><td>Individual scheduled waste labelled accordingly</td></tr></table>	Before	After			No labelling on Individual scheduled waste	Individual scheduled waste labelled accordingly	<table><tr><th>Before</th><th>After</th></tr><tr><td></td><td></td></tr><tr><td>No Labelling on individual scheduled waste</td><td>Individual scheduled waste labelled in accordance to D.O.E. regulation</td></tr></table>	Before	After			No Labelling on individual scheduled waste	Individual scheduled waste labelled in accordance to D.O.E. regulation
Before	After													
														
No labelling on Individual scheduled waste	Individual scheduled waste labelled accordingly													
Before	After													
														
No Labelling on individual scheduled waste	Individual scheduled waste labelled in accordance to D.O.E. regulation													
	<table><tr><th>Before</th><th>After</th></tr></table>	Before	After	<table><tr><th>After</th></tr></table>	After									
Before	After													
After														

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	 <p>No labelling on individual scheduled waste</p>	 <p>Scheduled waste labelled individually in accordance to D.O.E. regulation</p>
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8. General Observations & Opportunities for Improvement

Positive Observations:

- The support from Gayanis Sdn. Bhd. personnel, especially the ground staff contribute to the smoothness and successful of the audit process.
- The spirit of unity and enthusiasm of the personnel towards achieving MSPO certification is impressive.
- The unit has dedicated staffs who are assets to the company. Their cooperative, knowledgeable and hospitality are commendable
- Organised documentation & highly commitment towards certification

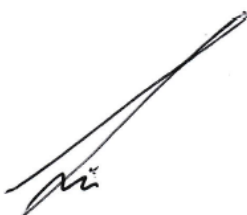

Important Observations and Opportunities for Improvements:

- The root causes of nonconformities should be clearly identified and tackle in appropriate method.
- The management should appoint suitable person to implement and maintain the traceability system to ensure all document recorded.
- Action taken on complaints and grievance by stakeholders should be highlight and discuss.
- Safety and health practices should be fully implemented.
- All waste products and sources of pollution are been identified and documented accordingly.

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Appendix 1: List of Stakeholders Interviewed

Stakeholder	Issue Raised	Remarks
<u>BLD Sawai Palm Oil Mill 60mt/hr</u> External Mr. Hu Chung Lai Production Manager	No issue raised	2,000 tonne per month,
<u>San Hing Transporter</u> External Caroline Mujan Admin Assistant Mdm Wong Hee Ming (Director)	No issue raised	6 lorries Sent the FFB to Sawai Palm Oil Mill FFB Transport Stone Transport Payment based on km
<u>KTS Trading Sdn Bhd</u> External Supplier Mr. Cheiu Ching Nguong Branch Manager, Miri	No issue raised	Supply tools such as chainsaw, machineries, spare part, sprayer, diesel (300,000 Liter) for whole BLD group
WWF <u>Interview via phone call</u> WWF-Malaysia (Sarawak Office) Tel: 082-247420/ 257420 Interview via phone (time call: 1 st Call: 2.48pm)	No issue raised	
Jabatan Keselamatan Kesihatan dan Pekerja (JKKP) Mr Mazidi Bin Gani Pemerisa kilang dan jentera 085-428151	No issue raised	Jentera perakuan kelayakan 1-unit air receiver
Department of Environment (DoE) En Shahril Puan Zulaiha Cannot call 14.47pm	No issue raised	No available

Signed on behalf of Gayanis Sdn. Bhd.	Signed on behalf of SGS Malaysia Sdn Bhd
 <p>Mr Lim Wui Phen (Senior Plantation Manager) 30th April 2019</p>	 <p>Mr. Abdul Khalik Bin Arbi Lead Auditor 30th April 2019</p>

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