

Lubuk Tiara Sdn Bhd Audit Summary Report

Organization:	Lubuk Tiara Sdn Bhd		
Address:	<u>Headquarters Address</u> Tingkat 8, Baitul Makmur, Medan Raya, Petra Jaya, 93050 Kuching, Sarawak Contact person.: Mr. Fadzil Bin Ibrahim (Person In charge) Contact No.: 013-8391981/ 085-739693 Email: tiaralubuk@gmail.com <u>Estate Address</u> Lot 1, Block 13, Sawai Land District and Lot 1, Block 1, Dulit Land District		
	Standard(s):	MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders	Accreditation Body(s): STANDARDS MALAYSIA
	Representative:	Mr. Fadzil Bin Ibrahim (Person Incharge)	
Site(s) audited:	Lubuk Tiara Sdn Bhd	Date(s) of audit(s):	31 st May & 1 st June 2019
EAC Code:	Nil	NACE Code:	Nil
No. of Employees:	396	No. of Shifts:	Normal 1 shift
Lead auditor:	Abdul Khalik Bin Arbi (AKA)	Additional team member(s):	Nil
		Trainee Auditor:	Elizeberth Jenggi

1. Audit objectives

The objectives of this audit were:

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

2. Scope of certification

The audit covered one site performing certification scope:

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

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

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Validation of processes for production and service provision

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

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

3. Current audit findings and conclusions

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

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

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

Number of nonconformities identified: 3 Major 0 Minor

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

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

4. Previous Audit Results

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

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

5. Audit Findings

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

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

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

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

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

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

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

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

6. Significant Audit Trails Followed

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

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MPOB License No.:	504775002000	Expiry date:	01/08/2018 – 31/07/2019
Scope of Activity:	Menjual dan Mengalih FFB#	Next Surveillance Audit	April 2020
Visit Number:	02 (Stage 2)	Actual Visit Date:	31 th May 2019
Visit Due by Date:	Nil	For auditor information only	
Lead Auditor :	Abdul Khalik Bin Arbi (AKA)		
Audit Member	Nil		
Additional Attendees and Roles	Elizeberth Jenggi (Trainee Auditor)		
Standard(s):	MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders		

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Audit Language:	English & Malay
Audit Scope:	1.The audit covered Three (3) site performing the following scope: Operations, comprising of management systems, process of Fresh Fruit bunches (FFB), documentation and site assessment.

Audit Plan

Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
31 st May 2019 (Day 1)	6.30 am	AKA, EJ	Pick up at meeting point at Miri Town (Dynasty Hotel)	Estate Personnel
	6.30 am	AKA, EJ	Depart to Lubuk Tiara Sdn Bhd Estate office Arrive at Estate Audit Process (Document Review) <ul style="list-style-type: none"> • Principal 1: Management commitment and responsibility • Principle 2: Transparency • Principle 3: Compliance to legal requirements • Principal 4: Social responsibility, health, safety and employment condition • Principal 5: Environment, natural resources, biodiversity and ecosystem services • Principal 6: Best Practice • Principle 7: Development of New Plantings 	Estate Personnel
	12.30pm	EJ AKA	Lunch Rest (Sembahyang Jumaat)	
	1.30pm		Continue Audit Process Interview Relevant Stakeholders (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
	5.00pm		End of Audit Depart to Guest House	

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Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
1st June 2019 Day 2	6.30 am	AKA, EJ	Depart to Lubuk Tiara Sdn Bhd Estate office Arrive at Estate Audit Process (Document Review) <ul style="list-style-type: none"> • Principal 1: Management commitment and responsibility • Principle 2: Transparency • Principle 3: Compliance to legal requirements • Principal 4: Social responsibility, health, safety and employment condition • Principal 5: Environment, natural resources, biodiversity and ecosystem services • Principal 6: Best Practice • Principle 7: Development of New Plantings 	Estate Personnel
	12.30pm	EJ AKA	Lunch Rest	
	1.30pm		Continue Audit Process Interview Relevant Stakeholders (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
	5.00pm		End of Audit Depart to Miri Town	

Location and Maps

The Plantation area is located at the upper sources of Sg Bakong on Lot 6 Dulit Land District and Lot 69 Sawai Land District in Miri Division, Sarawak. The site is east of Niah town along upper sources of Sg. Bakong. The approximate grid reference of the site is latitude 3°37.50'N and 3°42.90'N and longitude 113°57.53'E and 114°04.01'E. The project can be accessed from the

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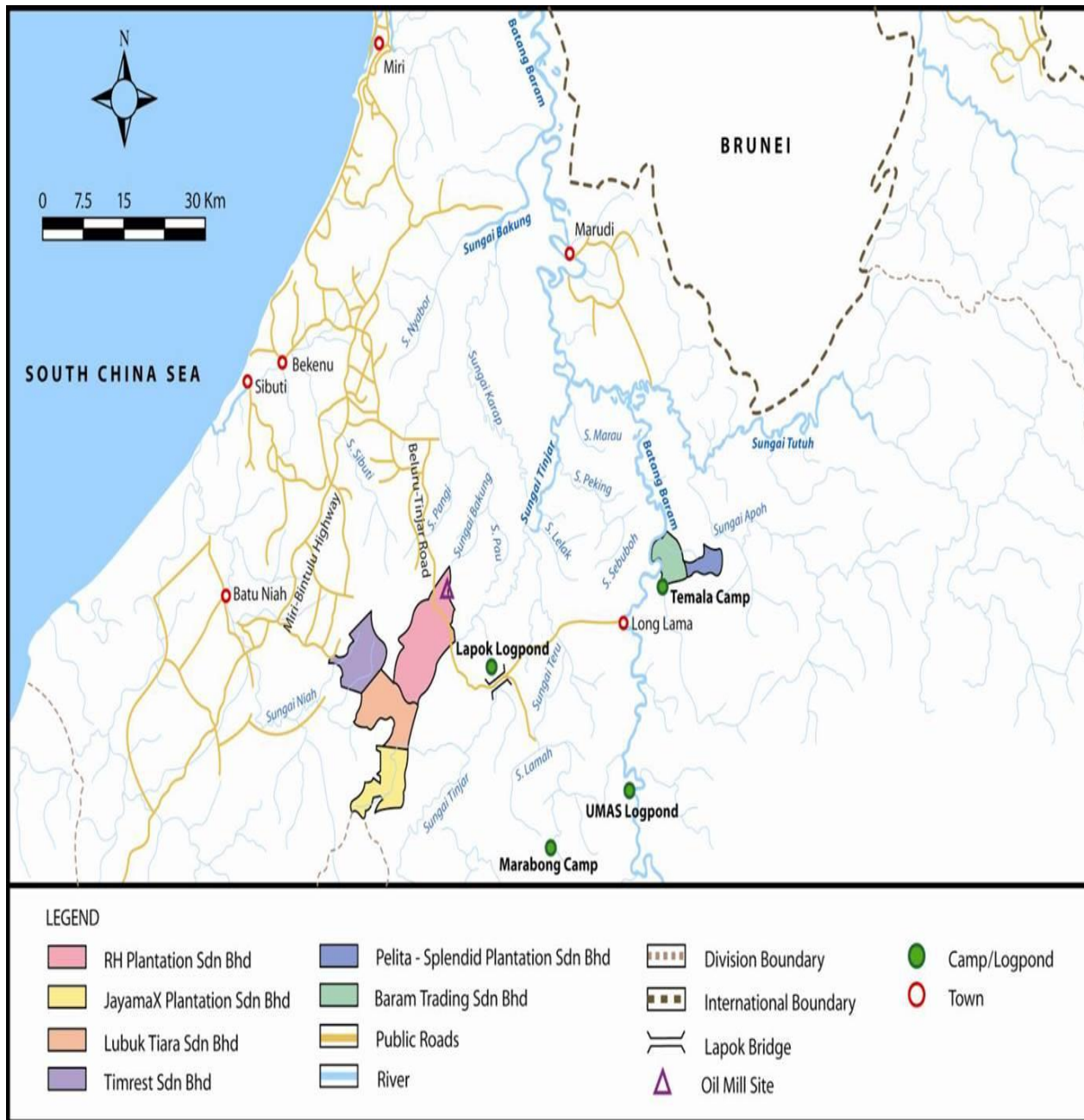
Rimbunan Sawit Berhad at the Miri – Bintulu Road. The GPS locations of the state are shown in Table 1.

Table 1: GPS Location

No.	Name of Unit	Location	GPS Coordinates	Area Certified (ha)
1	Lubuk Tiara Sdn Bhd	Lot 1, Block 13, Sawai Land District Lot 1, Block 1, Dulit Land District	3° 42' 90" N 114° 04' 01"E	5,604.6 Ha

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Lubuk Tiara Sdn Bhd Locality Map



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Description of Estate Production

The FFB are sourced from the estate which are individually managed by Lubuk Tiara Sdn Bhd. The crop yield from these estate is mention in **Table 2** below.

Table 1: FFB Production

Month	Lubuk Tiara Sdn Bhd (Mt)	
	2018 (Actual)	2019 (Projection)
January	2,969.70	3,245.66*
February	2,615.73	2,880.12*
March	3,242.30	2,884.74*
April	3,088.98	2,563.35*
May	3,548.97	3,500.00
June	3,514.10	3,500.00
July	3,808.38	3,800.00
August	3,876.05	4,000.00
September	4,193.63	4,000.00
October	4,677.86	4,400.00
November	4,179.41	4,200.00
December	3,812.83	4,000.00
Total	43,527.94	31,400.00
<i>*Actual</i>		

Area Statement

Name of estate	Title Area (ha)	Plantation area				
		Immature (ha)	Mature/ Production (ha)	Buffer zone / Unplanted (ha)	Land Issue	*Others
Lubuk Tiara	Total Area 5,604.60	143.02	2,882.24	1,519.65	Nil	1,059.69
*Nursery area, other crop- Agarwood, road/ infrastructure and unplatable (Steep terrain & river riparian)						

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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/7a73ada4a9e644ee8363b26361b712fd.ashx>

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

Comment on MS2530-3 Compliance Status:

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO –</u> MSPO Policy was available, displayed and implemented. Policy was in dual language (BM & English), which signed by Director dated December 2018.</p> <p>The applicable policy for MSPO :-</p> <ol style="list-style-type: none"> 1. Human Rights and Labour Rights Policy 2. Good Social Practice Policy 3. Environmental Policy 4. Sexual Harassment, Violence and Abuse Policy 5. Zero Burning Policy 6. Safety & Health Policy 7. Transparency Policy <p>The name of Director, Tuan Haji Mohamad Sabry Bin Haji Othman has been inserted in all signed policies.</p> <p>The policy was emphasized commitment to continual improvement. The policy was established on 6th July 2018.</p> <p><u>Internal Audit</u> Lubuk Tiara Sdn Bhd was engaged with external auditor to do the MSPO audit for Lubuk Tiara. Refer letter of award from Lubuk Tiara Sdn Bhd dated 29th March 2019 to NSL Consultancy Ent. For <i>Lantikan sebagai Juruaudit Dalaman Untuk Audit Dalaman Bagi Pematuhan MSPO Syarikat</i> Lubuk Tiara Sdn Bhd.</p> <p>The internal audit procedure prepared by external independent audit consultant and agreed by Lubuk Tiara Sdn Bhd. Audit Procedure available in Internal Audit Report for Internal Audit dated 2nd – 3rd May 2019.</p> <p>NCR Form completed with Root Cause, Correction & Corrective Action</p>
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		<p>sighted in Audit Report. E.g. NCR Form for Indicator 4.5.3.2 – Spotted waste oil at genset engine room and has been resolved and NCR closed on 28th May 2019.</p> <p><u>Management Review</u> – Management Review Meeting on Internal Audit Report will be conducted on 27th June 2019. Refer Memorandum (MPSSB/ADM/MEETING/F006) dated 29th May 2019.</p> <p>Currently management review meeting has been conducted to report on MSPO progress for Lubuk Tiara.</p> <ol style="list-style-type: none"> 1. Sighted Minit Mesyuarat MSPO Ke-05 (01/2019) dated 9.1.2019 conducted at estate office, Lubuk Tiara. 2. Sighted report in Mesyuarat Pengurusan Ke-42, Bil. 42 (02/2019) dated 22.2.2019. <p><u>Continual Improvement</u> - Continual Improvement Plan is documented for year 2018 – 2022. E.g. Rewiring at estate housing has been done dated 9th January 2019.</p> <p>It was observed the Training Plan for Year 2019 was available. E.g. Fire Drill scheduled on February 2019.</p> <p>Sighted Personnel Training Record completed with photos and attendance list. E.g. Fire Drill conducted on 13th February 2019 completed with attendance listing.</p> <p>It was observed training has been conducted for employees and Training record was available.</p> <p>E.g. New Holland Tractor Operator Training dated 15.4.2018 which conducted by Sime Darby Ind. Sdn Bhd.</p> <p>Major 1 (4.1.2.3) Management review for internal audit was not available.</p> <p>Internal audit was conducted in May 2019 and the management review is conducted in January 2019. It was observed the internal audit was not reviewed.</p>					
Comment on Principle 2		<p><u>Transparency of information and documents relevant to MSPO requirements</u> SOP Untuk Respon Kepada Pihak-Pihak Berkepentingan was available for the purpose of request and respond by public. Resolution by management to be done within 14 working days.</p> <p>The grievances and complaints form and box were available and placed at 5 station e.g. office, muster ground, Canteen, Surau and workers housing.</p> <p>Currently no complaint issue.</p> <p>Transparency Policy was in dual language (BM & English), which signed by Director, Tuan Haji Mohamad Sabry Bin Haji Othman dated December 2018.</p> <p>Document publicly available as stated in Transparency Policy are e.g. OSH Plan, Land Titles, Continual Improvement Plan.</p>					
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	<p><u>Transparent method of communication and consultation</u></p> <p>It was observed the SOP was available in <i>Proses dan Prosedur Pengaduan Awam</i> Lubuk Tiara Sdn Bhd.</p> <p>The communication between stakeholders and the management can done through:-</p> <ul style="list-style-type: none"> a) Stakeholders meeting b) Complaint and grievance form <p>The management was nominated aforementioned representative for the following positions approved by Director Tn Hj. Mohamad Sabry B. Hj. Othman dated 7.12.2018.</p> <ul style="list-style-type: none"> a) MSPO In-charge top Management b) Communication Officer c) Safety and Health Chairman d) Legal Officer e) Safety and Health Officer f) Traceability Officer <p><u>Traceability</u></p> <p>Procedures for Traceability is available and documented in file "Standard Operating Procedure" for Operation Procedure and Finance Guideline Procedure.</p> <p>Letter of appointment dated 7th December 2018 for personnel in charge of traceability is to En. Busrah B. Timbang.</p> <p>Block marked with block peg for block identification.</p> <p>SOP on Traceability of FFB available and documented as <i>Prosedur Keberkesanan Buah Tandan Segar</i>.</p>
<p>Comment on Principle 3</p>	<p><u>Regulatory requirements</u></p> <p>It was observed the estate comply with applicable local, state, national and ratified international laws and regulations, an example:</p> <p>Malaysian Palm Oil Board (MPOB) Registration of Lubuk Tiara Sdn Bhd with AKTA LEMBAGA MINYAK SAWIT MALAYSIA 1998 (MPOB), with license Registration No.: 504775002000 with activities "<i>MENJUAL dan MENGALIH FFB</i>". In period one year start from 1 August 2018 to 31 July 2019 with area stated is 3038 hectare.</p> <ul style="list-style-type: none"> 1. Diesel Skid Tank : Refer: Letter from Jabatan BOMBA dated 27.3.2019 (Ref : JBPM/SK/ZMI:700-5/1/20/316(5) for Surat Sokongan Lesen Penyimpanan Minyak. Capacity Limit for storage: 19,000 litres. <p><u>Land Use Rights</u></p> <p>The management operation was operated within the Lease of State Land.</p> <ul style="list-style-type: none"> 1. TRN: 04-LCPLS-021-000-00006 for Block 1, Lot No. 1 on Dulit Land with area 5225 hectare.

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	<p>2. TRN: 04-LCLS-030-013-00001 for Block 13, Lot No. 1 on Sawai Land with area 992.6 hectare.</p> <p><u>Customary Rights</u> The management operation was operated within the Lease of State Land.</p> <ol style="list-style-type: none"> 1. TRN: 04-LCPLS-021-000-00006 for Block 1, Lot No. 1 on Dulit Land with area 5225 hectare. 2. TRN: 04-LCLS-030-013-00001 for Block 13, Lot No. 1 on Sawai Land with area 992.6 hectare. <p>Maps from Land Survey completed with coordinates for recognized customary rights available in file Principle 3. It can be verified in land title TRN: 04-LCLS-030-013-00001 & 04-LCPLS-021-000-00006 also in Environmental Monitoring Report (EMR) 1st Quarter 2019 (cover January to March 2019), With reference No.: NREB/6-1/2H/50.</p>
Comment on Principle 4	<p><u>Social Impact Assessment (SIA)</u></p> <p>It was sighted Social Impact Assessment was made available during the audit conducted at Lubuk Tiara Sdn Bhd (LTSB), Miri. The report was prepared by Mr Faizal Bin Madiris, Assistant Manager on 4th March 2019.</p> <p>The content of the report covers:</p> <ol style="list-style-type: none"> (1) Introduction (2) Objectives of document (3) LTSB workers background (4) LTSB surrounding socio-economy (5) Social Impact Assessment (6) Conclusion <p>Based on the report, there was time frame to tackle issues brought up as SIA Findings and Action Plan taken.</p> <p>List of stakeholders are divided into internal and external. Internal comprises staff (34) and local workers (15) and Foreign workers (409). External stakeholders comprise of: (a) Contractors/Suppliers (6); (b) Mill (3); (c) Estate (5); (d) School (4); Longhouse/Kampung (2).</p> <p><u>Complaints and grievances</u> It was observed the Complaints and Grievances Procedure was available, which can be referred in File – “<i>Rekod Aduan Dan Cadangan</i>”. The flow chart for handling complaints is sighted and has a timeline of 14 days to give feedback on any issues received.</p> <p>Communication to the affected parties is evidenced. For instance, any social issues are communicated through briefing.</p> <p>The establishment of grievance and complaints procedure was made available. A record for any complaints received is sighted and since 4th December 2018, no complaints have been received.</p>

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Commitment to contribute to local sustainable development

It was sighted the records for CSR was seen in the file Principle 4 on donations to those staff who has lost their loved ones.

Also seen pictures of activities displayed showing CSR.

A stakeholder meeting was carried out on 12th February 2019 (Ref No. 01 (01/2019)). The attendance list for the meeting can be sighted in the Training and Meeting Records Book. The meeting was attended by 16 persons which included Mr Chew Yew Tiong of CVSB and Mr Austin Peter Diman of Blue Beebaj (M) Sdn Bhd.

Employees safety and health

It was sighted the Safety and Health Policy was displayed and signed by the Director of Lubuk Tiara Sdn Bhd on December 2018. It was sign by Pengarah Lubuk Tiara Sdn Bhd, Tuan Haji Mohamad Sabry Bin Haji Othman.

Employment Conditions

It was sighted the Good Social Practice Policy was displayed and signed by the Director of Lubuk Tiara Sdn Bhd on December 2018. It was sign by Pengarah Lubuk Tiara Sdn Bhd, Tuan Haji Mohamad Sabry Bin Haji Othman.

The top management of Lubuk Tiara Sdn Bhd of Companies is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the "Social Policy" established by the management.

There were no evidences of any form of discrimination based on race, national origin, religion, gender, union and political affiliation and is covered in the policy as well.

Training and Competency

It was sighted, training programme for year 2019 was available in estate record. List of training plan for year 2019 list as below:

- ✓ Sprayer
- ✓ Manurer
- ✓ Harvester/ Pruner
- ✓ Driver
- ✓ Workshop
- ✓ First Aid Kid
- ✓ MSPO
- ✓ Environment (Zero Burning/ Buffer Zone)
- ✓ Complaints Box
- ✓ Fire Drill
- ✓ Water Treatment Operator
- ✓ Genset Operator

It was observed Estate employees are appropriately trained. Records of training provided are available in the following documents:

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	<p>1) <i>Training and Meeting Record</i> Details of training conducted for each activity has been recorded in the “Training and Meeting Record”. The report contains information that includes topic covered, the trainer, date and attendees.</p> <p>For year 2019, examples the list of training conducted are as follows: 1) Harvesting (16.02.2019), attended by 21 attendees.</p>																		
Comment on Principle 5	<p><u>Waste Management and Disposal</u> It was sighted the Environmental Policy was display and sign by Tuan Haji Mohamad Sabry Bin Haji Othman (Pengarah Lubuk Tiara Sdn Bhd), Decembr 2018.</p> <p>Environmental Impact Assessment (EIA) for estate was available. Details of EIA Approval: NREB EIA Approval Ref No.: (16) NREB/6-4/187 Dated 13th November 2000, the reference number was quote from EIA Approval, Name: Lubok Tiara Oil Palm Plantation on Lot 6 Dulit Land District & Lot 69 Sawai Land District, Miri Division, Sarawak. Environmental Impact Assessment report was conduct on 31st July 2000.</p> <p>It was observed the latest EMR 1st Quarter 2019 (cover January to March 2019), With reference No.: NREB/6-1/2H/50.</p> <p><u>Efficiency of energy use and use of renewable energy</u> It was observed Records for consumption of diesel was available for 3 years past. Usage of diesel consumption list as below.</p> <table><tr><th>Year</th><th>2017</th><th>2018</th><th>2019*</th></tr><tr><td>Budget (Liters)</td><td>499,305</td><td>395,525</td><td>383,640</td></tr><tr><td>Actual (Liters)</td><td>340,758</td><td>369,413</td><td>169.245</td></tr></table> <p><i>*as April 2019 only</i></p> <p>As shown in Table above, usage of diesel for year 2017 to 2018 decreased due to changes of electric power supply from ganset to SESCO.</p> <p>Diesel usage Vs FFB production</p> <table><tr><th></th><th>2018</th></tr><tr><td>High Peak</td><td>4,677.86 mt (FFB) 40,609.00 L of (Diesel)(October)</td></tr><tr><td>Low Peak</td><td>2,615.73 mt (FFB) 28,521 L of (Diesel)(February)</td></tr></table> <p>It was observed the electricity was available 24 hours in the estate. The estate facilities such as office, staffs workers house was generate by ganset.</p> <p>Ganset</p>	Year	2017	2018	2019*	Budget (Liters)	499,305	395,525	383,640	Actual (Liters)	340,758	369,413	169.245		2018	High Peak	4,677.86 mt (FFB) 40,609.00 L of (Diesel)(October)	Low Peak	2,615.73 mt (FFB) 28,521 L of (Diesel)(February)
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	<p>Ganset 1 200Kva (6.00 am – 6.00 pm)</p> <p>Ganset 2 150 Kva (6.00 pm – 6.00 am)</p> <p><u>Waste management and disposal</u> During audit conduct, the estate management able to identify all waste products and sources of pollution.</p> <p>Based on interview with Mr. Fadzil Bin Ibrahim (Person In Charged), he able to provide sources of pollution, some example as follows:</p> <ul style="list-style-type: none"> • Waste from Office • Waste from Workshop • Waste from labour line • Waste from store <p>Triple rinse for empty containers was practice in this estate. It was sighted all of empty containers in scheduled waste store was triple rinse and punctured at designated area in the store.</p> <p>It was observed the SOP for handling of used chemicals was incorporated in File Principle 4, Social Responsibility, Health, Safety and Employment Conditions. Classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal was available.</p> <p>Establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal was found lacking.</p> <p>Major 2 (4.5.3.3) Labelling for scheduled waste (SW410) was not follow guidelines of Environment Quality Regulations (Scheduled Waste) 2005.</p> <p><u>Reduction of pollution and emission</u> It was sighted, waste management and disposal record was available during the audit conduct. However, assessment of all polluting activities was not identified. Zero burning policy was sighted during the audit conduct.</p> <p>Implementation and establishment of action plan to reduce pollution to the environment was lacking.</p> <p>Major 2 (4.5.4.2) It was observed oil spillage sighted at workers camp Block 5.</p> <p><u>Natural water resources</u> It was observed the water management plan was incorporated in Analysis on Treated Water Quality made available in the estate. Content discuss on the Report list as below:</p> <p>a. Project Brief</p>
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	<ul style="list-style-type: none"> - Project Title - Project Site Address - Accessibility - Project Implementation Scheduled - Project Stage - Area Statement - Project Client - Supporting Laboratory - Surveillance/ Consultants <p>b. Objectives</p> <p>c. Results and Discussion</p> <p>d. Conclusion</p> <p>It was sighted latest EMR report available in the estate record was on 1st Quarter 2019. The findings of the report show that there are no major adverse environmental impacts. Based on the laboratory data and site study, marginally low DO levels (barely acceptable) detected. Relatively higher number of coliform bacteria detected are mainly due to soil characteristics of the areas and partly due to animals/ human wastes.</p> <p><u>Status of rare, threatened, or endangered species and high biodiversity value area.</u></p> <p>The management aware regarding the rare, threatred or endangered species and high biodiversity.</p> <p>It was sighted Conservation Value Assessment Report for Lubuk Tiara Sdn Bhd was made available in the estate record.</p> <p>It was observed the signages on prohibiting, hunting and fishing was available at Block 19, Task 3.</p> <p>It was observed the signages on prohibiting, hunting and fishing was available at the entrance of the estate and buffer zone area.</p> <p><u>Zero Burning Practices</u></p> <p>Not applicable at this moment</p>
Comment on Principle 6	<p><u>Site Management</u></p> <p>SOP or GAP which outlines the best management practices documented in SOP Operation Procedure and Finance Guideline Procedure.</p> <p>Example: SOP on Harvesting and Manuring.</p> <p>Using cut fronds as natural soil conditioner.</p> <p>All employees are well trained. Training Program summarize in Annual Training Program.</p> <p>Example of training conducted : E.g. Harvesting Training conducted on 16.2.2019 completed with attendance listing.</p> <p>Appropriate terracing, planted legume cover crops, fronds stacking in the field (Block 19, task 13).</p> <p><u>Economic and Financial Viability Plan</u></p> <p>Budget for Lubuk Tiara Sdn Bhd sighted in Budget 2019.</p> <p>FFB production projection for year 2019 is 44,000 tonnes / Yield Per Hectare is 15.27. Performances are discussed in meetings held.</p> <p>Replanting programme sighted in "A Masterplan of New Land</p>

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	<p>Development and Replanting Programme for 31 Years for Lubuk Tiara Sdn Bhd".</p> <p>Records available in Estate Monthly Account e.g. April 2019.</p> <p><u>Transparent and fair price dealing</u> Pricing mechanism for FFB Sales was based on Letter of Offer for Purchase of Oil Palm FFB between Harvard Master S/B (Batu Niah Palm Oil Mill) and Lubuk Tiara Sdn Bhd. Refer letter (HM/LT/16/LO-01 dated 1.6.2016.</p> <p><u>Contractor</u> There is a contract agreement MSPO clause with contractors which stated stakeholders to comply to MSPO requirement.</p> <p>E.g. Kontrak Untuk MSPO Awareness dated 12.10.2019 for Centraline Ventures S/B.</p> <p>During external stakeholder consultation, the contractors are made to understand MSPO.</p>
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7. Nonconformities

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

Non Conformity	N° 1 of 3		Major 1			
	Date Recorded>	1 st June 2019	Due Date>	1 st Aug 2020	Date Closed>	4 th July 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.1.2.3	
Document Ref.:	Criteria 2: Internal Audit		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Management review for internal audit was not available.					
Objective Evidence:	Internal audit was conducted in May 2019 and the management review is conducted in January 2019. It was observed the internal audit was not reviewed.					
Close-out evidence:	Management review was conducted on 27 th June 2019 at Lubuk Tiara Sdn Bhd <i>Bilik Mesyuarat</i> (Refer Attachment 2.1 and 2.2)					

Non Conformity	N° 2 of 3		Major 2			
	Date Recorded>	1 st June 2019	Due Date>	1 st Aug 2020	Date Closed>	4 th July 2019

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Department / Function:	Administrative	Standard Ref.: Indicator	MSPO 2350-Part 3 4.5.3.3
Document Ref.:	Criteria 3: Waste management and disposal	Issue / Rev. Status:	Closed
Details of Nonconformity:	Establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal was found lacking		
Objective Evidence:	Labelling for scheduled waste (SW410) was not follow guidelines of Environment Quality Regulations (Scheduled Waste) 2005		
Close-out evidence:	The estate management had taken necessary action to closed non-compliance during stage 2 audit – Refer MY05358 Lubuk Tiara Sdn Bhd Attachment 1 .		

Non Conformity	N° 3 of 3		Major 3			
	Date Recorded>	1 st June 2019	Due Date>	1 st Aug 2020	Date Closed>	4 th July 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.5.4.2	
Document Ref.:	Criteria 4: Reduction of pollution and emission		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Implementation and establishment of action plan to reduce pollution to the environment was lacking.					
Objective Evidence:	It was observed oil spillage sighted at workers camp Block 5.					
Close-out evidence:	The estate management had taken necessary action to closed non-compliance during stage 2 audit – Refer MY05358 Lubuk Tiara Sdn Bhd Attachment 1 .					

8. General Observations & Opportunities for Improvement

Positive Observations:

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

Important Observations and Opportunities for Improvements:



- The root causes of nonconformities should be clearly identified and tackle in appropriate method.

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

Appendix 1: List of Stakeholders Interviewed

Stakeholder	Issue Raised	Remarks
<u>Centraline Ventures Sdn. Bhd.</u> External Mr. CHIEW YEW TIONG Manager	No issue raised	Transporter
<u>Harvard Master Sdn. Bhd</u> External Encik MOHAMMAD AZRI BIN AWANG Mill Manager	No issue raised	Palm Oil Mill
<u>Agro Realistic Solution Sdn. Bhd</u> External Encik Awang Bin Mohamad Manager	No issue raised	Fertilizer Supplier
WWF <u>Interview via phone call</u> WWF-Malaysia (Sarawak Office) Tel: 082-247420/ 257420 Interview via phone (time call: 1 st Call: 10.00)	No issue raised	NGO
Blue Deebaj (Malaysia) Sdn. Bhd. Supplier AUSTIN PETER DIMAN Manager	No issue raised	Supplier

Signed on behalf of Lubuk Tiara Sdn Bhd	Signed on behalf of SGS Malaysia Sdn Bhd
 <p>Mr. Fadzil Bin Ibrahim (Person In charged)</p>	 <p>Mr. Abdul Khalik Bin Arbi Lead Auditor</p>

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