

## Malaysian Sustainable Palm Oil (MSPO) Summary Report

<b>Organization:</b>	Southern Realty (Malaya) Sdn. Bhd. – 3199-A		
<b>Address:</b>	<b>Estate Location Address:</b> No. 5, Jalan Kemboja, Taman Aman, 42700 Banting, Selangor, Malaysia <b>Head Office Address:</b> Wisma Southern, 6th Floor, Nos 26-34, Jalan Dato Hamzah, 41000 Klang, Selangor, Malaysia.		
<b>MSPO Standard(s) Used:</b>	<b>MS2530-3:2013 Part 3:</b> General principles for oil palm plantations and organized smallholders	<b>Accreditation Body(s):</b>	Department Standards of Malaysia
<b>Representative:</b>	Mr Ravindran Subramaniam – Plantation Controller <a href="mailto:ravin@southern.com.my">ravin@southern.com.my</a> +60 12 637 5746  Mr. Ramesh Madhavan – Jugra Estate Manager <a href="mailto:madhavanramesh8@gmail.com">madhavanramesh8@gmail.com</a> +60 19 558 9014  Ramli bin Sulaiman – Account Supervisor <a href="mailto:wefinsrasul@gmail.com">wefinsrasul@gmail.com</a> +60 11 1080 7816		
<b>Telephone:</b>	+60 19 558 9014		
<b>Site(s) audited:</b>	Jugra Estate	<b>Date(s) of audit(s):</b>	29 <sup>th</sup> & 30 <sup>th</sup> March 2019
<b>Audit Scope:</b>	Production of Oil Palm Fresh Fruit Bunch (FFB) in compliance to the MSPO Certification Standard <b>MS2530-3:2013 Part 3</b>		
<b>Mill Capacity:</b>	Nil	<b>Total Area (Certified):</b>	90.6072 ha
<b>Visit Certification Assessment:</b>	Main Assessment (Stage 2)	<b>Number of Sites:</b>	1 estate
<b>Lead auditor:</b>	Afiq Othman	<b>Additional team member(s):</b>	Mohd Saifuddin Rozlan
<b>Certificate Number:</b>			
<b>Date of Issue:</b>		<b>Date of Expiry</b>	
<b>This report is confidential and distribution is limited to the audit team, client representative and the SGS office.</b>			

## 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) in compliance to the MSPO Certification Standard **MS2530-3:2013 Part 3**

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 Certification

Currently **Southern Realty (Malaya) Sdn. Bhd. – Jugra Estate** is being certified with other certification scheme as below:

Current Certification (Please tick the certification you are currently certified)			
<input type="checkbox"/>	ISO 9001 (only for mill)	<input type="checkbox"/>	HACCP
<input type="checkbox"/>	EMS 14001 (only for mill)	<input type="checkbox"/>	RSPO
<input type="checkbox"/>	OHSAS 18001 (only for mill)	<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:

## 4. Assessment Process and Audit Programme

### 4.1. Sampling Method (not applicable)

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> <p style="text-align: center;"><b>S = r√n</b></p> <p style="text-align: center;">Risk Factor: <b>Not Applicable</b></p> <p>Since this is an individual certification. Sampling method is not applicable.</p>

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.

Job n°:	MY05178	Report date:	11 <sup>th</sup> May 2019	Visit Type:	MA	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GS0304	Issue n°:	10	Page n°:	2 of 21	

## 4.2. Audit Plan

The assessment was conducted in 1-day audit (2 man-days) and involving an 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.

Date	Time	SGS Team	Organisational and Functional Units/ Processes and Activities	Key Contact
22 <sup>nd</sup> April 2019	A.M	ALL		Audit Team & Estate Management
	0830		Audit Team arrive at Jugra Estate	
	0900		Opening Meeting	
			Safety briefing by Jugra Estate & brief presentation of Jugra Estate introduction	
			Opening slides by SGS Team	
	0930-1200		<u>Site Visit</u> Buffer zone, boundary area, HCV or conservation area, landfill, operation (harvesting/ spraying/ manuring) area, water treatment plant, storage area, workshop and labour quarters and stakeholder consultation	
	P.M 1200-1300		Lunch Break	
	1300-1700		Continue Audit – Documentation Review	
	1700		<b>Audit Closing Meeting</b>	
	1730		<b>Depart from Jugra Estate</b>	

#### 4.3. Certification Body

Auditor	Role	Qualification, Education, Working Experience.
Afiq 'Aliyyuddin Othman	Lead Auditor	<ul style="list-style-type: none"> <li>- MSPO Certified Lead Auditor</li> <li>- BSc. (Hons) Marine Technology</li> <li>- A year experience working in Ministry of Natural Resources and Environment</li> <li>- 5 years experiences working for Sime Darby Plantation Berhad as Sustainability and Quality Management.</li> <li>- A year experience working for SGS (M) Sdn. Bhd. as auditor</li> </ul>
Mohd Saifuddin Rozlan	Auditor	<ul style="list-style-type: none"> <li>- MSPO Certified Lead Auditor</li> <li>- Bachelor of Forestry (Wood, Fibre and Technology)</li> <li>- 6 years experiences working for SGS as Lead Auditor (FSC, PEFC, ISCC &amp; MSPO)</li> </ul>

#### 4.4. Audit Planning Matrix

		Visits:	MA (Stg 2)	SA1	SA2	SA3	SA4
		Dates:	22/4/2019				
Area / Department / Process / Function	Standard	Auditor(s):	1. Afiq Othman 2. Mohd Saifuddin Rozlan				
Jugra Estate	MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders		X	O	O	O	O

\*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.

#### 5. Previous Audit Results (not applicable)

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: <b>0</b> Major <b>0</b> 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"/> <b>Granted</b> / <input type="checkbox"/> Continued / <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

Estate/ Mill	Location Address	Geo-Coordinate (GPS)
		Latitude, Longitude
Jugra Estate	No. 5, Jalan Kemboja, Taman Aman, 42700 Banting, Selangor, Malaysia	N 2°49'1.17", E 101°29'14.18"

**Table 1: Address and Coordinates of the estate**

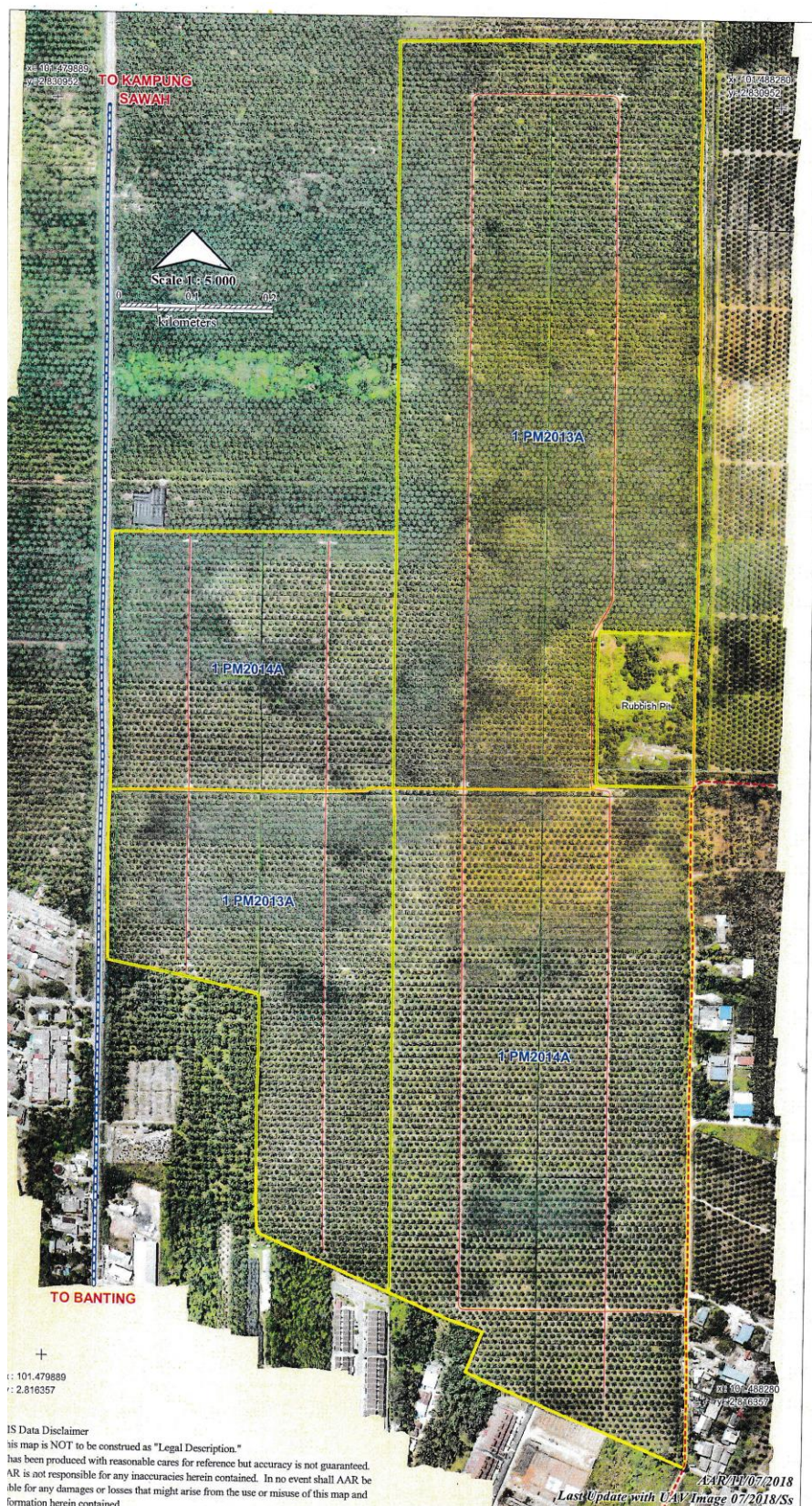


Figure 1: Map of the estate

Job n°:	MY05178	Report date:	11 <sup>th</sup> May 2019	Visit Type:	MA	Visit n°:	2
<b>CONFIDENTIAL</b>		Document:	GS0304	Issue n°:	10	Page n°:	6 of 21

### Description of the supply base

Jugra Estate was established in 1913. Being owned Southern Realty (Malaya) Sdn. Bhd. With a total manpower of 7 workers the estate operates its oil palm plantation. The estate located in Banting within the Banting Town area. Currently being planted with only oil palm crops. The crops are being supplied to Fermanagh Palm Oil Mill which is owned by the same entity.

Estate	FFB Production (MT) Period:	
	Actual FY (2017/2018)	Estimated (FY 2018/2019)
Jugra Estate	2215	2031
<b>TOTAL FFB Produced</b>	2215	2031

**Table 2: FFB Production (Actual & Estimated)**

## 7.2. Area of Plantations

Certified Area Statement (Ha)						
Estate	Titled Area	Planted (Ha)		Conservation	HCV	Others
		Immature Area	Mature Area			
Jugra Estate	90.6072	0	88.63	0	0	1.9772
<b>TOTAL</b>	90.6072	0	88.63	0	0	1.9772

**Table 3: Hectare Statement of Banting Hock Hin Estate**

## 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 1** for stakeholder's details and comments.

## 7.4. Comment on MS2530-3 Compliance Status

Comment on Principle 1	<u>Policy on Implementation of MSPO –</u>					
	<p>The company has established MSPO policy entitled “<i>Polisi Kelestarian</i>” dated on 1<sup>st</sup> June 2018 signed by Mr. Nick Low, Senior Director of Industrial and Plantations. The policy emphasizes the company commitment towards sustainable development and continuous improvement in plantation operation. It is being communicated through several ways such as by displaying the policy at office, awareness training, induction programme and stakeholder meeting.</p>					
	<u>Internal Audit –</u>					

Job n°:	MY05178	Report date:	11 <sup>th</sup> May 2019	Visit Type:	MA	Visit n°:	2
<b>CONFIDENTIAL</b>		Document:	GS0304	Issue n°:	10	Page n°:	7 of 21

	<p>Internal Audit was planned to be conducted at least once not exceeding a year period. This requirement was clearly indicated in the Internal Audit Procedure developed. Noted the audit was carried according to the audit plan evident during the audit. Internal Audit Report was produced at the end of the audit and brought up to the management and reviewed accordingly. Observed the root causes and corrective actions were identified for each non-conformance raised and closed within permitted the timeframes.</p> <p><u>Management Review –</u></p> <p>A series of management review meeting was done prior to the stage 2 audit. First management review done after internal audit has been conducted while the second meeting was done after external stage 1 audit. The last meeting was held to discuss on all critical and non-critical findings and to discuss on the timeline require to implement all corrective actions.</p> <p><u>Continual Improvement -</u></p> <p>The company has identified Continues Improvement Plans for several criteria such as environmental, social, safety and health. Necessary resources have been allocated to ensure the Continual Improvement Plans could be materialised effectively and efficiently.</p>
Comment on Principle 2	<p><u>Transparency of documents relevant to MSPO requirements –</u></p> <p>Consultation and Communication Procedure has been established by the company with process flow of communication process included in the procedure.</p> <p>Stakeholder meeting done twice in 2018 targeted for neighbouring communities, government bodies and suppliers.</p> <p>The company uses stakeholder meeting as one of the medium to communicate necessary information to relevant stakeholders. Any additional information will be communicated to stakeholder upon request as long as not subjected to private and confidentiality.</p> <p>Noted “peti cadangan” and complaints forms being made available in front of the office. Explained by the management, stakeholders may submit their official request through various mediums such as letter, memo, phone, email or even come by the estate office to extend their intentions. Copies of complaint and grievance form has been provided to stakeholders during the last stakeholder meeting. The workers have been briefed on how to lodge complaints to the estate management</p> <p><u>Transparent method of communication and consultation –</u></p> <p>SOP Established Stakeholder Consultation and Communication Procedure Ref No PRO-P2C2/CC Rev R00 dated 1/6/18. Process flow of communication included in the procedure.</p>

	<p>A social Management Officer was appointed by Estate Manager to be responsible of consultation and communication with relevant stakeholders. Relevant stakeholders have been identified by establishing lists of stakeholders categorizing government bodies, suppliers, buyers and internal stakeholders.</p> <p>As of the date of audit, no specific complaint was recorded. However, the estate distributed feedback forms to its stakeholders during stakeholder meetings mentioned above. All communication records such as feedback forms resulted from the stakeholder meetings are being retained appropriately.</p> <p><u>Traceability –</u> The company has established Traceability. Based on records reviewed, it shows that the estate is implementing traceability system as per established procedure.</p> <p>Personnel was appointed (Estate Staff) by Plantation Controller to ensure that the SOP is being implemented accordingly. The appointed personnel will record all information pertaining traceability in Daily Crop Record as part of continuous monitoring. As the record's name suggested, it is being recorded on daily basis. Noted all records of sales, delivery or transportation are being maintained appropriately.</p>
Comment on Principle 3	<p><u>Regulatory requirements –</u></p> <p>It was found that the operation is in compliance with the applicable local, state, national and ratified international laws and regulations based on interview, document review and site visit.</p> <p>The estate is maintaining Legal Register which was created on 1/6/18. Ever since the establishment. The estate has been maintaining and updating the legal register. Noted the new Minimum Wages Order 2018 which had been made effective January 2019 was included into the register. Together with it, the requirement of Employment Insurance System and SOCSO for foreign workers were also included.</p> <p>Sighted MPOB licenses (refer appendix 2 for detail of license). The Southern Group has appointed a representative from HQ to take charge on monitoring compliance and to track and update the changes in regulatory requirements. The appointed personnel will inform the estate should there be any changes in the requirements.</p> <p><u>Legal land use rights –</u></p> <p>The estate managed to present all land titles for the plantation area. All legality and ownership documents were found to be well maintained. Record of quit rent evident also shown that payment was made in timely manner and no outstanding payment. The estate consists of 6 field blocks with a total of 88.63 ha planted and 90.6072 ha for overall land as per land title.</p> <p>Sighted a boundary marker has been installed. According to boundary marker map sighted, 4 markers were installed. Noted the operations of estate does not diminish other land users right. The estate has clearly</p>

	<p>demarcated the area by fence and trench. Based on the estate's communication records no issue pertaining land use right was reported.</p> <p><u>Customary rights –</u></p> <p>Not applicable.</p> <p>There are no issues or encumbered by customary rights in the estates. The estate will respond according the "Inquiry Register Book &amp; Complaints/Grievances Record Book should any cases arise in future. Headquarters will be referred for any issues of customary rights.</p>
Comment on Principle 4	<p><u>Social Impact Assessment –</u></p> <p>SIA conducted internally by Social Management Officer. It was done to identify positive and negative impacts. Every feedback is being recorded and addressed accordingly by the estate management.</p> <p>Noted from the inputs given by engaged stakeholders, no negative impact was highlighted.</p> <p>Social Management Plan – Available. The plan was meant to mitigate negative impacts and to promote positive impacts identified. Since no negative feedbacks given by the stakeholders engaged during the SIA, it was used only to promote positive impacts identified.</p> <p><u>Complaints and grievances –</u></p> <p>SOP Established Stakeholder Consultation and Communication Procedure dated 1/6/18. Process flow of communication included in the procedure. Complaint and grievance dealing process is a subset of the SOP mentioned earlier. The procedure specified on suggested period should be taken to resolve any complaint received.</p> <p>The relevant stakeholders have been made aware of the complaints and grievance mechanism. It was communicated during series of stakeholder meetings and briefing with workers. Copies of feedback form were provided during the meetings and briefings done. It also made available at the estate office.</p> <p>Noted all the complaint and feedback forms from Social Impact Assessment and Stakeholder Meetings are being retained accordingly.</p> <p><u>Commitment to contribute to local sustainable developments –</u></p> <p>The estate management has been actively helping and contributing to the local communities in vicinity especially to the local community in that area. It was found that all Corporate Social Responsibility Records are being maintained well by the estate managements.</p> <p><u>Employees health and safety –</u></p> <p>Sighted "Polisi Keselamatan dan Kesehatan Pekerjaan" signed by Dr Nick Low dated 1/6/18. The establishment of the policy has been</p>

	<p>communicated through trainings and stakeholder meetings conducted. Each worker was provided with copy of policies established.</p> <p>OSH Plan was sighted during the audit. The plan consists of the requirement of indicator 4.4.4.2 of this standard.</p> <p>HIRARC has been established covering all activities in the estate such as harvesting, spraying, manuring etc. CHRA Report available in the estate as a documented result of the assessment. the assessment was carried out by DOSH licensed assessor. Number of sprayers have been sent for medical surveillance on 8/1/19 in accordance to the CHRA Report requirement. Based on the results noted that they are fit to work.</p> <p><b>OFI #1</b> Noted from the CHRA Report, a recommendation has been made to replace Sodium Borate with other less harmful substance as fertilizer. During site visit to chemical store noted no such fertilizer being stored. The estate management has decided to bring this matter to top management to obtain their consensus. The implementation will be verified in the next audit.</p> <p><b>OFI #1</b> Workplace inspection was done on 4/2/19 only cover for harvesting activity instead of for all activities being carried out in the estate. Outcome from the inspection were not discussed in the latest OSH meeting. The management may opt to carry out workplace inspection for all activities prior OSH Meeting and the outcome to be discussed in the meeting.</p> <p>Training programme 2019 was sighted. Based on sampled training record noted that the training has been conducted as planned. Further assessed during interview session with several workers interviewed admit that they have been given relevant training on safe working procedure.</p> <p>Sighted PPE issuance record is being well maintained in "PPE Issuance Book". Among PPE provided is Safety Helmet, Glove, Safety Shoes, Sickle Cover. During site visit to the activity area observed workers were adequately equipped with PPE. The workers claimed the management provided them with the necessary PPE. Broken or unfit PPE will be replaced for free by the management provided they return the old or broken PPE.</p> <p>Safe Work Manual has been established. The manual covers various activities including operational and non-operational activities. Safety manuals for storage of chemical and empty container, spraying manual, issuance of chemical, rat baiting and chemical mixing were made available during the audit.</p> <p>Sighted committee OSH organisation chart of the estate has been established despite not subjected to the requirement due to low number of workers. The number of management representatives and worker representatives are well balanced. Sampled appointment letters from estate are available among management representatives and worker representatives.</p>
--	--

Job n°:	MY05178	Report date:	11 <sup>th</sup> May 2019	Visit Type:	MA	Visit n°:	2
<b>CONFIDENTIAL</b>		Document:	GS0304	Issue n°:	10	Page n°:	11 of 21

	<p>OSH meeting is being conducted on quarterly basis since the establishment of the OSH Committee. Last meeting conducted was in February 2019.</p> <p>Sighted ERP for Fire, Injury/ illness, chemical spillage and other chemical related incidents and electrical shock. Personnel in charge of chemical storage was found to be understood on the ERP for chemical spillage.</p> <p>The estate has a competent first aider in the estate which is the Hospital Assistant. Internal First Aid Training was also conducted for the workers. Observed that first aid kit was available at the site during operation activity.</p> <p>No accident recorded in year 2018 and 2019 (as of the day of audit). Current practice, JKPP 8 was submitted through online platform, MYKKP. The submission received by DOSH on 28/1/19.</p> <p><u>Employment conditions –</u></p> <p>A policy has been established to ensure the company is operating on good social practices regarding human rights in respect of industrial harmony such as Equality/ no discrimination, No child labour, No sexual harassment and Freedom of Association.</p> <p>Based on observation and interview session noted that no discriminatory practices in the estate.</p> <p>The estate has started paying worker according to the new Minimum Wages Order (Amendment) 2018 starting January 2019. Besides ensuring the workers are being paid based according to requirement, the estate also monitors salary payment made by contractors engaged to its workers to ensure they are paid based on legal or industry minimum standards.</p> <p>The management has established records that provide an accurate account of all employees. "Employee Registration Card". It is being used to entail all required details for all employees and contractors.</p> <p>Noted from sampled employment contracts, the workers have been given fair contracts and have been signed by both parties employee and employer. Working hours were reflected in each employment contracts.</p> <p>As for checkroll workers, attendance is being recorded into attendance book. Contract workers attendance is being monitored progressively. Example, Driver work progress will be monitored through weighbridge ticket records, Sprayer work progress will be monitored through actual implementation. OT given to upkeep workers or another daily rate task.</p> <p>None of the workers are union members. However, the estate management has shown their respect towards freedom of association through a memo saying they will not obstruct any desire of association (union). The memo is being displayed in front of the management office which can be seen by the worker</p> <p>No underage worker is being employed in the estate as per company procedure.</p>
--	--

Job n°:	MY05178	Report date:	11 <sup>th</sup> May 2019	Visit Type:	MA	Visit n°:	2
<b>CONFIDENTIAL</b>		Document:	GS0304	Issue n°:	10	Page n°:	12 of 21

	<p><u>Training and competency –</u></p> <p>Sighted training plan for 2019 being developed into several programmes. Training Plan for 2019 has been established. Training needs analysis was established prior to developing training programme. Noted from the training needs, the estate has identified the applicability of each training type against job functions available.</p>
Comment on Principle 5	<p><u>Environmental management programme –</u></p> <p>The company has established “Environmental Policy” dated on 1<sup>st</sup> June 2018 signed by Industrial and Plantation Director, Dr. Nick Low to exhibit the commitment towards conserving and preserving environment.</p> <p>“Environment Management Plan” has been established through establishment of environmental objectives, identification of negative impacts from Aspect Impact Analysis, establishment of mitigation actions required for negative impacts and monitoring necessity.</p> <p>Addition to the Environmental Management Plan, the estate has established Continual Improvement Plan comprises of all actions planned to improve their operation in terms of all aspects such as environmental, safety, health and social.</p> <p>Policy communication and relevant trainings were given to the workers to create awareness among them on the company direction on environmental conservation have been given accordingly.</p> <p>Periodically, the estate will have a meeting including the workers to discuss on environmental issues and to spread environmental awareness among the workers.</p> <p><u>Efficiency of energy use and use of renewal energy –</u></p> <p>Since the estate does not have generator set and own transportation, no diesel is being used directly by the estate. Diesel is only being used by the FFB transporter contractor. The estate closely monitors the diesel usage of its FFB Transporters. They even estimate the usage for the coming year based on historical data of energy usage. The usage of electricity is very minimal as it is only used to power up the estate office. Electricity is being supplied from Tenaga Nasional Berhad.</p> <p><u>Waste management and disposal –</u></p> <p>Waste sources has been identified for several types of waste such as scheduled waste from estate operation, by-products from estate fields and domestic waste from the estate office. Waste Management Plan was developed to ensure all wastes identified are being managed responsibly and efficiently.</p> <p>To provide a standard guideline and to meet the requirement of scheduled waste management, the estate has established a specific procedure for such activity.</p>

	<p>To ensure that waste generation is being kept at minimal, the estate practices recycling where applicable such as reusing empty chemical container for chemical mixing purpose and recycling other recyclable items such glass, plastic container, paper and aluminium can. Domestic waste from the office is being collected by the local municipal council.</p> <p>In the estate, empty containers are being stored in at infield chemical store. The containers were triple rinsed and punctured.</p> <p><u>Reduction of pollution and emission –</u></p> <p>Polluting activity assessment was done together with Aspect Impact Analysis Assessment. Together with the analysis, the mitigation action plan of each identified polluting activities was also included in the AIA.</p> <p><u>Natural water resources –</u></p> <p>Water Management Plan has been established. The plan covers assessment of water usage and sources, monitoring of outgoing water from the estate despite not having river or natural streams flowing in the estate, establishment of buffer zone wherever deemed necessary by the management, practicing rain water collection and recycling excess water from chemical mixing activity for the next chemical mixing purpose.</p> <p><b>OFI#2</b></p> <p>Sampling points have been identified to monitor water flowing out from the estate (not river or natural stream). Noted water samples are being sent to accredited third party lab for testing. Being done periodically. From the latest samples sent in December 2018 noted one of the results came back acidic which is 3.53. As explained by the management, it may be due to the appointed personnel who carried out the water sample collection task was not competent which may have influenced the result of the water sampling result. The management may want to consider to engage competent person to carry out the sampling task and to get more information on water monitoring requirement from experts.</p> <p><u>Status of rare, threatened or endangered species and high biodiversity value area –</u></p> <p>Biodiversity assessment done by appointed consultant. Noted the estate has only been provided with draft report as the assessment was done not too long before the audit date. Based on the draft report, several wild animals and birds with vulnerable and endangered categories were detected within the plantation.</p> <p><b>OFI #3</b></p> <p>Flora species in the estate is yet to be mentioned in the biodiversity report reviewed despite not having protected plant species in the estate. The estate management had asked the consultant to do so. Explained by the consultant, it will be included in the final report which will be made available soon.</p> <p>Appropriate signages of illegal hunting and fishing have been erected to discourage such activities. They were available at estate main entrance and in certain area in the plantation fields. Based on interview outputs</p>
--	--

Job n°:	MY05178	Report date:	11 <sup>th</sup> May 2019	Visit Type:	MA	Visit n°:	2
<b>CONFIDENTIAL</b>		Document:	GS0304	Issue n°:	10	Page n°:	14 of 21

	<p>with workers in the estate, they exhibit the understanding that hunting is prohibited in the estate.</p> <p><b>OFI #4</b></p> <p>The management plan has yet to be established. Explained by the management, such plan will be established and included together with a finalised version of Biodiversity Report. The plan will be provided by the appointed consultant.</p> <p><u>Zero burning practices -</u></p> <p>Zero Burning commitments were reflected in the established Environment Policy mentioned earlier. To top it off, the prohibition of adopting burning method is also being mentioned in Replanting SOP of the company. "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" was sighted in the Replanting SOP. Noted no traces of open burning in the estate either at field or housing area.</p>
Comment on Principle 6	<p><u>Site management –</u></p> <p>Standard Operating Procedure on Good Agricultural Practice has been established consisting 21 types of operational activity. Based on observation of the auditor during site visit to the field, noted that the field management is in accordance to the SOP. Further verification through interview with harvesting contract workers exhibit good understanding of the company standards. The implementation is being monitored periodically through internal audit and visit by Plantation Controller. Field staff is also being deployed every day to the field to monitor the task carry out the workers.</p> <p>The land being occupied by the estate is flat area. No slope or hilly area in the estate.</p> <p>Apart from having field block map, the physical identification on the ground was found to be available.</p> <p><u>Economic and financial viability plan –</u></p> <p>Business plan has been established to demonstrate attention to economic and financial viability through long-term management planning. Estate monitors its performance through monthly Profit &amp; Loss Accounts and Field progress report that are being submitted monthly to the HQ. Also sighted Quarterly Explanation Reports for 2018 and 2017 which are being used to make comparison between actual expenditure and budgeted expenditure allowing the estate management to gauge the cost efficiency.</p> <p>The estate is expecting no replanting works to be carried out in the next 5 years.</p> <p>Periodically, the business plan is being monitored through several identified methods such as Daily Production Reports, Monthly Estate Production Performance Report.</p>

	<p><u>Transparent and fair pricing dealing</u> –</p> <p>Sighted contract agreements between the estate and appointed contractors for outsourced services such as for harvesting work and FFB Transportation.</p> <p>The estate is supplying to Fermanagh Palm Oil Mill which happened to be coming from same entity as the estate. All delivery, sale and payment is being coordinated by the HQ office where the estate is operating under. Hence the estate does not involve with any transaction with the palm oil mill as it is being handled by the head office.</p> <p>Should there be any direct payment to be made by the estate to contractors, the transaction will take place on the 7<sup>th</sup> of the month or earlier if 7<sup>th</sup> falls on Sunday.</p> <p><u>Contractor</u> –</p> <p>From all sampled contract agreements made between the estate and appointed contractors, noted that it has been agreed and signed by both parties. Observed that all sampled contracts containing special clause on MSPO adherence and compliance requirement.</p>
Comment on Principle 7	<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>

## 8. Nonconformities

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

No Non-Conformity identified during this 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.

Job n°:	MY05178	Report date:	11 <sup>th</sup> May 2019	Visit Type:	MA	Visit n°:	2
<b>CONFIDENTIAL</b>		Document:	GS0304	Issue n°:	10	Page n°:	16 of 21

- ☐ 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.

## 9. General Observations & Opportunities for Improvement

### 9.1. Observations

OBS #	Indicator	Observation/Opportunity for Improvement					
OBS 1	4.4.4.2	Date Recorded>	30 Mar 19	Due Date>	-	Date Closed>	-
<b>Details/Requirements:</b>  b) The risks of all operations shall be assessed and documented.  g) The management shall conduct regular two-way communication with their employees where issues.							
<b>Evidence:</b>  1. Noted from the CHRA Report, a recommendation has been made to replace Sodium Borate with other less harmful substance as fertilizer. During site visit to chemical store noted no such fertilizer being stored. The estate management has decided to bring this matter to top management to obtain their consensus. The implementation will be verified in the next audit.  2. Workplace inspection was done on 4/2/19 only cover for harvesting activity instead of for all activities being carried out in the estate. Outcome from the inspection were not discussed in the latest OSH meeting. The management may opt to carry out workplace inspection for all activities prior OSH Meeting and the outcome to be discussed in the meeting.							

OBS #	Indicator	Observation/Opportunity for Improvement					
		Date Recorded>	30 Mar 19	Due Date>	-	Date Closed>	-
OBS 2	4.5.5.1	<b>Details/Requirements:</b>					
		b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.					
		<b>Evidence:</b>  Sampling points have been identified to monitor water flowing out from the estate (not river or natural stream). Noted water samples are being sent to accredited third party lab for testing. Being done periodically. From the latest samples sent in December 2018 noted one of the results came back acidic which is 3.53. As explained by the management, it may be due to the appointed personnel who carried out the water sample collection task was not competent which may have influenced the result of the water sampling result. The management may want to consider to engage competent person to carry out the sampling task and to get more information on water monitoring requirement from experts.					

OBS #	Indicator	Observation/Opportunity for Improvement					
		Date Recorded>	30 Mar 19	Due Date>	-	Date Closed>	-
OBS 3	4.5.5.1	<b>Details/Requirements:</b>					
		Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:  a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.  b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.					
		<b>Evidence:</b>  Flora species in the estate is yet to be mentioned in the biodiversity report reviewed despite not having protected plant species in the estate. The estate management had asked the consultant to do so. Explained by the consultant, it will be included in the final report which will be made available soon. It is to be verified by in the next audit.					

OBS #	Indicator	Observation/Opportunity for Improvement					
OBS 4	4.5.5.3	Date Recorded>	30 Mar 19	Due Date>	-	Date Closed>	-
		<b>Details/Requirements:</b>  A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.					
		<b>Evidence:</b>  The management plan has yet to be established. Explained by the management, such plan will be established and included together with a finalised version of Biodiversity Report. The plan will be provided by the appointed consultant. The development and implementation of the plan will be verified in the next audit.					

#### Appendix 1: List of Stakeholders Contacted (Not applicable during Surveillance Assessment)

Stakeholders Details	Relationship	Stakeholder's Input / Comments	Clients Feedback / Response
Tarakrishnan from Tarathevan Enterprise	Contractor for field works	<ul style="list-style-type: none"> <li>- The contractor provides workers for various field operations such as harvesting, spraying and manuring.</li> <li>- Apart from dealing with Banting Hock Hin Estate the contractor also deals with other estates from Southern Group such as Jugra Estate, Fermanagh Estate and Sepang Pertiwi Estate.</li> <li>- He claimed that</li> </ul>	Noted by the management

		<p>the management had called him for stakeholder meeting and has been briefed regarding the MSPO</p> <ul style="list-style-type: none"> <li>- Payment made in accordance to piece rate as agreed. Payment made timely manner on every 5<sup>th</sup> of every month.</li> <li>- PPE provided by the estate management and can be replaced if broken for free. Medical surveillance also being carried for the workers and the cost bare by the estate</li> <li>- Generally, he was pleased with the estate management.</li> </ul>	
Sivan	Resident of Taman Aman where the estate office situated in	<ul style="list-style-type: none"> <li>- The estate has been maintaining good relationships with the residents of Taman Aman.</li> <li>- He is comfortable communicating with the estate management and to ask for help.</li> <li>- The estate had called the stakeholders upon to stakeholder meeting where all company policies were</li> </ul>	Noted by the management.

		explained to the them.	
--	--	------------------------	--

## Appendix 2: MPOB License

MPOB License Number (Mill/ Estate)	Scope of Activity	Expiry Date
<u>Jugra Estate</u> 501733802000	Menjual dan mengalih FFB	31/10/2019

**-End of Report-**