

MY05156 DD Pelita Sebungan Plantation Sdn Bhd Audit Summary Report

Organization:	DD Pelita Sebungan Plantation Sdn Bhd		
Address:	<u>Head Office</u> No. 63-66, 1st Floor, Kueh Hock Kui Commercial Centre, Jalan Tun Ahmad Zaidi Aduce, 93150 Kuching, Sarawak. Contact: Mr Loo Siong Ching (Senior General Manager) Tel: 019-859 3119 Fax: 082-427 657 <u>Estate Office Address</u> Sebauh, Bintulu, Sarawak		
Standard(s):	MS2530-3 : Part 3 : General principles for Oil Palm Plantations and Organized Small Holders	Accreditation Body(DSM): DEPARTMENT STANDARDS MALAYSIA	
Representative:	Mr Loo Siong Ching (Senior General Manager)		
Site(s) audited:	<ol style="list-style-type: none"> 1. DD Pelita Sebungan 1 2. DD Pelita Sebungan 2 3. DD Pelita Sebungan 3 	Date(s) of audit(s):	7th December 2018
Visit Type:	MSPO Audit Stage 2	Type of Certification Assessment	Main Audit
Lead auditor:	Dickens Mambu (DM) (LA)	Additional team member(s): Audit Member (AM)	Abdul Khalik (AK) (AM)
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 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

Validation of processes for production and service provision

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

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

3. Current audit findings and conclusions

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

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

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

Number of nonconformities identified: 2 Major 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

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

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

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

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

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

6. Significant Audit Trails Followed

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

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MPOB License No.:	508986002000	Expiry date:	1/08/2018 – 31/07/2019
Scope of Activity:	1. Menjual dan mengalih (FFB)		
Date of certificate issued and validity	Nil (New application)		
Other Sustainability Certification	Nil		
Proposed date of next surveillance audit	October 2019		
Visit Number:	02 (Stage 2)	Actual Visit Date:	7th December 2018
Visit Due by Date:	Nil	For auditor information only	
Lead Auditor:	Dickens Mambu (DM)		
Team Member(s):	Abdul Khalik Arbi (AKA)		
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		

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Audit Scope:	<p>1.The audit covered Three (3) site performing the following scope: Operations, comprising of plantation management systems, production of Fresh Fruit bunches (FFB), documentation and field assessment.</p> <p>2.The audit covered all the MS2530-3:2013 Part 3 requirements with no permissible exclusion of clause in compliance to the MSPO Certification Standard</p>
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Audit Plan

Date	Time	SGS Team	Organisational and Functional Units/ Processes and Activities	Key Contact
7 th December 2018	7.30am	DM / AK	Arrive Bintulu (from Kuching)	DM /AK
7 th December 2018	8.00am 9.00am 9.15am 9.30am	ALL	<p><u>DD Pelita Sebungan Estates</u></p> <p>MSPO 2530:3: Estate</p> <p>Depart to DD Pelita Sebungan Estate</p> <p>Arrive DD Pelita Sebungan Estate</p> <p>Opening Meeting</p> <p>Audit Process (Document)</p> <ul style="list-style-type: none"> • Principle 1: Management commitment and responsibility • Principle 2: Transparency • Principle 3: Compliance to legal requirements • Principle 4: Social responsibility, health, safety and employment condition • Principle 5: Environment, natural resources, biodiversity and ecosystem services 	Estate Personnel

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			• Principle 6: Best practices	
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	4.00pm 4.30pm 5.00 pm		<p>Site Visit</p> <p>Mill site and Facility, environment components, safety and health requirement, Workers living conditions etc.</p> <p>Auditor meeting</p> <p>Audit Closing</p> <p>End of MSPO Audit Stage 2</p>	
7 th December 2018	5.30 pm	DM/AK	Back to Bintulu Airport	

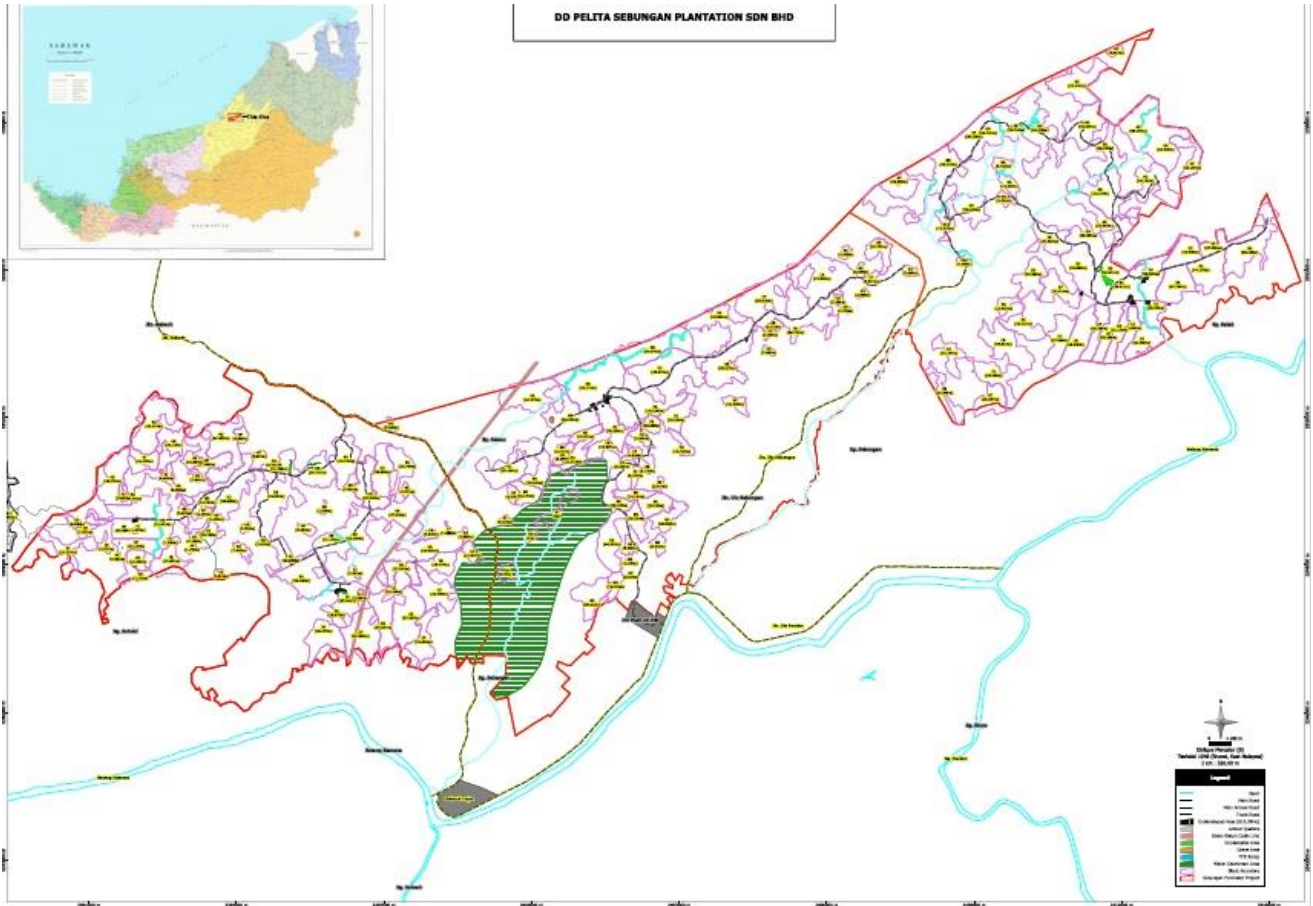
Location and Maps

Table 1:

Supply Base / Estates:	Location Address:	GPS Coordinate(s):	Area Certified(HA):
DD Pelita Sebungan 1	Sebauh, Bintulu, Sarawak	03 ⁰ 12'10.6" N 113 ⁰ 23'36.8" E	1644.97
DD Pelita Sebungan 2	Sebauh, Bintulu, Sarawak	03 ⁰ 11'03.0" N 113 ⁰ 17'40.5" E	1167.88
DD Pelita Sebungan 3	Sebauh, Bintulu, Sarawak	03 ⁰ 09'02.0" N 113 ⁰ 14'51.6" E	1530.19

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DD Pelita Sebungan Locality Map



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Description of FFB Production

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

Table 2: FFB Production

Estate	FFB Production (MT)	
	Jan – Dec 2018 (Actual)	Jan - Dec 2019(Projection)
Sebungan 1	40,837.09	43,623.00
Sebungan 2	21,511.32	27,274.00
Sebungan 3	32,398.50	36,331.00
Total	94,746.91	107,228.00

Area of Statement

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

Table 3: Area Statement of the Supplying Estates

Name of estate	Title Area (ha)	Plantation area (ha)				
		Immature	Mature	Conservation	*Land Issue	**Others
DD Pelita Sebungan Sdn Bhd	4,669.41	34.35	3979.12	Nil	Nil	Nil
*Land issue is included in total production **Others : Transmission tower, Quarry, Roads, line site, rives, water catchment area, office building ,etc						

Stakeholder Consultation and List of Stakeholders Contacted

A public announcement was made 30 days prior to the audit,
<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/-/media/1549e3e5b3b84fe7bf72c6fc698c0353.ashx>

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

Comment on MS2530-3 Compliance Status:

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO –</u> MSPO policy available. ‘Sustainability Policy ‘ document number SBG-POL SP Version 1.0. Signed by Managing Director Tan Sri Yee Ming Seng dated 22nd May 2018. The policy briefed to the estate management (Sebungan 2 Estate on 28th June 2018).</p> <p>In the policy it is stated in one of the points, ... <i>we committed to produce an environmentally sound and sustainable manner through continual improvement in environmental performance in all our operation</i>”.</p> <p><u>Internal audit</u> Internal audit was conduct as below:</p> <table border="1" data-bbox="549 972 1139 1122"> <thead> <tr> <th>Estate</th> <th>Date of audit</th> </tr> </thead> <tbody> <tr> <td>Sebungan 1</td> <td>5 December 2018</td> </tr> <tr> <td>Sebungan 2</td> <td>5 December 2018</td> </tr> <tr> <td>Sebungan 3</td> <td>5 December 2018</td> </tr> </tbody> </table> <p>Internal audit and audit results are documented in the ‘MSPO Internal Audit Plan.</p> <ol style="list-style-type: none"> 1) Site assessment – Store and PPE 2) Site Assessment – HCV, Riparian , Linesite , Creche Landfill etc 3) Documentation check. <p>The non-conformities are summarised in the ‘Non-conformity Report ‘</p> <p>The Corrective Action / Improvement Plan Request (CAIPR) presents the following:</p> <ol style="list-style-type: none"> 1) Details of the NC 2) Root Cause 3) Corrective Action <p>The verification of corrective action made available for the management review meeting which has been conducted on 6th December 2018. The minute meeting was sighted.</p> <p>Internal audit result:</p> <ol style="list-style-type: none"> 1. Safety and Health requirement 2. Training programme and template to be made available. 3. Hazard Identification to be covering all activities 	Estate	Date of audit	Sebungan 1	5 December 2018	Sebungan 2	5 December 2018	Sebungan 3	5 December 2018
Estate	Date of audit								
Sebungan 1	5 December 2018								
Sebungan 2	5 December 2018								
Sebungan 3	5 December 2018								

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	<p>The report was available and sighted during audit. The management review meeting was attended by General manager, Plantation manager and sustainability from HQ and estate level.</p> <p><u>Management Review –</u> Management Review was conducted on 6th December 2018. The following was the agenda:</p> <ol style="list-style-type: none"> 1) Sustainability Management system 2) Internal audit findings 3) Compliance and Grievances 4) Enquiry Register Book 5) Stakeholder Meeting report / Minutes 6) Resource and Training Requirement 7) Compliance status on legal and other requirement 8) Raised up issues and decision making 9) Continual improvement <p><u>Continual Improvement</u> The continual improvement plan only available on social impact: It include the following categories:</p> <ol style="list-style-type: none"> 1) Minimise use of certain pesticides 2) Environmental impacts 3) Maximizing Recycling and minimizing waste or by product generation 4) Pollution Prevention and Reduction Plan 5) Social Impact (Available) 6) Management commitment towards MSPO certification 7) Legalization towards foreign workers <p>DD Plantation is a member of Sarawak Oil Palm Plantation Owners Association (SOPPOA) and they get information via their quarterly meeting, workshop and seminar.</p> <p>Financial resources inclusive training for new information and techniques was sighted during audit. The financial allocation for yearly was available in the estate budget. Budget for training will be allocated for the year 2019 onwards</p>
<p>Comment on Principle 2</p>	<p><u>Transparency of documents relevant to MSPO requirements –</u> Ref. No: SBG-PROC-CG Version 1.0 Mechanism on Information request by stakeholder’s procedure was available. The complaint form are made available and recorded in the file.</p> <p>Management document are control in the SOP of transparency document : Doc titled : SBG –SOP-TM Version 1.0</p> <p>Document Publically available :</p> <p>1.MSPO Safety and Health Plan</p>

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2.MSPO Environment and Social Impact Plan and Assessment
 3.MSPO Top Management Commitments toward MSPO Compliances

The document are made available upon request

Transparent method of communication and consultation

Procedures shall be established for consultation and communication with the relevant stakeholders : Ref No: SBG –SOP-TM Version 1.0
 Mechanism for Communication and Consultation Procedure

The following are the sections available:

- 1) Purpose
- 2) Definition
- 3) Communication
- 4) Process Flow

Consultation with employees and other stakeholders.

DD Pelita Sebungan has appointed Mr Hendrik Lanyeng to be the person responsible on document control, update on legal requirement and social component for Sebungan Estate 2.

The person in charge is Mr Wong Kiong Ing.

Stakeholder category:

- 1) Governmental authorities
- 2) Communities (JV participant)
- 3) Supplier / Contractor
- 4) Neighbouring Estate
- 5) Profesional service
- 6) Medical
- 7) Regulatory Body
- 8) Canteen / Trading

The latest update for stakeholders list is was on August 2018.

They have the name, address, contact person, Designation , email , contact number, Fax and the last consultation date with the stakeholder

Person in charge on social matter is Mr Henrik Lagang and Ms Martina Su.

Traceability

The management has established the following standard operating procedure, Ref No: SBG-SOP-TM Version 1.0 Traceability on FFB to comply with the requirements for traceability of the FFB. In Appendix 1, the following is identified:

- 1) Harvesting
- 2) FFB Platform and Inspection
- 3) FFB Evacuation to Ramp
- 4) Despatch to Mill
- 5) Submit Weighbridge chit from Mill
- 6) Filing of WB Chit
- 7) Review Backlog Report

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	<p>Checker will record the harvester name and grade in the Bunch Chit e.g. Bunch Chit No: Record 25th July 2018</p> <p>It will also record the following Total Harvester : 6 Ripe: 573 FFB Average Bunches Weight : 13.79 kg PF / Rotten : Date : 25th July 2018 Name of checker: Wendy</p> <p>A Weighbridge Advice chit will be issued Total ticket : 8 Ticket Vehicle No : 8 Lorry (Internal) Material : FFB Time: 8.44 pm (Final Summary) Nett : 65.99 mt Record of bunches :4865 bunches Date: 25/7/2018</p> <p>Sebungan 1, Sebungan 2 and Sebungan 3 will be weighed at DD Palm Oil Mill Weighbridge .</p> <p>Each estate will be using separate delivery note when they deliver to the DD Palm Oil Mill</p>
<p>Comment on Principle 3</p>	<p><u>Regulatory requirements</u> –</p> <p>The estate operation is in compliance with the applicable of local state, national and ratified international laws and regulations.</p> <p>The plantation sustainability team are responsible to monitored on the compliances.</p> <p>DD Pelita Sebungan Plantation Sdn Bhd MPOB License : 508986002000 Expiry : 31st July 2019.</p> <p>The management have provided list of law consists of International Conventions; Malaysia law register and Sarawak State law is made available at the estate office.</p> <p>The document reference: File: compliance to legal requirement. File Type: Law.</p> <p>The management list of law is monitored by the sustainability team and monitored periodically. The document updating will be noted in the law regulations master list with detail revision and date of revision. From the legal register procedure, the legal register will be check monthly.</p> <p><u>Legal land use rights</u> –</p>

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	<p>The project is a Native Customary Right (NCR) land development joint venture with community, Sarawak state government represent by PELITA and the developer is Double Dynasty Sdn Bhd.</p> <p>Management have provided letter approval of land development by the Sarawak land Survey dated 1st March 2005.</p> <p>However, through Land Development Procedure, any land claims will have to be verified and settled with the help of the Sarawak Land Custody and Development Authority</p> <p>The project is a Native Customary Right (NCR) land development joint venture with community, Sarawak state government represent by PELITA and the developer is Double Dynasty Sdn Bhd.</p> <p>Management have provided letter approval of land development by the Sarawak land Survey dated 1st March 2005.</p> <p>Based on management record, the development area Total ha in PL: 24,215 ha Total Planted: 4112.22 ha (Matured area) Total Land Surrendered : 4792.56 ha Total landowner: 478 landowner Total Longhouse : 14 Longhouse</p> <p><u>Customary rights</u> – The land obtained through provisional lease from Sarawak State government. Letter dated : 1st March 2005</p>
<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment</u> – It was observed the Social Impact was available in the estate office. The management had taken necessary action by conduct the meeting namely AREA DEVELOPMENT COMMITMENT (ADC) MEETING which conducted on 3rd August 2018 at Mill conference room meeting, time 10.00 am, Agenda: MSPO Implementation which attended by:</p> <ol style="list-style-type: none"> i. Loo Siong Ching (DD Pelita Sebungan Plantation Sdn Bhd). ii. Matrina Su (MSPO Manager, DD Pelita Sebungan Plantation Sdn Bhd). iii. Augustine Lamau Kasi (ADC). iv. Mampak Ak Mandew v. Nyuring Lai vi. Mengga Ak Sumbai vii. Chendari Ak Abu viii. Anita Ak Unyuk

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Besides that, Social Impact Questionnaires also distributes to know what ADC members view and suggestion.

Complaints and grievances –

The Grievance and Complaint form was made available at the front of Sebungan 2 Plantation office. It was observed the Standard Operation Procedures (SOP) was available on site which include timely manner to resolve the issue raised.

Commitment to contribute to local sustainable developments –

Sebungan estate contribution to local development in 2018 recorded

1. Ferry transportation for community (Free of Charge)
2. School transportation
3. Donation to landowner
4. Donation for festivals to villages
5. Employment / Job Opportunities

Employees health and safety –

An occupational safety and health policy and plan has been documented, effectively communicated and implemented.

Signed by Managing Director Tan Sri Yee Ming Seng dated 22nd May 2018

MAJOR 1 (4.4.4.1)

During site visit at Sebungan 3 Housing site at creche, it was found that safety measures was not adequate:

- I. Smoking activity was found in the creche.
- II. Creche floor can cause hazard to the children
- III. Electric point was not covered

Employment conditions –

The management has established the policy 'Employment & Human Policy' signed by Managing Director Tan Sri Yee Ming Seng dated 22nd May 2018 on good social practices regarding human rights in respect of industrial harmony.

A briefing was sighted 17/10/17 by the staff , Mr Aqmal, for workers in Phase 1C during morning muster

Training and competency –

Observed that the employees are appropriately trained. Records of training provided are available in the following documents:

- 1) Rekod Latihan Pekerjaan JKPP
- Details of training conducted for each activity has been recorded in the "Training Report". The report contains information that includes topic covered, the trainer, date and attendees.

For year 2018, examples the list of training conducted are as follows:

- 1) Menyembur racun (24.03.2018)

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	<p>2) Sprayer (17.03.2018) 3) Membaja (10.03.2018) All the above training has been conducted training by the MSPO Estate Coordinator & Safety Officer.</p> <p>Training needs of individual employees has been established by the MSPO team at Hq based on competency required which has been reported by the Estate Manager in the employee's Annual Assessment Report.</p>
<p>Comment on Principle 5</p>	<p><u>Environmental management plan –</u> It was observed the environmental and biodiversity policy was incorporated in one policy, which covered to achieve the goals through</p> <ul style="list-style-type: none"> a) To comply with the principle 1 to principle 7 of the Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principals for Oil Palm Plantations and Organized Smallholders guidelines on certification. b) The company will respect the environment and biodiversity and utilize proven, environmentally- friendly technology in its plantation operations. c) Establishing, maintaining and continually improving sustainable plantation management system both internally and externally. d) To set targets and implementation actions to allow the Group to become resource efficient on waste utilization, energy and water usage within our to day operations. e) Eliminating any potential adverse impacts on environment and biodiversity arising from our plantations activities, educating and enhancing awareness among stakeholders on environment and biodiversity aspect. f) The company shall carry out the assessment on our operations to ensure the efficient use of our energy to reduce pollution and emission. g) The company promotes the policy on recycling. h) The company shall establish a water management plan to maintain the quality and availability of natural water resources. i) Company with all applicable environmental rules and regulations in the palm oil industry through proper management practices. <p>The policy was signed by Tan Sri Yee Ming Seng (Managing Director) dated 22nd May 2018.</p> <p>It was observed the estate management obtain an Environmental Impact Assessment (EIA) approval from Natural Resources Environmental Board (NREB) Sarawak, on 15th April 2004, with reference No.: (19) NREB/6-4/257. It shows commitment of the estate toward taking care of environment such as river, soil and etc.</p> <p>In additional, Environmental Monitoring Report (EMR) was taking line to monitor the development of the estate. The latest report made available on site was 3rd Quarter 2018 which cover July - September 2018.</p> <p>Major 2 (4.5.1.1)</p>

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Spraying activity was identified at riparian area. It was sighted that spraying at riparian area Block 3A and 2C.

Efficiency of energy use and use of renewal energy –

Record and usage of Non-renewable Energy (Diesel Consumption) as below:

<u>Year</u>	<u>2017</u>	<u>2018*</u>
Actual (Liter)	Nil	112,011.00
Budget (Liter)	Nil	130,500.00
*as November 2018		

The record of diesel usage includes of machineries and genset.

Waste management and disposal –

All was products and sources of pollution was identified and documented which available in Waste Management Action Plan 2014. Identification of waste product list as below:

- a) Scheduled waste
- b) Domestic waste
- c) Industrial waste

The triple rinsing SOP was available and applied for empty containers and stored properly and to be disposed of by registered collector.

Reduction of pollution and emission –

It was observed the assessment of all polluting activities was available in the continuous improvement on pollution prevention and environment plan. The types of pollution have been highlighted as per list below:

- a) *Pencemaran udara*
- b) *Pencemaran bunyi*
- c) *Pencemaran air*
- d) *Pencemaran bau*

It was observed action plan to reduce identified significant pollutants and emissions was established.

As evidence, there was no open burning activities sighted.

Natural water resources –

It was observed the water management plan was made available in the estate.

It was observed the report of water quality sampling shown in general, some of the water qualities of the waterways around the Plantation had exceeded the Class IIB standards. These included the pH and DO levels and the BOD and COD levels at all the nine sampling points (Class II-V of the NWQSM), However, the low pH and DO and the high BOD and COD

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	<p>were typical of the prat swamp discharges, and they could not be regarded as the results of the present development. It was noted that the TSS levels at all points were detected low and well below the Class I limit of 25 mg/l.</p> <p>It was observed the buffer zone area was well maintained.</p> <p><u>Status of rare, threatened or endangered species and high biodiversity value area –</u> The management is aware regarding the rare, threatened or endangered species and high biodiversity.</p> <p><u>Zero burning practices -</u> It was observed the estate has been practicing zero burning policy. The SOP for planting and replanting was available and practiced on site.</p>
<p>Comment on Principle 6</p>	<p><u>Site management</u> Management have provided SOP on Best Practices. The Ref No: SBG – BP version 01.</p> <p>Objectives of the SOP for the Best Practices</p> <ol style="list-style-type: none"> 1. Provide sets of practical standard procedure for best practices that important for enhancing the management of existing oil palm cultivation 2. reduce environment impact especially GHG emission and subsidence 3. reduce negative impact related to oil palm cultivation on peat 4. Minimize GHG emissions and potential impacts to the environment 5. Ensure employer and workers follow the procedures and have good relationship. <p>Based on Site assessment, Sebungan area generally undulating. Hilly area was not planted.</p> <p>Block area that visited is block 1 & 2 which slightly undulating. The area was planted with legume cover crop.</p> <p>The Sebungan area was classified as mineral soil and record on this was sighted in the agronomist report.</p> <p><u>Economic and financial viability plan</u> The management has made available the Business Management Plan for yearly basis. Item within the business management plan are:</p> <ol style="list-style-type: none"> 1. Crop Projection <ul style="list-style-type: none"> Actual 2018 Budget 2018 2. Cash flow statement 3. Capital Expenditure <p>The management has provided the planting statement which shows</p>

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	<p>planted area.</p> <p>Sebungan 1 Planted Area : 1345.92 ha (2004)</p> <p>Sebungan 2 Planted: 1075.35 ha (2005)</p> <p>Sebungan 3 Planted: 1233.36 ha (2006)</p> <p>Next replanting programme is planned in 2029 (25 years period planting)</p> <p>Based on management information, quality of planting material is controlled by the estate management to ensure on the quality.</p> <p>a. Seedling used are from various licensed seed producer – Felda AGK Crop projection based on yearly production and FFB yield trend since 2006 first planting.</p> <p>b. Cost of production: cost per tonne of FFB is stated in the cash flow statement projection from 2017 : RM 250 / mt Price forecast: price forecast is stated in the projection of four years financial from year 2017-2020 (4 years plan)</p> <p>Financial Plan is recorded in the cash flow statement forecast from 2017-2020 (4 years plan)</p> <p><u>Transparent and fair pricing dealing</u></p> <p>Pricing mechanism for the CPO price is properly documented in the contract agreement with DD Palm Oil Mill.</p> <p>The management have provided data on transaction of sales and purchase. Sale summary show of transparent transaction was available via Sales and Purchase data latest 30 November 2018</p> <p><u>Contractor</u></p> <p>Contract agreement with contractor for Sebungan 3.</p> <p>Contractor Agreement sighted:</p> <p>1.Transporter: Chendari Abu & Son Enterprise Date signed: June 2018</p> <p>2.Transporter: Catherine Jenah Date Signed: June 2018</p> <p>Final Contract Agreement is sighted. MSPO approved auditor appointed by the plantation management and the contractor is auditable. The management monitor contractor works through work completion and these are monitored by the estate staff.</p> <p>As informed by the estate representatives, any work done will be check before payment commence to the contractor.</p>
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7. Nonconformities

Corrective Action Request and Observation MS2530-3: 2013 Part 3: General principles for oil palm plantations and organized smallholders

Non- Conformity	N° 1 of 2		Major 1		
	Date Recorded>	7 th Dec 2018	Due Date>	7 th Feb 2019	Date Closed>
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.4.1
Document Ref.:	Criteria 4: Employees safety and health		Issue / Rev. Status:		Open
Details of Nonconformity:	Safety Practices was found still lacking at child care centre				
Objective Evidence:	<p>During site visit at Sebungan 3 Housing site at creche, it was found that safety measure was not adequate:</p> <ul style="list-style-type: none"> i. Smoking activity was found in creche ii. Creche floor can caused hazard to the children iii. Electric point was identified openly 				
Close-out evidence:	<ul style="list-style-type: none"> i. Smoking activity was found in creche No smoking sign was placed in the entrance of creche and workers at creche are been briefed and the management will conduct regular check. Evidence: Attachment 1 Photo 1 ii. Creche floor can caused hazard to the children Creche floor has been re-cemented with cracks rectified. Evidence: Attachment 1 Photo 2 iii. Electric point was identified openly Conduct an overall assessment of electric points and have installed 4 electric points above the reach of the children. Evidence: Attachment 1 Photo 3 <p>Additional Measures: -</p> <ul style="list-style-type: none"> i. Installed an iron cage outside the creche for the keeping of spare gas cylinder. Evidence: Attachment 1 Photo 4 ii. Briefed the workers in charge that “No Smoking”, the creche cannot be used for storage of any flammable liquids, chemicals, dangerous tools and poisonous containers. They are also briefed not to use any recycle pesticide containers for any other purposes. Evidence: Attachment 1 Photo 5 (a)(b). 				

Non- Conformity	N° 2 of 2		Major 2		
	Date Recorded>	7 th Dec 2018	Due Date>	7 th Feb 2019	Date Closed>
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.5.5.1

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Document Ref.:	Criteria 3: Natural Water Resources	Issue / Rev. Status:	Open
Details of Nonconformity:	Spraying activity was identified at riparian area		
Objective Evidence:	It was sighted that spraying at riparian area Block 3A and 2C		
Close-out evidence:	i. Fencing out the riparian area with “No Spraying” signage to create further awareness of the workers. ii. The workers are being further briefed on the procedures on spraying at the riparian area. iii. The field supervisor is further briefed on the procedures on spraying at the riparian zone and supervision on will be closely monitored on any request of pesticides for spraying at the site. Evidence: Attachment 2(a)(b)		

Nonconformities detailed here shall be addressed through the organization’s corrective action process, in accordance with the relevant corrective action requirements of the audit standard, including actions to analyse the cause of the nonconformity and prevent recurrence, and complete records maintained.

- Corrective actions to address identified major nonconformities shall be carried out immediately and SGS notified of the actions taken within 30 days. An SGS auditor will perform a **follow up visit** within 60 days to confirm the actions taken, evaluate their effectiveness, and determine whether certification can be granted or continued.
- Corrective actions to address identified major nonconformities shall be carried out immediately and **records with supporting evidence sent to the SGS auditor** for close-out within 60 days.
- Corrective Actions to address identified minor non conformities shall be documented on an action plan and sent by the client to the auditor within 60 days for review. If the actions are deemed to be satisfactory they will be followed up at the next scheduled visit
- Corrective Actions to address identified minor non-conformities have been detailed on an action plan and the intended action reviewed by the Auditor, deemed to be satisfactory and will be followed up at the next scheduled visit.
- 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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8. General Observations & Opportunities for Improvement

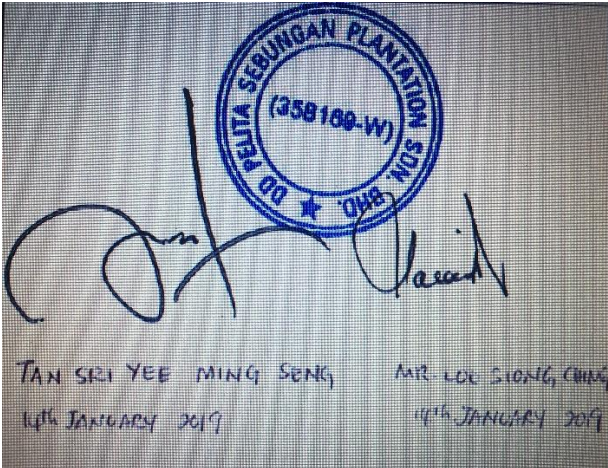

Positive Observations:

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

Appendix 1: List of Stakeholders Contacted

Stakeholder	Type of Stakeholder	Issues raised	Comments/Action Taken
Transporter: Chendari Abu & Son Enterprise	External	No issues raised	Good cooperation and helping comment to estate management
Transporter: Catherine Jenah	External	No issues raised	Good cooperation and helping comment to estate management
Sarawak Land Custody and Development Authority	External	No issues raised	Good cooperation and helping comment to estate management
Workers			
Monica Mone Malaysia Palm Oil Certification Council (MPOCC)	External Stakeholder (Government)	NIL	NIL

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Signed on behalf of DD Pelita Sebungan Plantation Sdn Bhd	Signed on behalf of SGS Malaysia Sdn Bhd
 <p>TAN SRI YEE MING SENG MR. LOO SIONG CHING 14th JANUARY 2019 14th JANUARY 2019</p> <p>Mr Loo Siong Ching Senior General Manager</p>	 <p>Mr. Dickens Mambu Certification and Business Enhancement Regional Head Certification</p>

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