

## Malaysian Sustainable Palm Oil (MSPO) Summary Report

### Type of audit : Stage 2 MSPO Audit

Organization:	PEMBINAAN GEJATI SDN BHD - THANGAMALLAY ESTATE		
Address:	<p>Estate Location Address:            LOT 14480, 14481, 14482, 14483 &amp; 1095,            BATU 7, JALAN KEBUN,            KAMPUNG JAWA,            42450 KLANG            SELANGOR,            MALAYSIA</p> <p>Postal Address:            LEVEL 29, CENTRO TOWER, NO 8, JALAN BATU TIGA LAMA,            41300 KLANG SELANGOR</p> <p><a href="http://www.southernacids.com">www.southernacids.com</a></p>		
MSPO Standard(s) Used:	MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders	Accreditation Body(s):	Department Standards of Malaysia
Representative:	1) Mr Ravindran Subramaniam – Plantation Controller 2) Mr. Navinbabu Rao – Estate Assistant Manager		
Email: Telephone:	Mr Ravindran Subramaniam – Plantation Controller <a href="mailto:ravin@southern.com.my">ravin@southern.com.my</a> +60 12 637 5746 Mr. Navinbabu Rao – Estate Assistant Manager <a href="mailto:nvn_agarathi@yahoo.com">nvn_agarathi@yahoo.com</a> +60 17 276 4310		
Site(s) audited:	single site	Date(s) of audit(s):	7-8 March 2019
Audit Scope:	Production of Oil Palm Fresh Fruit Bunch (FFB) in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3		
Mill Capacity:	n.a	Total Area (Certified):	252.54 ha
Visit Certification Assessment:	Main Assessment	Number of Sites:	1
Lead auditor:	James S H Ong	Additional team member(s):	-
Certificate Number:			
Date of Issue:		Date of Expiry:	

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This report is confidential and distribution is limited to the audit team, client representative and the SGS office.

## 1. Audit Objectives

The objectives of this audit were:

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

## 2. Scope of MSPO Certification

Production of Oil Palm Fresh Fruit Bunch (FFB); Production in compliance to MS2530-3:2013 Part 3

This is a single -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 Certification

Currently **PEMBINAAN GEJATI SDN BHD - THANGAMALLAY ESTATE** is not being certified with other certification scheme as below:

Current Certification (Please tick the certification you are currently certified)			
<input type="checkbox"/>	ISO 9001	<input type="checkbox"/>	HACCP
<input type="checkbox"/>	EMS 14001	<input type="checkbox"/>	RSPO
<input type="checkbox"/>	OHSAS 18001	<input type="checkbox"/>	ISCC
<input type="checkbox"/>	ISO 22001	<input type="checkbox"/>	GMP Plus
<input type="checkbox"/>	HALAL	<input type="checkbox"/>	KOSHER
<input type="checkbox"/>	Co-GAP	<input type="checkbox"/>	None / Others: RSPO NEXT

## 4. Assessment Process and Audit Programme

### 4.1. Sampling Method

Sampling Methodology and Rationale
<p>Sampling of the estates to be audited has been conducted in accordance to the Risk Management (MPOB/MSPO/RMP/06) documents as below:</p> $S = r\sqrt{n}$ <p>Risk Factor: <b>LOW (1.0)</b></p> $S = 1.0 (\sqrt{1}) = 1$ <p><b>1 estate to be visited</b></p> <p>Since this is a single site audit , one (1) estate the estate has been visited during the Surveillance Assessment 1 audit according to the formula stated in MSPO Risk Management Document.</p>

The assessment was conducted based on random samples and therefore nonconformities may exist which have not been identified. The methodology for objective evidence collection included physical site inspection, observation of tasks and processes, interview with workers, families and stakeholders, documentation review and monitoring data. Detailed audit plan can be referred below.

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## 4.2. Audit Plan

The assessment was conducted in 02 audit day and involving 01 Estate. The audit covers documentation review, internal procedures, management system, field inspection as well as identification of any significant issues for both environment or social issues.

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Address:	Lot 14480, 14481, 14482, 14483 & 1095, Batu 7, Jalan Kebun, Kampung Jawa, 42450 Klang Selangor.  Lat, Long : N 2°57'34.20", E 101°32'29.57" ha: 252.54 Mr Ravindran Subramaniam – Plantation Controller <a href="mailto:ravin@southern.com.my">ravin@southern.com.my</a> +60 12 637 5746 Mr. Navinbabu Rao – Estate Assistant Manager <a href="mailto:nvn_agarathi@yahoo.com">nvn_agarathi@yahoo.com</a> +60 17 276 4310		
Visit Number:	02	Actual Visit Date:	7-8 March 2019
Visit Due by Date:	Nil	For auditor information only	
<b>Lead Auditor :</b>	James S H Ong (JO) Tel : +6 012 3736605		
<b>Audit Member</b>	-		
<b>Additional Attendees and Roles</b>	Nil		
<b>Standard(s):</b>	<b>MSPO 2530-3:2013 Oil Palm Plantations &amp; organised Smallholders</b>		
<b>Audit Language:</b>	English & B.M		
<b>Audit Scope:</b>	1.The audit covered One (1) site performing the following scope: Operations, comprising of management systems, production of Fresh Fruit Bunches (FFB), documentation and estate assessment.		

Date	Time	SGS Team	Organisational and Functional Units/ Processes and Activities	Key Contact
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7/3/19	08:30		<b>Thangamallay Estate</b> MSPO 2530-3:2013 Oil Palm Plantations & Scheme Smallholder	Estate Management
	09:00		Audit Team arrive at Thangamallay Estate Opening Meeting Safety briefing by Thanamallay Estate & brief presentation of Thangamallay Estate & Corrective Action implemented to NCs raised during Stage 1 Opening slides by SGS Team ( if necessary )	
	09:00-12:00		<u>Site Visit</u>  Buffer zone, boundary area, HCV or conservation area, waste management , operation (harvesting/ spraying/ manuring) area, chemical , fertiliser, P.O.L storage area, workshop and labour quarters <b>Stakeholders / contractor appointment &amp; interview</b>	
	12:00 1:00 p.m		Lunch Break	
	1:00-4:00		Continue Audit – Documentation Review Preliminary Findings Day 1  Closing Meeting Findings and Recommendation Q&A. Discussion	
			<b>End Day 1 Audit</b>	
	9:00		Continue Audit – Documentation Review	
	12:00 – 1:00		Lunch Break	
	1:00		Continue Audit – Documentation Review	
	3:00			
5:00 p.m		<b>End of Audit Day 2</b>  Depart from Thangamallay Estate		

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#### 4.3. Certification Body\_Auditor Profile

Auditor	Role	Qualification, Education, Working Experience.
James S H Ong	Lead Auditor	James S H Ong, a Bachelor of Agriculture Science holder. He has many years working experience in agriculture sector in Malaysia and has been working in estates as well in the agrochemical and fertilizer industry. He is well versed with Good Agricultural practices .He has undergone ISO 14001 and RSPO Lead Auditor and RSPO Supply Chain training and involved in a number of audits on oil palm plantations, supply chains and traders. He is also involved in ISCC audits.

#### 4.4. Audit Planning Matrix

Area / Department / Process / Function	Auditor(s)	Visits:	Stage1	MA (Stg 2)	SA1	SA2	SA3	SA4
		Dates:	14/1/19	7-8/3/19				
Standard MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders	1. James SH Ong 2. Afiq Othman	1. James S H Ong						
	Principle 1	x	x	O	O	O	O	
	Principle 2	x	x					
	Principle 3	x	x					
	Principle 4	x	x					
	Principle 5	x	x					
	Principle 6	x	x					
	Principle 7	n.a	n.a					

\*For each completed visit, mark "X" in the box for each department or process covered. For planned visits, indicate with an "O" in the box for each process to be covered.

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## 5. Previous Audit Results

Not applicable as this is a Main audit

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.

## 6. Audit Findings Summary and Recommendations

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.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		
The organization has demonstrated effective implementation and maintenance / improvement of its management system.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		
The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		
The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		
The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		
Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		
The audit team concludes that the organization <input checked="" type="checkbox"/> <b>has</b> <input type="checkbox"/> 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:	0	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:				
<input checked="" type="checkbox"/> Granted / Recommended <input type="checkbox"/> <b>Continued</b> / <input type="checkbox"/> Withheld / <input type="checkbox"/> Suspended until satisfactory corrective action is completed.				

## 7. Significant Audit Trails Followed

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

### 7.1. Details of Certified Entity

**PEMBINAAN GEJATI SDN BHD - THANGAMALLAY ESTATE** is located in the district of Shah Alam in the State of Selangor Malaysia.

It is now surrounded by housing development e.g IJM Rimbayu, Kota Kemuning and privately owned Malay reserve land

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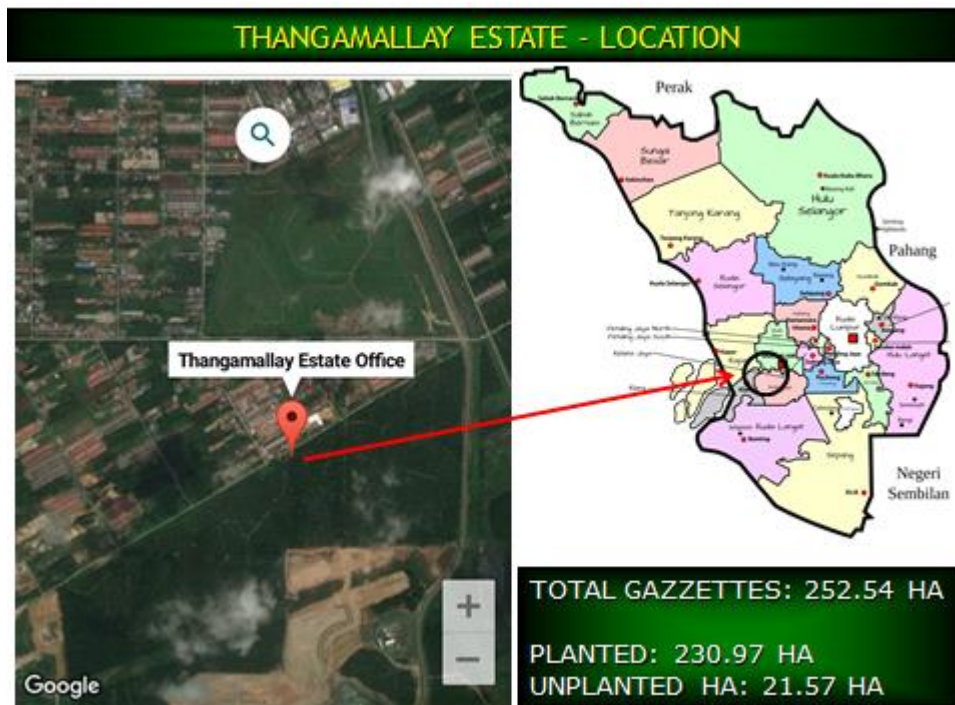
**Table 1** is the Address and the GPS coordinate of the audited site

Please refer to **Figure 1** for the overall location and **Figure 2** for the estate map

**Table 1: Address and Coordinates of Estate audited**

Estate	Location Address	Geo-Coordinate (GPS)
		Latitude, Longitude
<b>PEMBINAAN GEJATI SDN BHD - THANGAMALLAY ESTATE</b>	LOT 14480, 14481, 14482, 14483 & 1095, BATU 7, JALAN KEBUN, KAMPUNG JAWA, 42450 KLANG SELANGOR, Malaysia	N 2°57'34.20", E 101°32'29.57"

Figure 1: Overall location Map of **PEMBINAAN GEJATI SDN BHD - THANGAMALLAY ESTATE**



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**Figure 2: Overall Map of PEMBINAAN GEJATI SDN BHD - THANGAMALLAY ESTATE**



Description of Supply Base

The FFB harvested within the estate and delivered to be processed in the Fermanagh Palm Oil Mill . The actual and estimated crop production are listed in **Table 2** below.

**Table 2: FFB Production**

Estate	FFB Production (MT) Period: April - March	
	Previous Actual FY (2018/2019)	Budget /Estimate / Projection (FY 2019/2020)
PEMBINAAN GEJATI SDN BHD - THANGAMALLAY ESTATE	4,201.95 – AS AT FEB 2019	4,354.40 MT
<b>TOTAL FFB SENT TO PALM OIL MILL</b>	4,201.95 – AS AT FEB 2019	4,354.40 MT





## 7.2. Area of Plantations

**Table 3: Hectare Statement of Supplying Estates**

Certified Area Statement (Ha)						
Estate	Titled Area (Ha)	Planted (Ha)		*Conservation (Ha)	HCV/ High biodiversity value (ha) (Ha)	** Others (Ha)
		Immature Area (Ha)	Mature Area (Ha)			
TME	252.54	0	232.97	8.09	0	13.48
<b>Total</b>	252.54	0	232.97	8.09	0	13.48

\* Please describe if information available

\* e.g Conservation area : riparian reserve, waterways , forest buffer zone etc

\*\* Others : non-crop area : road, linesite ,office , workshop, TNB power lines etc

## 7.3. Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation took place in the form of meetings and interviews. The interviews and meetings were intended to obtain input from the stakeholders followed by an evaluation of the relationship between the stakeholder and the company. See **Appendix 2** for stakeholder's details and comments.

Below is the 30 day public notification on the SGS website .

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/pembinaan-gejati-sdn-bhd-thangamallay-estates>

## 7.4. Comment on MS2530-3 Compliance Status

Comment on Principle 1	<p><u>Policy on Implementation of MSPO –</u> Sustainability Policy for Pembinaan Gejati Sdn Bhd _Thangamally Estate the implementation of MSPO signed by Dr Nick Low , Industrial and Plantation Senior Director dated 1 June 2018</p> <p><u>Internal Audit –</u> Annual Internal audit was last conducted on 29/11/18</p> <p>Internal auditors were: 1) Mr Praba, Padang Piol 2) 2) Veelan, Takau</p>
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	<p>3) Maheswari , Waterfall Est  4) Nurdiani, Plantation Dept  5) Ranganathan , Waterfall Estate  6) Etc</p> <p>NC raised :  1) 7 Major  2) 1 Minor</p> <p>For closure , a Non-conformance Report form ( TME-FOM-P1C2/NCR Rev. 00) will be raised where it has the following sections:  Section  1) Section IA.: MSPO Standard MS2530-3:2013  2) Sec. IB PDO Doc Ref  3) Sec. II : Nature of NC  4) Sec. III: Root cause &amp; Correction / Remedial Action  5) Sec. IV: Corrective / Preventive Action  6) Sec. V. Verification by IA</p> <p>In the NCR form , the NCR raised during the Stage 1 audit , NCR No: EA/NC01 , the NC raised was acknowledged by the auditee (Navin ) and the action approved by the EM ( Estate Manager ) dated 15/1/19</p> <p><u>Management Review –</u>  As reported in 4.1.2.3 , the report was made available for the management review conducted on 26/12/18  As reported in 4.1.3.1 , TME-PRO-P1C3/MR ( rev 00 , 1/6/18 ) , it is stated under Section 5.2 Planning of Management Review , the Estate Manager (EM ) shall plan :  5.2.1.1 After 1st party audit ( Internal audit )  5.2.1.2 before 3rd party audit  5.2.1.3 at least every 12 months</p> <p><u>Continual Improvement -</u>  As reported in 4.1.4.1 , the continual improvement plan ( TME-LST-P1C4/CIA) for 2019 was sighted .  The continual improvement was categorise for social , , environment and mechanization</p>
<p>Comment on Principle 2</p>	<p><u>Transparency of documents relevant to MSPO requirements –</u>  As reported in 4.1.4.2 , Southern Acids Bhd has the following website , <a href="http://www.southernacids.com">www.southernacids.com</a> , where the relevant management documents are publicly available .</p> <p>The public also can access documents not on the website in writing to Mr Ravindran Subramaniam – Plantation Controller , Plantation Department Office .  His email , <a href="mailto:ravin@southern.com.my">ravin@southern.com.my</a></p> <p><u>Transparent method of communication and consultation –</u></p>

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	<p>As reported in 4.2.2.1 , SOP Established Stakeholder Consultation and Communication Procedure Ref No TME-PRO-P2C2/CC Rev R00 dated 1/6/18. Process flow of communication included in the procedure.</p> <p>Stakeholder Meeting conducted on 3/3/18 attended by local community of Kampung Jalan Kebun, rep from Sri Durgaiamman Temple, Rep from Masjid Al Falah, smallholders etc. Among discussed agenda were MSPO Implementation and grievance and complaints feedbacks.</p> <p>For the 2019/20 , based on the Social Management plan , TME planned to organized the next stakeholder meeting in May 2019 .</p> <p><u>Traceability –</u> As reported in 4.3.2.1 , Traceability Procedure established dated 1/6/18 ref . no.: TME-PRO-P2C3/TP rev no R00. Prepared by Mr. Rajesh and approved by Mr. Navinbabu Rao</p> <p>Documentation sighted related to traceability as per SOP:</p> <p>Field No. Form available Harvester Attendance Record available QC Harvesting Record Form available Dispatch Note well maintained Daily Crop Records available Monthly Field Bunches Performance available.</p> <p>The appointed PIC for traceability, Mr. K. Navinbabu Rao will ensure that the SOP is being implemented accordingly.</p>
<p>Comment on Principle 3</p>	<p><u>Regulatory requirements –</u> As reported in 4.3.1.1 , TME complies to the applicable local , state and national laws and regulations . TME has the MPOB licence to monitor . MPOB 502856902000 valid till 31/5/19. The genset is only 5HP and according to the supplier it is below the legal requirement to need a licence / certificate of fitness As reported in 4.3.1.2 , sighted list of legal register.</p> <p><u>Legal land use rights –</u> As reported in 4.3.2.2 , sighted land Title ownership of Pembinaan Gejati Sdn Bhd</p> <ol style="list-style-type: none"> <li>1. No. Hakmilik: 173138, 5.8003 ha</li> <li>2. No. Hakmilik: 173139, 0.05 ha</li> <li>3. No. Hakmilik: 173140, 15.9923 ha</li> <li>4. No. Hakmilik: 173141, 73.3602 ha</li> <li>5. No. Hakmilik: 220628, 165.6173 ha</li> </ol> <p>Total hectarage as per grants is 260.8201 ha</p> <p>Syarat-Syarat Nyata not specified in the land title.</p>

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	<p>Quit rent payment for 2. No. Hakmilik: 173139, 0.05 ha sighted for 2018 , dated 23/5/18</p> <p><u>Customary rights</u> – As reported in 4.3.3.1, there is no issue or encumbered by customary rights in the estates. Not applicable.</p>
<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment</u> – As reported in 4.4.1.1 , SIA conducted internally by Mr. G. Deevien Nath. Positive and negative impacts were identified. Every feedback is being addressed accordingly by the estate management.</p> <p>Noted from the list of stakeholders engaged for SIA were local communities, contractors , suppliers and Government authorities .</p> <p>Mr Navin made appointment to meet up the following : LHDN, Bomba, Balai Polis , Klinik Kesihatan , Majlis Pemandaran during Jan – Feb 2019.</p> <p>LHDN was not responsive , however TME received response form Bomba, Polis and Klinik : No comments</p> <p><u>Complaints and grievances</u> – As reported in 4.4.2.1 , SOP Established Stakeholder Consultation and Communication Procedure Ref No TME-PRO-P2C2/CC Rev R00 dated 1/6/18. Process flow of communication included in the procedure.</p> <p>Complaint and grievance dealing process is being included in the SOP mentioned above.</p> <p><u>Commitment to contribute to local sustainable developments</u> – As reported in 4.4.3.1 , Noted several CSR activities conducted by TME in 2018</p> <ol style="list-style-type: none"> <li>1. To allow Jamboree program to be conducted in the estate</li> <li>2. To allow local community to have religious event at temple in the estate.</li> <li>3. Donation „duit Raya“</li> <li>4. Monthly Rice, cooking oil, eggs and coffee for workers</li> <li>5. Demo on Cantas for Nigerian visitors.</li> </ol> <p><u>Employees health and safety</u> – As reported in 4.4.4.2, OSH Plan sighted ref no TME-DOC-P4C4/HSP dated 1/6/18 ref R00.</p> <ol style="list-style-type: none"> <li>a) OSH policy communicated on 16/3/18. Each worker was provided with copy of policies established.</li> <li>b) HIRARC has been established covering all activities in the estate.</li> </ol>

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- c) Training programme 2019 sighted est on 4/1/19 (refer to 4.4.6.1.). Sampled combined (JGE) spraying training record dated 12/12/18 conducted by third party.
- d) Sighted PPE issuance record is being well maintained in "PPE Issuance Book". Among PPE provided is Safety Helmet, Glove, Safety Shoes, Sickle Cover.
- e) Sighted Safe Work Manual established dated 1/11/18 Version 1. The manual covers various activities including operational and non-operational. Safety manual for storage of chemical and empty container, spraying manual, issuance of chemical, rat baiting and chemical mixing. Sighted CHRA report dated 2/8/18. The assessment was conducted by Macrofirm Technology Sdn Bhd report number JKKPHIE 127/171-2(66)-2018/001. Based on the CHRA report, noted that the assessor had recommended for sprayer to use specific type of PPE however during day of audit no spraying activities was in operation. Presently TME is advocating Tractor mounted spraying, 2 sprayer operators. TME has upgraded the chemical storage area/ fertiliser store.
- f) Responsible person(s) for workers' safety and health: Management Rep. Appointment Letter of Mr. Atan Tanah dated 1/1/18. Worker Rep Appointment letter of Mr. Kumaresan dated 1/1/18
- g) OSH meeting conducted as the following dates 18/5/18, 25/9/18 and 15/12/18. Next meeting planned 15/3/19
- h) Sighted ERP for Fire, Injury/ illness, chemical spillage and other chemical related incidents and electrical shock.
- i) First aider Mr. Navinbabu Rao, Estate incharge and Mr. Atan Tanah, Mandore. Trained on 21/7/18 conducted by Mr. Gunaseelan.
- j) No accident recorded in year 2019. However, no evidence of JKKP 8 submission made to JKKP for year 2018 as it was not yet due during the audit date.  
Latest JKKP submission dated 25/1/2019, JKKP 8/32334/2018

Employment conditions –

As reported in 4.4.5.1, sighted Pembinaan Gejati Sdn Bhd Polisi Hak dan Etika Buruh dated 1/6/18 signed by Dr. Nick Low, Industrial and Plantation Sr. Director. The policy emphasizes on

1. Equality/ no discrimination
2. No child labour
3. No sexual harassment
4. Freedom of association

Sighted briefing for contractor workers dated 16/3/18 targeted for workers.

As reported in 4.4.5.3, TME has no permanent workers. All workers are contractor workers except for a mandore and GW.

Working as permanent:

1. Bhaskaran AL Navaneethan (RM 38.46 daily (in Dec 2018))
2. Atan Bin Tanah (RM 40.46 daily)

Payment made in accordance to Min Wage Order 2016. New daily rate to be imposed for 2019 salary to suit Min Wage Order 2018.

Nevertheless an Observation was raised under 4.4.5.4 as no individual payment slip sighted

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	<p><b>OBSERVATION 01</b> Refer to Section 9.3 for the details</p> <p>As reported in 4.4.5.6 , The estate does not employ direct workers. All 7 workers are from contractor , Haji Sadikin. However, the estate keeps contract agreement copies of the contractor’s workers working in their premise. Noted from the agreements they have been signed by both parties woker and employer.</p> <p>Sighted Contract Agreement for permanent workers:</p> <ol style="list-style-type: none"> <li>1. Bhaskaran AL Navaneethan dated 16/10/17</li> <li>2. Atan Bin Tanah dated 1/8/15.</li> </ol> <p>As reported in 4.4.5.11, Quarters are being provided by TME for contractor workers.</p> <p>Visit to the line-site showed that TME has repaired and upgraded the facilities . the house of worker , Zohriatun was visited and noted the basic amenities such as toilet, clean water supply, mosquito net , electricity , lockable door are available.</p> <p>The following were upgraded :</p> <ol style="list-style-type: none"> <li>1) Roofing</li> <li>2) Gutter to collect rain water</li> <li>3) Upgraded Toilets</li> <li>4) Water tanks and support</li> <li>5) Dustbin for each house</li> <li>6) Concrete drain to ensure free-flowing</li> <li>7) Repaired broken back kitchen door</li> <li>8) Clothes line</li> <li>9) Fire extinguisher</li> <li>10) Recycle bins</li> <li>11) Repainted the houses</li> <li>12) Rewiring the whole wiring system</li> </ol> <p>TME has spent an estimated RM30,000 for the house upgrade</p> <p><u>Training and competency –</u> As reported in 4.4.6.1 , Sighted training programme for 2019 during the audit TME-FOM-P4C6/TP Rev R00. Noted in the programme several trainings have been listed taking into considerations of environment, safety, health and social aspects. Noted no training was conducted for 2019 as of the audit date. The soonest training planned was in March 2019.</p>
<p>Comment on Principle 5</p>	<p><u>Environmental management programme –</u></p> <p>As reported in 4.4.5.1 , the ‘Environmental Policy’ sighted signed by Dr Nick Low , Industrial and Plantation Senior Director dated 1 June 2018 to</p>

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ensure compliance with the relevant country and state environmental laws and developed, effectively communicated and implemented.

The environmental management plan( EMP ) Ref No: TME-DOC-P5C1/EMP ( 1/6/18 Rev 00 ) sighted .

Prepared by Mr Rajesh Kumar and approved by Mr Navinbabu Rao 20/12/18

As reported in 4.4..5.2 , The EMP has the following sections :

- 1) Purpose
- 2) Scope
- 3) Objectives ( 3.1 – 3.11)
- 4) References
- 5) Definitions
- 6) EMP
  - 5.1 responsibility
  - Key principles
  - Approval of EMP
  - Reporting
  - Environmental Awareness Training
  - Emergency contacts
  - Potential Environmental impacts and risk
  - Aspect impact Assessment
  - Environmental management improvement plan
  - Audit and management review
- 7) Records
- 8) Appendix : Enviroinmental Evaluation Table

The aspect and impact analysis of all operations was not included in the EMP but was filed in another file , Aspect Impact Assessment file .

It included the following station:

- 1) Replanting
- 2) Nursery
- 3) Maintenance & Harvesting

Efficiency of energy use and use of renewal energy –

As reported in 4.5.2.1 , consumption of non-renewable energy diesel for lorry used for FFB transport to mill , infield tractor consumption and genset usage is monitored

Diesel usage is monitored monthly . The following are the records of the non-renewable energy per MT FFB usage :

	2018	2019	
Diesel / FFB	4.29	4.15	

Waste management and disposal –

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As reported in 4.5.3.1 , all waste products and sources of pollution are identified and documented in the doc. No: TME-LST-P5C3/ WP5 ( 1 / 6/18 Rev 00 )

Presently 3 main waste products identified:

- 1) Containers or equipment contaminated with chemical , pesticide , mineral oils or Scheduled waste .
- 2) Rubbish and Sewage
- 3) Recycled plastics from tripled rinsed containers

Reduction of pollution and emission –

As reported in 5.5.4.2 , The disposal of waste is sighted in the Waste Management plan Section 6.3.7

6.3.7.1 Scheduled Waste	authorized waste contractor and recorded in the DOE 6 <sup>th</sup> Scheduled consignment note  e.g Lung Seng chemical Sdn Bhd DOE license 002081
6.3.7.2 Domestic Waste	Recyclable material to recycler dealers Other domestic waste sither landfill or collected by appointed solid waste collector.  Contractor: Mr Raj Enterprise

Records of the latest disposal of Scheduled waste was sighted recorded in the consignment not016826 & 016827 dated 22/12/18

Collector : Material collected

	Date: 22/12/18	
SW409	207 containers	

Rajendran Recycle, Triang, Pahang collects empty fertilizer bags

Natural water resources –

As reported in 4.5.5.1, Water Management plan Doc. No: TME-DOC-P5C5/WMP available .

- 1) Purpose
- 2) Scope
- 3) References

- 4) Definitions
- 5) Plan
  - Responsibility
  - Assessment of water usage and sources ( TME-DOC-P5C5/WU5)
  - Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.
  - Ways to optimize water and nutrient usage to reduce wastage
- 6) Conservation plan and result monitoring
- 7) Records

Although water is sourced from the authorities. Monthly usage of water is recorded via a bulk meter . record show that in 2018 , 19720 lit was used and in 2019 they estimate an increase of 5% which is equivalent to 20706 lits .

Monitoring of the water is sighted and the latest in Jan 2019 was sighted .

The 6 sampling points were identified in the map presented .

Parameter tested :

- 1) pH
- 2) BOD
- 3) COD

There are no main rivers however the estate has marked yellow the buffer zone of the tributaries , the width of the buffer zone need to be monitored to ensure it complies with the requirement . TME refers to the references, " Management and Rehabilitation of Riparian Reserves' by Malaysian Environmental Consultants ( M.E.C) TME waterways are mainly drains and they have place a buffer of 2 palms ( 15m ) on each side of the waterways to drains out excess water during flooding / heavy downpour .

Status of rare, threatened or endangered species and high biodiversity value area –

As reported in 4.5.6.1, a report , *Laporan Penilaian Biodiversiti , Ladang Thangamally* ' was conducted by SRZ Corporate Service Sdn a biodiversity Assessment on 8 Feb 2019 on the following :

- 1) System Biologi Sedia Ada \_Fauna
  - 1.1 Pengenalan
  - 1.2 Lokasi Kajian
  - 1.3 Kaedah Kajian
  - 1.4 Keputusan Kajian
- 2) Potensi Impak Perladangan
  - 2.1 Mamalia, Reptilia dan amfibia
  - 2.2 Avifauna
  - 2.3 ISU

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	<p>2.4 Langkah Mitigasi dan Kaedah pengurusan e.g setting up of conservation area</p> <p>As reported in 4.5.6.2 , TME has erected signs to prohibit 'No hunting and no collection , trapping ' at strategic entry to the estate.</p> <p>At the bufferzones, signages to prohibit spraying and manuring were sighted .</p> <p><u>Zero burning practices</u> – As reported in 4.6.7.1 , the company is committed to the zero burning approach during disposal; or preparing land for oil palm cultivation (replanting)</p> <p>It is stated in the Biodiversity and Ecosystem Management plan Section 5.4.1 ... Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice</p>
<p>Comment on Principle 6</p>	<p><u>Site management</u> – As reported in 4.6.1.1, TME has the 'Standard Operation Procedures ; for all the operations in the estates. There were 21 SOPs in the manual</p> <p>As reported in 4.6.1.3 , there are 14 separate blocks within TME</p> <p>Each block is marked to identify its:</p> <ol style="list-style-type: none"> <li>1) Year of planting e.g 1994</li> <li>2) Field No.</li> <li>3) Ha : 42.09</li> <li>4) Best Block : 19 MT / ha for the year 2018</li> </ol> <p><u>Economic and financial viability plan</u> – As reported in 4.6.2.1 , Estate has the monthly Profit &amp; loss accounts and Field progress report that is submitted monthly to the HQ.</p> <p>The Estate operating Budget for 2018/19 and 2019/20 were also available to document the business or management plan to demonstrate attention to economic and financial viability</p> <p>It includes:</p> <ol style="list-style-type: none"> <li>1) FFB price</li> <li>2) Crop</li> <li>3) Yield / ha</li> <li>4) FFB sales</li> <li>5) Direct Expenditure</li> <li>6) Total FFB harvesting and Evacuation</li> <li>7) Mature OP field Maintenance</li> <li>8) Estimated net profit / loss</li> </ol>

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	<p>As reported in 4.6.2.3 , the business management plan include</p> <ol style="list-style-type: none"> <li>1) FFB price</li> <li>2) Crop</li> <li>3) Yield / ha</li> <li>4) FFB sales</li> <li>5) Direct Expenditure</li> <li>6) Total FFB harvesting and Evacuation</li> <li>7) Mature OP field Maintenance</li> <li>8) Estimated net profit / loss</li> </ol> <p><u>Transparent and fair pricing dealing –</u> As reported in 4.6.3.1 , the pricing mechanism between TME and Southern Realty ( Malaysia ) Sdn Bhd sighted .</p> <p>It is based on MPOB pricing for the month .</p> <p>The formula / pricing mechanism was presented . the month of October 2018 was presented with the different OER a different price per tonne is presented.</p> <p>The FFB statement present :</p> <ol style="list-style-type: none"> <li>1) Quantity FFB weight</li> <li>2) PER</li> <li>3) Price per ton</li> <li>4) Amount</li> </ol> <p><u>Subcontractor –</u> As reported in 4.6.4.1 , e.g contract between TME and Sun Sepang Enterprise was sighted . ContractNo: WC/02/2018 Date: 1/4/18 Scope: Loading &amp; Transport FFB to Fermangh Oil Mill</p> <p>in section 15 of the contract ...it is stated ... <i>that the contractor is fully required to observe MSPO policy and the requirement in carrying out the job / works aware by the estate management</i></p>		
<p>Comment on Principle 7</p>	<p><i>Note: the whole Principle 7 is not applicable for this audit as there is no new planting in the plantations area.</i></p> <p><u>High biodiversity value –</u></p> <p><u>Peat land –</u></p> <p><u>Social and environmental impact assessment –</u></p> <p><u>Soil survey –</u></p> <p><u>Planting on steep terrain and/or on marginal and fragile soils –</u></p> <p><u>Customary land -</u></p>		
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**7.5 Comment on MS2530-4 Compliance Status**

**Not applicable for farm audit**

**8. Nonconformities**

**8.1. Non-Conformity Statement MS2530-3:2013 Part 3**

No Non-Conformity (Major/Minor) was identified during this main audit.

**8.2. Non-Conformity Statement MS2530-4:2013 Part 4**

**Not applicable for farm audit**

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 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 90 days for review. If the actions are deemed to be satisfactory they will be followed up at the next scheduled visit
- Corrective Actions to address identified minor non-conformities have been detailed on an action plan and the intended action reviewed by the Auditor, deemed to be satisfactory and will be followed up at the next scheduled visit.
- Appropriate immediate action taken in response to each non-conformance as required

Note:- Initial, Re-certification and Extension audits – recommendation for certification cannot be made unless check box 4 is completed. For re-certification audits the time scales indicated may need to be reduced in order to ensure re-certification prior to expiry of current certification.

Note: At the next scheduled audit visit, the SGS audit team will follow up on *all* identified nonconformities to confirm the effectiveness of the corrective actions taken.

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## 9. General Observations & Opportunities for Improvement

### 9.1. Positive Observations

1. PPE usage was good amongst harvester Johardi ,
2. Chemical storage, premix area, triple rinse, SDS, spill kit, Hazard sign display was good
3. Minimum wages comply and timely payment of salary
4. Good agricultural practices
5. Housing upgraded

### 9.2. Opportunities for Improvements

### 9.3. Observations (Part 3)

<b>Observations</b>	N° 1 of 1	<input type="checkbox"/> Major	<input type="checkbox"/> Minor
Department / Function:	social_contractors	Standard Ref.:	4.4.5.4
Document Ref.:	MS2530-3:2013 Part 3	Issue / Rev. Status:	-
Details	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.		
Details of Observation:	<p>The estate management monitor the salary payment for operational contractors made by Haji Sadikin on monthly basis. Noted every payment made met the legal requirement.</p> <p>TME will pay a ,lump sum´ to the harvesting contractor.</p> <p>The contractor will then distribute it to his workers .</p> <p>TME provided the Oct 2018 summary .</p> <p>Interview with contractor workers , harvesters Ardanin and Johardi showed that their last Feb 2019 salary slip was more than RM1100.</p> <p>However , interview with En Hj Sadikin revealed that no payslips were provided to his workers</p> <p>The transporter of the FFB is self employed Sun Sepang Enterprise.</p>		

### 9.3. Observations (Part 4)

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Not applicable for farm audit

**Appendix 1: Multi –Site Address List**

Not applicable as this is a single site audit

Site name / Address	Audit Dates	Activities at this site

**Appendix 2: List of Stakeholders Contacted**

Stakeholders Details	Relationship	Stakeholder’s Input / Comments	Clients Feedback / Response
Stakeholder’s name and designation if any	e.g. contractors, local community, authority etc.	Comments given by stakeholder	Response by auditee
Johardi , Ardinan, Harvester	Contractor worker	Housing improved , Payment no issue	Not required
Zohriathun	Contractor worker	House repaired	
Haji Sadikin	Contractor	Payment prompt	Not required
SRZ En Shah	Biodiversity Consultant	No issue	Not required
Bomba , Police , Klinik Kesihatan	Govt agencies	No issue	Not required
Chandran	Supplier Genset	No issue	Not required ,
Housing Developer , Rimbayu	Neighbour	No encroachment	Not required

**Appendix 3: MPOB License**

Estate/Mill	MPOB License Number	Scope	Expiry Date
Pembinaan Gejati Sdn Bhd-Ladang Thangamallay)	502856902000	Menjual dan Mengalih	31/05/2019



**Appendix 4: Acknowledgement of Internal Responsibility and Formal Sign-off Assessment Findings**

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SGS ( Malaysia ) Sdn Bhd and client acknowledge and confirms acceptance of the Report contents and including the assessment findings. SGS (Malaysia) Sdn Bhd and client accept the responsibility for addressing the opportunities of improvement detailed in this report.

Signed on behalf of <b>PEMBINAAN GEJATI SDN BHD - THANGAMALLAY ESTATE</b>	Signed on behalf of <b>SGS (Malaysia) Sdn Bhd</b>
<div data-bbox="284 607 667 685" style="border: 1px solid black; padding: 2px;">Signed on behalf of Pembinaan Gejati Sdn. Bhd. – Thangamallay Estate</div> <div data-bbox="284 685 667 1025" style="border: 1px solid black; padding: 10px;">  <p>Name: Navinbabu Rao Position : Assistant Manager  Date : 06/05/2019</p> </div>	<div data-bbox="794 660 885 828" style="border: 1px solid black; padding: 10px;">  </div> <p>Name: James S H Ong Position: Lead Auditor Date : 060519</p>

**-End of Report-**

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