

Audit Summary Report

19th August 2019

Company name	Gopeng Berhad (Kota Bahroe Group Estate)
Company Registration Number	109465-X
Address	Batu 5, Jalan Kota Bahru, 31600 Gopeng, Perak, Malaysia
Report no	for MR3 use only
Standard	MS253O:2013 Part 3 (MSPO)
Audit type	Main Assessment
Audit Scope	Cultivation of Oil Palm Fresh Fruit Bunch in Compliance to MSPO MS2530-3:2013
Number of Mill	-
Mill Capacity	-
Number of Estate	1
Certified Area (Ha)	1365 HA
Telephone	05-3591245
E-mail	kotabahroestate@yahoo.com
Fax	05-3594645
Website	-

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We are proud to be selected as your business partner and thankful for your cooperation and hospitality throughout the assessment. The purpose of this report is to contain all findings captured during the assessment including strengths, opportunities, and weaknesses of your organization to assist you in maintaining best practices and carrying out future improvements. For your acknowledgement, the assessment was done based on sampling method where your records, documentations and practices were subjected to. Therefore, certain areas or processes may not be verified on its compliance against the audit standard. However, we ensure that all necessary actions have been taken to provide assurance on the accuracy of report. This report was prepared in compliance to the ISO 17021:2011 requirements.

To ensure the next assessment will be carried out in compliance to the ISO 17021:2011, kindly immediately notify MR3 Certification International of any significant changes made relevant to your organization as it may impact the validity of your certification. Such circumstances include, changes relating to applicable legal, commercial, organizational status or ownership, organization and management (e.g. key managerial, decision making or technical staff), contact address and sites, scope of operations under the certified management system, and major changes to the management system and processes. Together we will ensure the smoothness of the upcoming assessment. Thank you for your endless support and we look forward to continuing our partnership for many years to come.

	Prepared By	Client's Acceptance
Sign	A.	
Name	Afiq Othman	Company Stamp
Date	13/09/2019	
Email	afiq@mr3cert.com	



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Section A General Information

General	
Audit objectives	To verify that the system initial implementation is in
	accordance to requirements of the standard adopted.
	To verify that the system implementation is continuously in accordance to the requirements of the
	standards adopted.
	To verify that the system implementation is continuously after and in third years of implementation
	is in accordance to the standards adopted.
	Other, (please specify)
Integrate Assessment	No
Issue of certificate	Select

Scope of Certification	
Scope of certification in English	Cultivation of Oil Palm Fresh Fruit Bunch in Compliance to MSPO MS2530-3:2013
Requirement not being applicable	Principle 7 of MS2530-3:2013
Justification	The company does not have new planting in place
Other language than above	NA
Changes from Previous registration	No
Extension/changes of scope date	NA

Contact Details	
Management Representative	Mohamad Fauzi Bin Parno
Designation	Manager
Management Representative contact no.	012-3906449
E-mail address	kotabahroestate@yahoo.com
Fax Number	-
Fixed Line Number	05-3591245
Number of Group Member	-





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Section B Previous Audit Result

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

No nonconformities have been raised during last assessment.
Any nonconformities identified during last previous audit have been corrected and the corrective action continuous to be effective.
The management system has not adequately addressed non conformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

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Section C Conclusion

The audit team conducted a process based audit focusing on significant aspects/risk objectives required by the standard(s). The audit methodology used is based on 3P which were People, Paper and Practice
The audit team concludes and express
CONGRATULATION and has
☑CONGRATULATION however some processes need to address non-compliance(s) but others has
SORRY and the organization has not established and maintained its management system in line with the
requirements of the standard and
⊠demonstrated
☐not demonstrated
the ability of the system to systematically achieved agreed requirements within the scope of the organizations.
Base on the record, there is/are $\underline{0}$ unresolved issue(s).
Therefore the audit team recommends that based on the results of this audit, the demonstrated system, state of development and maturity, management system certification for the organization should be:
☐ Granted/ Continued
Granted upon acceptance of the necessary corrective action plan(s) and implementation
Continued upon acceptance of the necessary corrective action plan(s) and implementation
☐Withheld
suspend until satisfactory corrective action(s) is completed
Others (please specify)
Note:
For every Major Nonconformity raised: Relevant action plan must be submitted to the auditor and implementation must carried prior to certificate issuance.
For every Minor Noncorfimity raised: Relevant action plan must be submitted to the auditor before certificate



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implementation will be verified during the next assessment

Section D (For Re-certification only)

1	The company has demonstrated effective implementation and	☐Yes ☐No
	maintenance/improvement on its management system	
2	The internal audit program has been fully implemented and demonstrates its	☐Yes ☐No
	effectiveness as a tool for maintaining and improving the management system.	
3	The management review process demonstrates its capability to ensure the	☐Yes ☐No
	continuing suitability, adequacy and effectiveness of the management system	
3	The management review process demonstrates its capability to ensure the	☐Yes ☐No
	continuing suitability, adequacy and effectiveness of the management system	
4	Throughout the audit process, the management system demonstrates overall	☐Yes ☐No
	conformance with the requirements of the audit standard	

Section EAuditor and Auditees Information

MR3 Assessors	Attendance during opening and closing meeting			
Team Leader	Name	Designation		
Afiq Othman (AO)	1. Jeeffry Othman	Assistant Manager		
Team member	2. Megat Syafiq	Account Assistant		
Hazrul Zulkifli (HZ)	3. Ahmad Kamal	Chief Clerk		
Trainee auditor				
-				
Observer				
-				



MR3 Assessors	Role	Qualification, Education, Working Experience.
Afiq Othman (AO)	Lead Auditor (Principle 3, 5 & 6)	- MSPO Certified Lead Auditor - BSc. (Hons) Marine Technology - A year experience working in Ministry of Natural Resources and Environment - 5 years experiences working for Sime Darby Plantation Berhad as Sustainability and Quality Management.
		More than a year experience working in certification body
Hazrul Zulkifli (HZ)	Audit Member (Principle 1, 2 & 4)	- MSPO Certified Auditor - Bachelor Public Management (Hons) Minor Human Resources from Universiti Utara Malaysia - 8 years experiences working for Sime Darby Plantation Berhad as Sustainability and Quality Management.

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Section F Audit Process Matrix

Audit Matrix (legend "⊠" plan to cover & covered, "□" for not applicable)

Planned month & year	Aug	Aug	Aug	Aug	Aug
	2019	2020	2021	2022	2023
Site(s) visited/to be visited	1. KBG				
	Estate	Estate	Estate	Estate	Estate
Internal Audits	\boxtimes	\boxtimes	\boxtimes	\boxtimes	\boxtimes
Stakeholder consultation / survey	\boxtimes				
Use of logo					
Follow-up from previous audit finding		\boxtimes		\boxtimes	
4.1 Management Commitment & Responsibility					
4.1.1 MSPO Policy	\boxtimes	\boxtimes	\boxtimes	\boxtimes	
4.1.2 Internal audit	\boxtimes			\boxtimes	
4.1.3 Management Review	\boxtimes	\boxtimes	\boxtimes	\boxtimes	\boxtimes
4.1.4 Continual Improvement	\boxtimes		\boxtimes	\boxtimes	\boxtimes
4.2 Transparency					
4.2.1 Transparency of information and documents relevant to MSPO requirements				\boxtimes	
4.2.2 Transparent method of communication and consultation				\boxtimes	
4.2.3 Traceability	\boxtimes	\boxtimes	\boxtimes	\boxtimes	\boxtimes
4.3 Compliance to legal requirements					
4.3.1 Regulatory requirements			\boxtimes	\boxtimes	\boxtimes
4.3.2 Land use rights	\boxtimes		\boxtimes	\boxtimes	\boxtimes
4.3.3 Customary land rights	\boxtimes	\boxtimes	\boxtimes	\boxtimes	\boxtimes

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440		•			
4.4 Social responsibility, health, safety and emplo	yment condit	ion			
4.4.1 Social impact assessment (SIA)	\boxtimes	\boxtimes	\boxtimes	\boxtimes	\boxtimes
4.4.2 Complaints and grievances	\boxtimes		\boxtimes	\boxtimes	\boxtimes
4.4.3 Commitment to contribute to local sustainable development					\boxtimes
4.4.4 Employees safety and health	\boxtimes	\boxtimes	\boxtimes	\boxtimes	\boxtimes
4.4.5 Employment conditions	\boxtimes		\boxtimes	\boxtimes	\boxtimes
4.4.6 Training and competency	\boxtimes		\boxtimes	\boxtimes	\boxtimes
4.5 Environment, natural resources, biodiversity a	nd ecosyster	m services			
4.5.1 Environmental management plan	\boxtimes				
4.5.2 Efficiency of energy use and use of renewable energy					\boxtimes
4.5.3 Waste management and disposal	\boxtimes		\boxtimes	\boxtimes	\boxtimes
4.5.4 Reduction of pollution and emission including green house gas			\boxtimes	\boxtimes	\boxtimes
4.5.5 Natural water resources	\boxtimes	\boxtimes	\boxtimes	\boxtimes	\boxtimes
4.5.6 Status of RTE species and high biodiversity value area					
4.5.7 Zero burning practices	\boxtimes	\boxtimes	\boxtimes	\boxtimes	\boxtimes
4.6 Best Practices					
4.6.1 Mill management	\boxtimes	\boxtimes	\boxtimes	\boxtimes	\boxtimes
4.6.2 Economic and financial viability plan	\boxtimes	\boxtimes	\boxtimes	\boxtimes	\boxtimes
4.6.3 Transparent and fair price dealing	\boxtimes			\boxtimes	\boxtimes
4.6.4 Contractor	\boxtimes		\boxtimes	\boxtimes	\boxtimes

Assessment man days for the next assessment: 2md. Re certification:2024

Note: Re certification should be carry out minimum 2 months prior to the expiry of the certificate



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Section G Audit Note

Summary of Area Audited

Auditor	Date	Time
Afiq Othman Hazrul Zulkifli	22 nd August 2019	0800 - 1700

Sampling Methodology

Sampling of the operating units to be audited has been conducted in accordance to the Risk Management (MPOB/MSPO/RMP/06) documents as below:

 $S = r\sqrt{n}$

Risk Factor: Low (1.0)

 $S = 1.0 (\sqrt{1}) = 1$

1.0 estates to be visited

Since this is individual certification. Sampling of operating unit is not applicable





Audit Plan

Date	Time	Assessor	Business area / process	Clause
22/08/20	0900	AO	Introduction by client	
19			Opening meeting at Kota Bahroe Group Estate	
	1000	AO/HZ	Management commitment & responsibility	4.1
			Transparency	4.2
			Compliance to legal requirement	4.3
			Social responsibility, health, safety & employment condition	4.4
	1230		BREAK	
	1330	AO/HZ	Environment, natural resources, biodiversity and ecosystem services	4.5
			Best practices	4.6
			Development of New Planting (if any)	4.7
	1700	AO/HZ	Closing Meeting	

Site's Information



1. Group Background

Kota Bahroe Group Estate belongs to a company known as Gopeng Berhad. Approximately 1365 Ha of area is planted with oil palm located in Gopeng, Perak, Malaysia. Apart from having oil palm plantation as source of income, the company allocated partially of the area for pineapple cultivation. In vicinity, the land occupied by the estate is surrounded by other businesses such as poultry farm and cattle farm which are being run by smallholders.

2. Site(s) Address List

Estate/ Mill	Location Address	Geo-Coordinate
Kota Bahroe Group Estate	Batu 5, Jalan Kota Bahru, 31600 Gopeng, Perak.	N 4.4305, E 101.1222

3. MPOB License(s)

Estate/ Mill License Number	Scope of Activity	Expiry Date
Kota Bahroe Group Estate		
512991002000	Menjual dan mengalih FFB	31/05/2019
533016011000	Menghasil,menjual,mengalih dan menyimpan SLGBIJI	30/09/2019

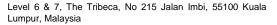
4. Description of Operating Unit(s)

Estate	FFB Prod	luction (MT)
	Pe	riod:
	Actual last FY	Estimated new FY
Kota Bahroe Group Estate	16,344.55 Mt	21,300.00 Mt
Total	16,344.55 Mt	21,300.00 Mt

5. Area Statement

Estate	Certified/ Titled Area	Plante	d Area	Conservation Area (Ha)	HCV Area (Ha)	Others (Ha)
	(Ha)	Immature Area (Ha) <3 years	Mature Area (Ha) >3 years	Alea (IIa)		
Kota Bahroe group Estate	1365.00	221.00	1144.00	0	0	0
Total	1365.00	221.00	1144.00	0	0	0







	ent Certification (Please tick the SO 9001 EMS 14001 DHSAS 18001 SO 22001 HALAL Co-GAP	he certification	HACCP RSPO ISCC GMP Plus KOSHER	3
	EMS 14001 DHSAS 18001 SO 22001 HALAL		RSPO ISCC GMP Plus KOSHER	
	DHSAS 18001 SO 22001 HALAL		ISCC GMP Plus KOSHER	
	SO 22001 HALAL		GMP Plus KOSHER	
	HALAL		KOSHER	
			7	
	Co-GAP		None / Othe	hers:



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Stakeholder Consultation

Stakeholder Details	Stakeholder's Input/ Comment	Client's Feedback/ Response
Mr Thiva (Worker Representative)	 He has a 7 years experience working with the KBGE. There is a no issue between workers and management. All the facilities in the properly, no issue for the housing and condition. He is happy with the relationship between both parties 	- Noted by the management
En Baharudin (Ketua Kg Changkat Legong)	 He has appointed as 'Ketua Kg' about 7 months. He is mentioned that, total of the resident about 700 people. Request to estate to open the job opportunity to the villagers. Due to new appointed as ketua kg, he didn't aware on the complaint procedure. He complaint regarding on the cattle issue, but not sure the cattle is belong to estate or not. Good relationship between estate management. 	 Noted by the management The cattle does not belong to the estate Villagers are welcome to apply for vacancy anytime. Recruitment process will be according to the company procedure The estate management will continue communicating its complaint procedure in the next stakeholder meeting

Nonconformity & Observation



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1.		nity

During the assessment 7 nonconformities were identified.

NCR No.: GB-2019-NCR-1	☐ Major	⊠ Minor
Standard:	Indicator:	Status & Due Date:
MSPO MS 2530 – 3: 2013	4.4.4.2	Open (21 st August 2020)

Section 1 - Details of nonconformity

- 1. During site visit to harvesting activity, it was found that harvesters were not wearing adequate PPE such as hard hat. Further interviewed with the harvester, he mentioned that the PPE had to be purchased on their own. Upon referring contract agreement dated 1 March 2019 between the estate and contractor, the contractor shall comply with the clause 'Occupational Safety and Health Act (OSHA) 1994' "it's a duty of every employer to ensure, so far as is practicable, the safety, health and welfare at work of all his employees."
- 2. Despite having safety committee established, it was found that quarterly safety meeting was not conducted accordingly. Last meeting conducted was on 2/5/19. This not in line with the Occupational Safety and Health (Safety and Health Committee) Regulations 1996 which is the meeting shall be conducted on quarterly basis.
- 3. There was no evidence of first aid training was conducted. Verified at the field operation, there was no first aid box at the field operation.

Section 2 - Result of investigation and determination of root cause

Root Cause:

- 1. Contractor appointed misunderstood the requirement of PPE and was not clear on the requirement for them to supply the appropriate PPE to their workers instead of the workers purchased on their own. This practice has been in place for a while and the management will need to reiterate the requirements clearly.
- 2. The safety meeting was not included in the OSH plan. Hence the management missed out on the requirement.
- 3. The management did not include the First Aid Training into established Training Programme. Mandore were not given appropriate training and briefing on the importance of having first aid kit on site.



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Section 3 - Correction (if applicable) and corrective action plan including completion date:

- 1. Kota Bahroe Group Estate had already issued a letter to warn the contractors to comply with OSHA 1994 by providing adequate PPE to the workers. The management will monitor the contractors from time to time to ensure the contractors comply with OSHA 1994. The management will take serious action if the contractors still not comply with OSHA 1994.
- 2. The safety meeting was conducted on 6/9/2019. The requirement of having quarterly safety meeting has been included in the OSH Plan.
- 3. The first aid training was conducted on 6/9/2019 by Hj. Salim (Hospital Assistant) and included into Training Programme. First aid box will be provided to every mandore by October 2019.





NCR No.: GB-2019-NCR-2	☐ Major	⊠ Minor	
Standard:	Indicator:	Status & Due Date:	
MSPO MS 2530 – 3: 2013	4.4.5.3	Open (21 st August 2020)	
Section 1 - Details of nonconformity			
Based on samples pay slips of checkroll Insurance" and "AIA". Upon reviewing JTk deduction was only for Life Insurance from	Permit for salary deduction,	it was found that approved	
Section 2 - Result of investigation and of	determination of root cause	•	
Root Cause:			
The management assumed that approved not for specific Life Insurance Provider.	deduction permit for any Life	Insurance for workers and	
Section 3 - Correction (if applicable) an	d corrective action plan inc	cluding completion date:	
To avoid from further deduction being made and having to apply for additional term in JTK Permit, Kota Bahroe Group Estate had issued a letter to NUPW on 3rd September 2019 to stop the AIA deduction starting from September 2019.			





NCR No.: GB-2019-NCR-3	☐ Major	⊠ Minor	
Standard:	Indicator:	Status & Due Date:	
MSPO MS 2530 – 3: 2013	4.4.5.4	Open (21 st August 2020)	
Section 1 - Details of nonconformity			
Samples of pay slips and employment co during the audit. Hence the objective of management had ensure employee of requirement.	evidence could not be revi	ewed to confirm that the	
Section 2 - Result of investigation and c	letermination of root cause	3	
Root Cause:			
The management did not closely monitor on the requirement to ensure employee of contractors			
are paid based on legal and minimum requirement.			
Section 3 - Correction (if applicable) and	d corrective action plan inc	luding completion date:	
The management had issued a letter documents such as employment letter and	d payslip/payment voucher o	of their workers on monthly	
basis as part of monitoring. The contra September 2019. If they fail to do so, Kot	•		
the contractors who fail to follow the instru	iction from KBGE. By the en	d of the year of 2019, Kota	
Bahroe Group Estate will take a serious a documents.	action to the contractors if the	ney fail to provide all these	
documents.			





NCR No.: GB-2019-NCR-4	☐ Major	⊠ Minor		
Standard:	Indicator:	Status & Due Date:		
MSPO MS 2530 – 3: 2013	4.5.2.2	Open (21 st August 2020)		
Section 1 - Details of nonconformity				
Baseline values established are being us the estate. However, currently the manag including contractor usage which is requir	ement only estimate diesel us	icity and diesel usage from sage for internal use but not		
Section 2 - Result of investigation and	determination of root cause	9		
Root Cause:				
The contractors are not having the proper	record on diesel usage at the	at moment and were in the		
midst of improving it. This has been the practiced since early days where only total usage of the				
, ,		,		
company (with all their clients) are recorded	ed instead of per client.	,		
	·	, ,		
company (with all their clients) are recorded	·	, ,		
company (with all their clients) are recorded	d corrective action plan ind	cluding completion date:		
company (with all their clients) are recorded. Section 3 - Correction (if applicable) are	d corrective action plan ind	cluding completion date: 8th August 2019 especially		
company (with all their clients) are recorded. Section 3 - Correction (if applicable) are Kota Bahroe Group Estate had issued a	letter to the contractors on 2 e data on diesel usage. The	cluding completion date: 8th August 2019 especially		
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Standard: MSPO MS 2530 – 3: 2013 4.5.3.3 Open (21st August 2020) Section 1 - Details of nonconformity Handling of Used Chemical Procedure PRO-P5C3/HUC dated 2/1/19. The SOP was made available and found to be adequate to meet the requirement of SW Reg 2005. Further reviewed, it was found that notification to DOE has yet to be made as required by the SOP and 2nd Schedule of Schedule Waste Regulation 2005. Section 2 - Result of investigation and determination of root cause Root Cause: The procedure was ready earlier before the readiness of the team. Nevertheless, the notification has been sent September 2019 onwards. Section 3 - Correction (if applicable) and corrective action plan including completion date: Kota Bahroe Group Estate already asked Mr. Megat (Environment Officer) to fill up the 2nd Schedule From DOE manually that required by the SOP and Schedule Waste Regulation 2005. Moving forward, the management will make sure that any practice or procedure to only be implemented when the team is competent and undergone proper training. This will also be taking into consideration of all regulatory related matters.	NCR No.: GB-2019-NCR-5	☐ Major		
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Moving forward, the management will make sure that any practice or procedure to only be implemented when the team is competent and undergone proper training. This will also be taking	Kota Bahroe Group Estate already aske	ed Mr. Megat (Environment	Officer) to fill up the 2nd	
implemented when the team is competent and undergone proper training. This will also be taking	Schedule From DOE manually that requir	ed by the SOP and Schedu	le Waste Regulation 2005.	
	•	• •		
into consideration of all regulatory related matters.				
	into consideration of all regulatory related matters.			
	<u> </u>			





	☐ Major					
Standard:	Indicator:	Status & Due Date:				
MSPO MS 2530 – 3: 2013	4.5.3.4	Open (21 st August 2020)				
Section 1 - Details of nonconformity	у					
Upon visiting storage area of empt containers were rinsed but not punctu	y pesticide container, it vired accordingly.	was found that empty pesticide				
Section 2 - Result of investigation a	and determination of root	cause				
Root Cause:						
The management still looking for the a	·					
practice some of pesticide container re		vithout puncturing the containers.				
The PIC was not appropriately briefed	on the requirement.					
Section 3 - Correction (if applicable) and corrective action plan including completion date:						
The management already took imme	ediate action to puncture th	ne empty pesticide containers on				
The management already took imme the 23/8/19. The person in charge ha	·					
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the 23/8/19. The person in charge ha	·					
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Section 1 - Details of nonconformity Current practice domestic waste from labour quarters and office is being collected and dispose at designated rubbish pit. However, upon visiting the pit, it was found that the pit was loc nearby the labour quarters and wastes were burned despite having "Dilarang Mem Pembakaran Terbuka" signage erected close to the pit. Section 2 - Result of investigation and determination of root cause Root Cause: The management did not closely monitor on management of domestic waste location according the regulation, and related workers for handling domestic waste did not attend MSPO training where prohibition of open burning was explained. Section 3 - Correction (if applicable) and corrective action plan including completion days. 1. The management had already identified and established new location for the rubbish pit in field.	NCR No.: GB-2019-NCR-7	☐ Major	⊠ Minor			
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field. 2. The management decided to conduct a training on domestic waste and open burning to	Section 3 - Correction (if applicable) and corrective action plan including completion date:					
field. 2. The management decided to conduct a training on domestic waste and open burning to						
	,	1. The management had already identified and established new location for the rubbish pit in the field.				
	2. The management decided to conduct a training on domestic waste and open burning to the workers on 5th September 2019.					





1. Observations

No	Observation Details
1.	4.1.3.1
	Management review meeting was conducted on 10.7.2019 chaired by the Estate Manager En Mohamad Fauzi Bin Parno and attended by other personnel. The meeting agendas included the operational and performance for the estate and Internal Audit findings. However, it was not recorded into a meeting minute due to overlook. The improvement will be reviewed in the next audit
2.	4.3.1.1
	 Air compressor, Capacity 85L, Inspection No 08145520, Mfg Date 10/2018, Tong Cheng Iron Works Co., Ltd. does not have accompanied permit. The estate is planning to remove the unit and replace with a new to enable JKKP Permit application Diesel permit - in progress of applying. Currently in the midst of getting formal letter from Gopeng Berhad to change the license bearer name to the estate name instead of Gopeng Berhad before can proceed with KPDNKK.
3.	4.4.5.5
	During the audit, the records that provide contract workers detail were presented. However, it was partially completed. According to the management, they are still gathering all the necessary information due to high number of contract workers. The completion will be verified in the next audit.
4.	4.4.6.1
	During site visit to Harvesting Activity in Field KB01/41, interviewed contract workers were not aware of the MSPO existence. Upon checking MSPO Awareness Training attendance record, it was found that contract workers were not included in the training.
5.	4.5.1.2
	Environment Aspect Impact Assessment has been established for Nursery, Replanting, Maintenance and Harvesting. It was not done for Storage and Labour Quarters
6.	4.5.6.1



	The estate has yet to conduct Biodiversity Assessment. The management is currently looking for suitable assessor to conduct the study. The company might also consider to conduct it internally should suitable assessor could not be found. The completion will be followed up in the next audit.
7.	4.6.3.2
	As explained by the management, due to financial difficulties, payment to contractors were on hold since May 2019. The status will be followed up in the next audit.



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Section H Audit Findings

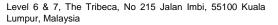
P1: Management Commitment & Responsibility

P1C1	Malaysian Sustainable Palm Oil (MSPO) Po	licy	
Indicator	Requirement	Compliance	Findings
I1	A policy for the implementation of MSPO shall be established.	✓ Yes No OFI ✓ Yes	Dato' Mohd Salleh Bin Hashim has signed the MSPO Policy dated on 2nd January 2019. Kota Bahroe Berhad is committed to comply and implement the MSPO certification to demonstrate the commitment towards the production of certified sustainable palm oil products.
I2	The policy shall also emphasize commitment to continual improvement.	□ No □ OFI	KBGE is also committed for continual improvement practices by harnessing its resources of people, processes and technology in order to ensure the continuous production of palm oil products in sustainable manner. This was stated in the sighted MSPO Policy

P1C2	Internal Audit		
Indicator	Requirement	Compliance	Findings
I1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement	✓ Yes No OFI	MSPO internal audit was carried out on 14 May 2019 by Mr Basir Bin Mohamed from Thalhah Sustainability Solution. It was carried out based on the MSPO 2530-3:2013. The audit methodologies were documentation review, site observation and interview. All findings were documented accordingly.
12	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.	▼ Yes □ No □ OFI	KBGE has develop the Internal Audit Procedure Ref no: KBG-PRO-P1C2/IA dated on 2 January 2019 approved by En Mohamade Fauzi Bin Parno (Estate Manager). The purpose of the IA to determine the effectivness of the MSPO, the strong and week points and potential area for further improvement. The IA shall be schedule and conducted regularly. The frequency of MSPO audit shall be carried at least once a year. All non conformities identified have been root cause analysed and corrective action identified.
13	Report shall be made available to the management for their review.	Yes No OFI	The internal audit report was distributed to the estate management on 14 May 2019 to be reviewed.

P1C3	Management Review		
Indicator	Requirement	Compliance	Findings
II	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	☐ Yes☐ No ☑ OFI	The management review meeting was conducted on 10.7.2019 chaired by the Estate Manager En Mohamad Fauzi Bin Parno and attended by other personnel. The meeting agendas included the operational and performance for the estate. OBS Management review meeting was conducted on 10.7.2019 chaired by the Estate Manager En Mohamad Fauzi Bin Parno and attended by other personnel. The meeting agendas included the operational and performance for the estate and Internal Audit findings. However, it was not recorded into a meeting minute due to overlook. The improvement will be reviewed in the next audit







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F1C 4	Continual Improvement	- "	
Indicator	Requirement	Compliance	Findings
[1	The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company	Yes No OFI	The KBGE has documented the continual improvement plan for year 2019. The plan was on: 1. Build Chemical Mixing area. 2. Build brick around the diesel tank. 3. Improve air ventilation at fertilizer store. 4. Improve air ventilation at chemical store.
[2	The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption.	Yes No OFI	HQ Kota Bahroe Berhad was responsible for improving the practices with introduce by the estate manager. The improvements included as procedure into their best practice manual like 'Manual Teknikal'.
13	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.	✓ Yes ☐ No ☐ OFI	Provisions were made in the annual and forecast business plans / budgets for the necessary resources including training, to implement the new techniques

P2: Transparency

P2C1 Transparency of information and documents relevant to MSPO requirements

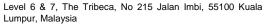
1201	transparency of information and documen		
Indicator	Requirement	Compliance	Findings
I1	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.	✓ Yes □ No □ OFI	KBGE has developed the stakeholder consultation and communication procedure with Ref no KBG-PRO-P2C2/CC dated 2 Jan 2019, to put in place a system to effectively communicate with external parties on matters regarding to perfomance of the estate. Timeframe for external communication to provide feedback within 14 days. The manager is responsible person for address the communication and request.
12	Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	V Yes □ No □ OFI	The management has disseminate the information of the documents that made publicly available such as company policy, communication procedure upon request during the stakeholder meetings. As per stated in the procedure 5.3.2 ' information such as financial, busuness strategies, formulation, intellectual properties and legal standing shall be deemed as confidential. Besides, internal and external stakeholders could access to the company's website (http://www.gopeng.com.my) to obtain information such as policies, annual report and complaint procedures. Policies were displayed at the notice board of the respective operating units as well



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P2C2	Transparent method of communication an	d consultation	
Indicator	Requirement	Compliance	Findings
11	Procedures shall be established for consultation and communication with the relevant stakeholders.	Yes No OFI	KBGE has develop the stakeholder consultation and communication procedure with Ref no KBG-PRO-P2C2/CC dated 2 Jan 2019, to put in place a system to effectively communicate with external parties on matters regarding to perfomance of the estate. Timeframe for external communication to provide feedback within 14 days. The manager is responsible person for address the communication and request. beside, the management has develop the process flow on handling the social issue as stated in the item no 5.1.
12	A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.	✓ Yes ☐ No ☐ OFI	Assistant Manager has been appointed as Social Management Officer to handle any issue related to social in the estate. Seen the appointment letter dated 2/1/2019 issued by the Estate Manager.
13	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.	Yes No OFI	The stakeholder meeting was conducted on 7/3/2019 with the participation of stakeholders such as contractors, government authorities and local communities. Seen the meeting minutes and attendent list of the meeting Stakeholder list was developed which included local communities, suppliers, contractors, government authorities and costomers.
P2C3	Traceability		
Indicator	Requirement	Compliance	Findings
11	The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).	Yes No OFI	KBGE has develop the Traceability Procedure dated on 2 Jan 2019. The scope of the procedure applies to Oil Palm Plantation product for deliver good quality of FFB to mill.The process flow clear stated in the procedure item no 5.1.
12	The management shall conduct regular inspections on compliance with the established traceability system.	✓ Yes ☐ No ☐ OFI	The management has conducted the regularly inspection on the compliance. Sigthed that the weighbridge ticket no 0043172 with total weight 20,880 KG delivered to the Tian Siang Oil Mill (Air Kuning Sdn Bhd). The record included the origin of the FFB as stated as filed KB98/113.
13	The management should identify and assign suitable employees to implement and maintain the traceability system.	Yes No OFI	The Management has appointed Ms Noor Atikah Bt Mohd Mokhtar as Estate Traceability System Officer with effective on 2nd January 2019. The function or the duty for the person in charge is to implement and maintain the requirement for traceability system as written in the KBG Traceability Procedure.
I4	Records of sales, delivery or transportation of FFB shall be maintained.	✓ Yes □ No □ OFI	Sigthed that the weighbridge ticket no 0043172 with total weight 20,880 KG delivered to the Tian Siang Oil Mill (Air Kuning Sdn Bhd). The record included the origin of the FFB as stated as filed KB98/113. the records was maintain by the person in charge on

daily basis.





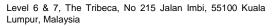
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P3: Compliance to legal requirements

P3C1	Regulatory requirements		
Indicator	Requirement	Compliance	Findings
I1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.	☐ Yes☐ No ☑ OFI	1. MPOB License 512991002000, Menjual dan Mengalih FFB valid thru 31/5/20 for 1365 ha 2. MPOB License 533016011000, Menghasil, Menjual, Mengalih, Menyimpan SLGBIJI valid thru 30/9/19 3. Wbridge Calibration - Borang D. Last done on 14/9/18 4. Air compressor, Capacity 85L, Inpection No 08145520, Mfg Date 10/2018, Tong Cheng Iron Works Co., Ltd. does not have accompanied permit. The estate is planning to remove the unit and replace with a new to enable JKKP Permit application 5. Diesel License - in progress of applying. Currently in the midst of getting formal letter from Gopeng Berhad to change the license bearer name to the estate name instead of Gopeng Berhad. OBS Observation was raised for the Air Compressor Permit and Diesel Permit. This will be verified in the next audit.
12	The management shall list all laws applicable to their operations in a legal requirements register.	Yes No OFI	Sighted Legal Requirements Register dated 2/1/19 and reviewed on 18/1/19. Among listed applicable laws as below: 1. OSHA 1994 2. USECHH 2000 3. FMA 1967 4. Pesticide Act 1974 4. EQA 1974 5. SW Regulation 2005 6. WMSHAA 1990 7. Employmment Act 1955 8. EPF Act 1991 9. Wildlife Conservation Act 2010 10. Minimum Wages Order (Amendment) 2018 11. EIS Act 2017
I3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.	✓ Yes □ No □ OFI	The LRR was made available and updated on 18/1/19 by Mr. Megat Syafiq Bin Megat Hariri, Sustainability Coordinator and approve by Mr. Mohamad Fauzi Panor, Estate Manager. Observed all applicable new laws have been included in the LRR.
I4	The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.	✓ Yes ☐ No ☐ OFI	Sighted Appointment Letter of Legal Requirements Register for Mr. Ahmad Kamal Bin Shuib, Chief Clerk. The letter specifies the responsibilities are: 1. To monitor compliance 2. To track and update 3. To inform estate management of the changes 4. To liaise with external parties relevant

P3C2	Land used right		
Indicator	Requirement	Compliance	Findings
11	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.	▼ Yes □ No □ OFI	The company has 92 land titles in posession that were planted with OP with a total of 1586.511 ha. 1365 ha planted with OP while the rest is unplanted area. Sampled land titles as below: 1. G00125450, 1.8995 ha, Land Use Term "Tiada" 2. HSD KA 473/73, 10.5103 ha, Land Use Term not specified 3. GM00000009, 0.8877 ha, Land Use Term not specified 4. G00125720, 0.8701 ha, Land Use Term "Tiada" Furher reviewed the guit rents for the said titles.
			Available for 2019.





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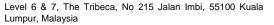
12	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.	✓ Yes No OFI	Refer 4.3.2.2
13	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.	Yes No OFI	During site visit to observed the land is being distinguished by tranches and drains.
14	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).	Yes No OFI	No dispute recorded. Upon checking complaint records and stakeholder consultation, confirmed no issue on land use.

P3C3	Customary rights		
Indicator	Requirement	Compliance	Findings
11	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.	✓ Yes □ No □ OFI	NA
I2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available.	✓ Yes ☐ No ☐ OFI	NA
I3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.	✓ Yes ☐ No ☐ OFI	NA

P4: Social responsibility, health, safety and employment condition

P4C1	Social impact assessment (SIA)		
Indicator	Requirement	Compliance	Findings
11	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.	Yes No OFI	The SIA action assessment has conduct on 2 Jan 2019. The action plan captured based on the negative impact and has a the positive action plan to enhance or improve the living condition for the workers. Stakeholder meeting has been conducted on 7th Mac 2019. The action plan is consideration on the various matter such as: 1. Provisons of employment opportunities to local. 2. Labour shortage. 3. Protection of worker's safety and health. 4. Employees training 5. Provide better living and working condition.

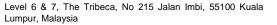






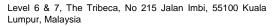
P4C2	Complaints and grievances		
Indicator		Compliance	Findings
I1	A system for dealing with complaints and grievances shall be established and documented.	Yes No OFI	KBGE has develop the stakeholder consultation and communication procedure with Ref no KBG-PRO-P2C2/CC dated 2 Jan 2019, to put in place a system to effectively communicate with external parties on matters regarding to perfomance of the estate. Timeframe for external communication to provide feedback within 14 days. The manager is responsible person for address the communication and request.
I2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.	Yes No OFI	Procedure with flowchart is available and the timely for respond to stakeholder within 15 days after the meeting date as per Stakeholder consultation and communication procedure. Sample with the requested letter from Masjid Jamek Kota Bharu, the manager was approved within 14 days.
13	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.	Yes No OFI	The complaint form is available as 'Borang Aduan & ketidakpuasan/Maklumbalas' and maintain at the suggestion box at the main office. During the audit, there is no any written complaints or request from the stakeholder for the verification.
14	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.	Yes No OFI	The stakeholder or the workers is aware to make the complaint or suggestion. The information for the complaint has been delivered during the stakeholder meeting dated on 7 Mac 2019. During the interview with the worker representative name Mr Thivathasan Lingam, he aware to lodge the complaint to management with using the existing procedure.
15	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.	▼ Yes □ No □ OFI	The review found that, the records were available since 2016.
P4C3	Commitment to contribute to local sustaina		:
Indicator		Compliance	Findings
I1	Growers should contribute to local development in consultation with the local communities.	Yes No OFI	KBGE has contribute to the local communities with to provide assistence on grass cutting at Police Station, allowed to use estate road for school activity. As summary there is 7 CSR conducted since 2017.





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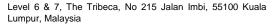
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	d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).	Yes V No OFI	Basically the PPE provided by the Estate Management. However for the contractor workers, PPE provided by the Contractor. Minor 1 During the site visit, found that the harvester was not wear the PPE. Further interview with the harvester, he mention that the PPE were purchased by them self. referral to the contract agreement dated 1 March 2019 the contractor shall to comply with the clause 'Occupational Safety and Health Act (OSHA) 1994' "it's a duty of every employer to ensure, so far as is practicable,the safety, health and welfare at work of all his employees."
	e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.	✓ Yes No OFI	The handling of chemical procedure has establish on 1st January 2019. Refer to the clause 5.4 Storage of the chemical, only authorized personnel is allowed to access the storage area.
	f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.	✓ Yes No OFI	KBGE was appoint Mr Mohammad Zaini Bin Baharuddin as a Health & Safety Rpresentative effective on the 2 January 2019. KBGE is also establish the safety committee and the appointment letter for the both represntative is available and valid until Januari 2021.
	g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meetings are kept and the concerns of the employees and any remedial actions taken are recorded.	☐ Yes ☑ No ☐ OFI	The latest of the safety committee meeting was conducted on 2 May 2019. Sighted that attended by the both representative and chaired by the estate management. Minor 1 Despite having safety committee established, it was found that quarterly safety meeting was not conducted accordingly. Last meeting conducted was on 2/5/19. This not in line with the Occupational Safety and Health (Safety and Health Committee) Regulations 1996 which is the meeting shall be conducted on quarterly basis.
	h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.	✓ Yes No OFI	the procedure is available and has to deliver to workers during the training. Based on the record, that training was conducted on 5 April 2019. (chemical training).
	i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.	☐ Yes ☑ No ☐ OFI	Minor 1 There is no evidence of first aid training was conducted. Verified at the field operation, there is no first aid box at the field operation.
	 j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals. 	Yes No OFI	The safety system was establish and the person in charge is aware on the legal requiment needed.
P4C5	Employment Conditions		
		linunes	Findings
Indicator I1	Requirement The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.	ompliance Ves No OFI	Findings The Policy was develop the Social Policy and signed on the 2 Jan 2019. Found that, the policy displayed at main office notice board.

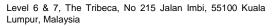




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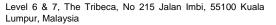
I 2	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.	▼ Yes □ No □ OFI	The Policy was establish and signed by the director on the 2 January 2019. Found that, the policy displayed at main office notice board. The item in the policy covered all the concern elements.
13	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.	Yes V No OFI	Refer to the payslip Employee no: 23738 (july 2019) & Employee no: 23980 (July 2019). Sighted that, the salary payment it's base on the CA agreement. Sighted that, the deduction was made for Life Assurance and AIA. Minor 2 Based on samples pay slips of checkroll workers, noted 2 deductions were made namely "Life Insurance" and "AIA". Upon reviewing JTK Permit for salary deduction, it was found that approved deduction was only for Life Insurance from Great Eastern but not for AIA.
14	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.	☐ Yes ☑ No ☐ OFI	Minor 3 During the audit, there is no sample of the payslip for the contractor workers. The objective evidence could not be verified during the audit. There is no evidence on the payslip, employement contract, contractor workers records, passport and permit.
I5	The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.	☐ Yes☐ No ☑ OFI	The record is available and miantain in the 'checkroll system'. All the details is available for the estate workers. and for the contractor estate has obtain the copy of the identity card for the all workers. the management in the midst on collecting the data for the contractor workers. OBS During the audit, the records that provide contract workers detail were presented. However, it was partially completed. According to the management, they are still gathering all the necessary information due to high number of contract workers. The completion will be verified in the next audit.
I6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.	▼ Yes □ No □ OFI	Observed that, the legal employement contract is available between employee and employer. All the employement has been signed by the respective workers.
17	The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.	✓ Yes No OFI	The time recording using manual system. The supervisor will record the attendence during the muster. All the working hours and overtime capture in the system. The input from the system purposely for the salary payment.
18	The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.	▼ Yes □ No □ OFI	the official working hour Is clear stated in the employement contract. The overtime practice on mutually agreed between management and workers. there is no force labour from the management.
19	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	✓ Yes No OFI	all the salary calculation its based on the daily attendence record. The checkroll clerk was monitor by the daily basis. Verified with the payslip, the overtime pay is available and the system capture the limit of OT hours at 104 Hours.





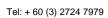
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110	Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.	▼ Yes □ No □ OFI	the social benefits is provided by the management. The incentive such as bonus is applied. For the medical is provided by the estate.
I11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.	Yes No V OFI	The housing was provided by the company. The basic need is available with provided protable water. The defeat house will be manage by estate and free.
I12	The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.	✓ Yes □ No □ OFI	Sexual Harassment Policy is available and signed by the director.
113	The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.	V Yes □ KR# □ OFI	The workers is allowed to join union as mention in the Social Policy clause no 4.
I14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.	□ No □ OFI	There is no young person employed in the estate.





P4C6	Training and competency		
Indicator	Requirement	Compliance	Findings
II	All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.	Yes No OFI	The training plan for employes exposed to pesticides is available in the training plan Year 2019. The following training session conducted; 1. Chemical Mixing Procedure 8 July 2019. 2. Chemical Risk Assessment 8 July 2019. 3. Spraying Procedure 3 July 2019. 4. Fertilizer Procedure 24 June 2019. others training was conducted for the routine activity. OBS During site visit to Harvesting Activity in Field KB01/41, interviewed contract workers were not aware of the MSPO existence. Upon checking MSPO Awareness Training attendance record, it was found that contract workers were not included in the training.
12	Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.	☐ Yes☐ No ✔ OFI	The training need plan was develop by the PIC. PIC will monitor the planning of the training and will be done on December 2019.
13	A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.	✓ Yes ☐ No ☐ OFI	Training details are planned and summarised in the OSH program. This is in compliance and detailed in 4.4.6.1 above. Training program are made on annual basis. In addition, it is subject for a review during the financial year should need arises.

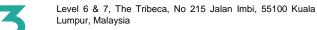




P5: Environment, natural resources, biodiversity and ecosystem services

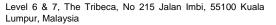
P5C1	Environmental management plan		
Indicator	Requirement	Compliance	Findings
relevant country and state environal laws shall be developed, effective	An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.	✓ Yes □ No □ OFI	Policy was made available during the audit namely Environment and Biodiversity Policy dated 2 January 2019 signed by Group Executive Chairman, Dato Mohd Salleh Bin Hashim. The communication done through several methods such as stakeholder meeting and training. Training was conducted on 13/2/19 for internal stakeholders (workers and contract workers)
			It was also communicated during stakeholder meeting held on 7/3/19 in the morning. The meeting was attended by Police Dept, Village reps, Smallholders and contractors Sighted Environmental Management Plan, DOC-
			P5C1/EMP "Environmental Management Plan" dated 2/1/19.
I2	The environmental management plan shall cover the following: a) An environmental policy and	☐ Yes☐ No ☑ OFI	Sighted Environmental Management Plan, DOC-P5C1/EMP "Environmental Management Plan" dated $2/1/19$. The EMP meets the requirement of this indicator.
	objectives; b) The aspects and impacts analysis of all operations.		a) Policy as mentioned above. b) Environment Aspect Impact Assessment has been established for Nursery, Replanting, Maintenance and Harvesting. It was not done for Storage and Labour Quarters.
			OBS Environment Aspect Impact Assessment has been established for Nursery, Replanting, Maintenance and Harvesting. It was not done for Storage and Labour Quarters. The completion will be verified in the next audit
13	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.	▼ Yes □ No □ OFI	The plan was incorporated together with the EAIA sighted earlier. Also sighted Environmental Improvement Plan as below: 1. Preservation of riparian reserve 2. Protection of water resources and quality 3. Minimization of land area disturbance (replanting) 4. Waste Management 5. Fire prevention and control 6. P&D Management
14	A programme to promote the positive impacts should be included in the continual improvement plan.	▼ Yes □ No □ OFI	Continual Improvement Plan was sighted for 2019. Listed plans related to environmental as below: 1. Build bricks around diesel tank to avoid chemical spillage. The plan includes Target Implementation Date
15	An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.	☐ Yes☐ No ☑ OFI	Training Plan for Workers and Contractors sighted for 2019. Sampled Planned Trainings as below: 1. MSPO Awareness Training - Feb 19 2. Environment Awareness Training - Apr 19 3. Zero Burning - Feb 19 Sampled conducted training as below: 1. ERP Training 3/4/19 2. MSPO Awareness 21/3/19 3. Environmental Awareness Training 26/2/19





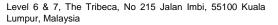
I6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.	✓ Yes ☐ No ☐ OFI	A committee was newly established namely EPMC. Latest meeting conducted was on 8/1/19. Discussed matter: 1. Confirmation on polluted area in the estate 2. Chairman reminded the participants to care for the environment 3. Recycling initiatives 4. Prevention of feeding stray dogs 5. Waste Control
P5C2	Efficiency of energy use and use of renewa	ahle enerav	
Indicator	Requirement	Compliance	Findings
II	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.	✓ Yes No OFI	Electricity usage recorded into "Monthly Non-Renewable Energy (Electricity)". Sighted for 2018 usage. Diesel usage recorded into "Monitoring Diesel Used Per Ton of FFB Record 2019". Sighted for 2018 usage. Baseline value and trend were observed through graph plotting. The estate does not store any fossil fuel in the estate
12	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.	☐ Yes ☑ No ☐ OFI	Minor 4 Baseline value sighted in 4.5.2.1 is being used as estimation of electricity and diesel usage. Current practice, the management only estimate for internal use but not including contractor usage.
I3	The use of renewable energy should be applied where possible.	Yes No OFI	No usage of renewable energy in the estate. However, the company is planning to convert some of the estate area into solar farm but they have yet to have final say on the plan.
P5C3	Waste management and disposal		
Indicator	Requirement	Compliance	Findings
I1	All waste products and sources of pollution shall be identified and documented.	✓ Yes ☐ No ☐ OFI	Identification was done and evident from Pollution Prevention Plan. Identified waste such as by-product, SW, Scrap Irons, Old Tires, Domestic Waste and Recycle Waste. The identified sources such as Workshop, Store, Office and Linesite
12	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products	✓ Yes ☐ No ☐ OFI	a) As sighted in 4.5.3.1. Waste handling for each identified waste was documented into the Waste Management Action Plan b) Frond stacking for nutrient recycle, used water recycle for chemical mixing.
13	The management shall 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.	☐ Yes ☑ No ☐ OFI	Handling of Used Chemical Procedure PRO-P5C3/HUC dated 2/1/19. The SOP was made available and found to be adequate to meet the requirement of SW Reg 2005. Minor 5 Handling of Used Chemical Procedure PRO-P5C3/HUC dated 2/1/19. The SOP was made available and found to be adequate to meet the requirement of SW Reg 2005. Further reviewed, it was found that notification to DOE has yet to be made as required by the SOP and 2nd Schedule of Schedule Waste Regulation 2005.





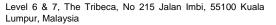


I4	Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.	☐ Yes ☑ No ☐ OFI	Some empty pesticide containers were used for chemical mixing purpose and the excess containers were stored in designated store area. Minor 6 However, upon visiting storage area of empty pesticide container, it was found that empty pesticide containers were rinsed but not punctured accordingly.
15	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	☐ Yes ☑ No ☐ OFI	Minor 7 Current practice domestic waste from labour quarters and office is being collected and disposed at designated rubbish pit. However, upon visiting the pit, it was found that the pit was located nearby the labour quarters and wastes were burned despite having "Dilarang Membuat Pembakaran Terbuka" signage erected close to the pit.
P5C4	Reduction of pollution and emission		
Indicator	Requirement	Compliance	Findings
I1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.	✓ Yes □ No □ OFI	Same as EAIA
I2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	✓ Yes □ No □ OF	Same as EAIA. Pollution Prevention Plas was also established which include all operations of the estate that could potentially affect the environment.



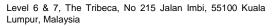
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P5C5	Natural water resources		
Indicator	Requirement	Compliance	Findings
Ti .	The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a) Assessment of water usage and sources of supply. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities. c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). d) Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.	Yes No OFI	Water Management Plan DOC-P5C5/WMP dated 2/1/19. a) Water sourced from Lembaga Air Perak. Assessment of water usage was conducted. As at May 2019 water usage as per LAP bill in 2019 was 24345 m3 b) Last water sampling sent to Trinity Laboratory Sdn Bhd for lab testing for Sg Sanglop was on 8/4/19. It was sent for 2 points to monitor incoming and outgoing water. 2 samples from 2 points were taken from Field 92/108. From the test result noted that the parameters were within allowable limit. Samples were tested as per Standard B of Environmental Quality (Sewage) Regulation 2009 c) Used water from chemical mixing activity is being recycled for future chemical mixing activity. Rain water harvesting done infield through field drain. The collected rain water is being used for watering palm. d) Noted there was a river flowing across the estate namely Sg Sanglop. Buffer zone has been established with undisturbed vegetation. Visited buffer zone located at Field KB 92/103. Prohibition of chemical activities signage has been erected and noted no chemical trace in the area. e) Same as d) f) NA
I2	No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.	Yes No OFI	During site visit to the buffer zone area noted no such activities.
13	Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).	Yes No OFI	as mentioned in 4.5.5.1 c)





P5C6	Status of rare, threatened, or endangered	species and high	biodiversity value area.
Indicator	Requirement	Compliance	Findings
I1	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.	Yes No V OFI	The estate has yet to conduct Biodiversity Assessment. The management is currently looking for suitable assessor to conduct the study. The company is also considering to do it internally should suitable assessor could not be found. The completion will be followed up in the next audit.
12	If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include: a) Ensuring that any legal requirements relating to the protection of the species are met. b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.	▼ Yes No OFI	Despite not having Biodiversity Assessment done Biodiversity and Ecosystem Management Plan DOC-P5C6/BEP dated 2/1/19 was made available during the audit. The plan entails: a) Responsibilities to meet the legal requirements such as Protection of Wildlife Act 1972, Conservation Activities and Result Monitoring. b) No hunting signboard erected nearby entrance of the estate.
I3	A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.	Yes No OFI	Refer 4.5.6.2





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P5C/	Zero burning practices		
Indicator	Requirement	Compliance	Findings
I1	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.	Yes No OFI	No evidence of open burning practice for land preparation purpose.
I 2	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.	Yes No OFI	NA
13	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.	Yes No OFI	NA
I4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.	☐ Yes ☐ No ☐ OFI	NA

P6: Best Practices

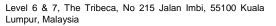
P6C1	Site management		
Indicator	Requirement	Compliance	Findings
11	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	Yes No OFI	Sighted "Manual Teknikal" which explains on" 1. Land opening 2. Replanting 3. Seedlings preparation 4. Upkeep at immature area 5. Upkeep for mature area 6. P&D 7. Pest 8. Harvesting During site visit to the field observed the SOP is being implemented accordingly. Interviewed harvesters from Field KB 92/103 demonstrated good knowledge of best practice.
12	Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.	Yes No OFI	No steep or slope area in the estate. The estate is a low lying area.
I3	A visual identification or reference system shall be established for each field.	✓ Yes □ No □ OFI	Available. Sampled from Field S99/31C.



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P6C2	Economic and financial viability plan		
Indicator	Requirement	Compliance	Findings
I1 I2	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. Where applicable, an annual replanting	Yes No OFI	Sighted Budget Report for 2019 Sighted Replanting Programme for 3 years
	programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.	No OFI	2019,2020,2021. According to the management, they might not proceed with replanting due to downfall of FFB price. At the moment they are experimenting with pineapple and will continue to plant it if the return is deemed better
13	The business or management plan may contain: a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production: cost per tonne of FFB d) Price forecast e) Financial indicators: cost benefit, discounted cash flow, return on investment	✓ Yes No OFI	The budget sighted includes: 1. Area Statement 2. Yield Statement Budget 3. Labour Statement Budget 4. Vehicle and Engine Budget 5. Main Budget 6. Oil Palm Prime Mature Budget 7. Oil Palm Replanting Budget 8. General Charges
14	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.	✓ Yes ☐ No ☐ OFI	The monitoring and review done at HQ level.
P6C3	Transparent and fair price dealing		
Indicator	Requirement	Compliance	Findings
I1	Pricing mechanisms for the products and other services shall be documented and effectively implemented.	Yes No OFI	Sampled for 2 contract agreements: 1. GB Agrotechno (FFB Harvesting). Pricing based on Field age and FFB tonnage harvested. Contract agreed on 1/3/19. Payment will be made on the following month
			Teik Joo Chan Sdn Bhd (Transport of Oil Palm FFB). Pricing based tonnage of FFB Transported and EFB transported. Contract agreed on 1/1/18. Monthly payment upon satisfactory of work completion Both reviewed contracts were signed by Estate
			Manager and contrators.
I2	All contracts shall be fair, legal and transparent and agreed payments shall	Yes	Contract condition as 4.6.3.1
	be made in timely manner.	□ No ☑ OFI	Sampled payment for June 2019 for both contractors
		₽ OFI	1. GB Agrotechno, PV M187. 2. Teik Joo Chan Sdn Bhd, PV L380
			The payment will be made upon approval from HQ level. Payment will be made using Cheque.
			OBS As explained by the management, due to financial difficulties, payment to contractors were on hold since May 2019. The status will be followed up in the next audit.







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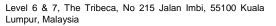
P6C4	Contractor		
Indicator	Requirement	Compliance	Findings
II	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.	Yes No OFI	Based on sampled contract agreements observed MSPO clause stated "The contractor shall oblige and comply to all principles and regulations as required by MSPO"
I2	The management shall provide evidence of agreed contracts with the contractor.	Yes No OFI	Both reviewed contracts were signed by Estate Manager and contrators.
13	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.	✓ Yes No OFI	same as 4.6.4.1
14	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted.	✓ Yes ☐ No ☐ OFI	In the reviewed contracts, a clause saying "payment of the contractor shall be made upon satisfactory completion of work based on record kept by the management"

P7: Developent of new plantings

P7C1	High biodiversity value		
Indicator	Requirement	Compliance	Findings
I1	Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.	Yes No OFI	The whole principle 7 is not applicable as the company does not have any new planting.
12	No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.	Yes No OFI	NA

P7C2	Peatland		
Indicator	Requirement	Compliance	Findings
I1	New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.	Yes No OFI	NA

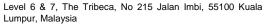


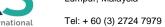




P7C3	Social and Environmental Impact Assessme	nt (SEIA)	
Indicator		Compliance	Findings
I1	A comprehensive and participatory social		NA
	and environmental impact assessment		
	shall be conducted prior to establishing	☐ Yes	
	new plantings or operations.	No OFI	
	new plantings or operations.	☐ OF1	
I2	SEIAs shall include previous land use	_	NA
	or history and involve independent	Yes	
	consultation as per national and state	☐ No	
	·	OFI	
	regulations, via participatory		
	methodology which includes external		
	stakeholders.		
12	The was the of the CCTA shall be		NA
I3	The results of the SEIA shall be	Yes	IVA
	incorporated into an appropriate	□ No	
	management plan and operational	OFI	
	procedures developed, implemented,	☐ OF1	
	monitored and reviewed.		
I4	Where the development includes	☐ Yes	NA
	smallholder schemes of above 500ha in	□ No	
	total or small estates, the impacts and	= -	
	implications of how each scheme or small	OFI	
	estate is to be managed should be		
	documented and a plan to manage the		
	impacts developed, implemented,		
	monitored and reviewed.		
P7C4	Soil and topographic information		
Indicator	.	Compliance	Findings
Indicator I1	Information on soil types shall be	Compliance	NA NA
	Information on soil types shall be adequate to establish the long-term	Compliance	
	Information on soil types shall be		
	Information on soil types shall be adequate to establish the long-term		
	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm	Yes No OFI	
	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm	Yes No OFI	
I1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.	Yes No OFI	NA
I1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting	Yes No OFI	NA
I1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation	Yes No OFI	NA
I1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting	Yes No OFI	NA
I1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation	Yes No OFI	NA
I1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation	Yes No OFI	NA
I1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation	Yes No OFI	NA
I1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation	Yes No OFI Yes No OFI	NA
I1 I2 P7C5 Indicator	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fraging Requirement	Yes No OFI Yes No OFI	NA NA Findings
I1 I2 P7C5	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragi	Yes No OFI Yes OFI	NA NA
I1 I2 P7C5 Indicator	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fraging Requirement Extensive planting on steep terrain,	Yes No OFI Yes OFI	NA NA Findings
I1 I2 P7C5 Indicator	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragi Requirement Extensive planting on steep terrain, marginal and fragile soils shall be avoided	Yes No OFI Yes OFI OFI Yes No OFI E soils Compliance	NA NA Findings
I1 I2 P7C5 Indicator	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragi Requirement Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and	Yes No OFI Yes OFI OFI Yes No OFI E soils Compliance	NA NA Findings
I1 I2 P7C5 Indicator	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragi Requirement Extensive planting on steep terrain, marginal and fragile soils shall be avoided	Yes No OFI Yes No OFI OFI Se soils	NA NA Findings
I1 I2 P7C5 Indicator	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragil Requirement Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.	Yes No OFI Yes No OFI Yes No OFI Yes No OFI	NA NA Findings
P7C5 Indicator Ii	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragil Requirement Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. Where planting on fragile and marginal	Yes No OFI Yes No OFI Yes No OFI Yes No OFI Yes Yes No OFI Yes Yes	NA NA Findings NA
P7C5 Indicator Ii	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragil Requirement Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. Where planting on fragile and marginal soils is proposed, plans shall be	Yes No OFI Yes No OFI Yes No OFI Yes No OFI	NA NA Findings NA
P7C5 Indicator Ii	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragil Requirement Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect	Yes No OFI Yes No OFI Yes No OFI Yes No OFI Yes Yes No OFI Yes Yes	NA NA Findings NA
P7C5 Indicator Ii	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragil extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts	Yes No OFI	NA NA Findings NA
P7C5 Indicator Ii	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragil Requirement Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly	Yes No OFI	NA NA Findings NA
P7C5 Indicator Ii	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragil Requirement Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas	Yes No OFI	NA NA Findings NA
P7C5 Indicator Ii	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragil Requirement Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly	Yes No OFI	NA NA Findings NA
P7C5 Indicator I1 I2	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragil Requirement Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation.	Yes No OFI	NA Findings NA NA
P7C5 Indicator Ii	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragil Requirement Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. Marginal and fragile soils, including	Yes No OFI	NA NA Findings NA
P7C5 Indicator I1 I2	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragil Requirement Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. Marginal and fragile soils, including excessive gradients and peat soils, shall	Yes No OFI Yes No OFI	NA Findings NA NA
P7C5 Indicator I1 I2	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. Planting on steep terrain, marginal and fragil Requirement Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. Marginal and fragile soils, including	Yes No OFI Yes No OFI	NA Findings NA NA







P7C6	Customary land		
Indicator	Requirement	Compliance	Findings
I1	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	Yes No OFI	NA
12	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.	☐ Yes☐ No☐ OFI	NA
13	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.	Yes No OFI	NA
14	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.	Yes No OFI	NA
I5	Identification and assessment of legal and recognised customary rights shall be documented.	☐ Yes☐ No☐ OFI	NA
16	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.	☐ Yes☐ No☐ OFI	NA
17	The process and outcome of any compensation claims shall be documented and made publicly available.	☐ Yes☐ No☐ OFI	NA
18	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.	☐ Yes☐ No☐ OFI	NA



Section I Appendix

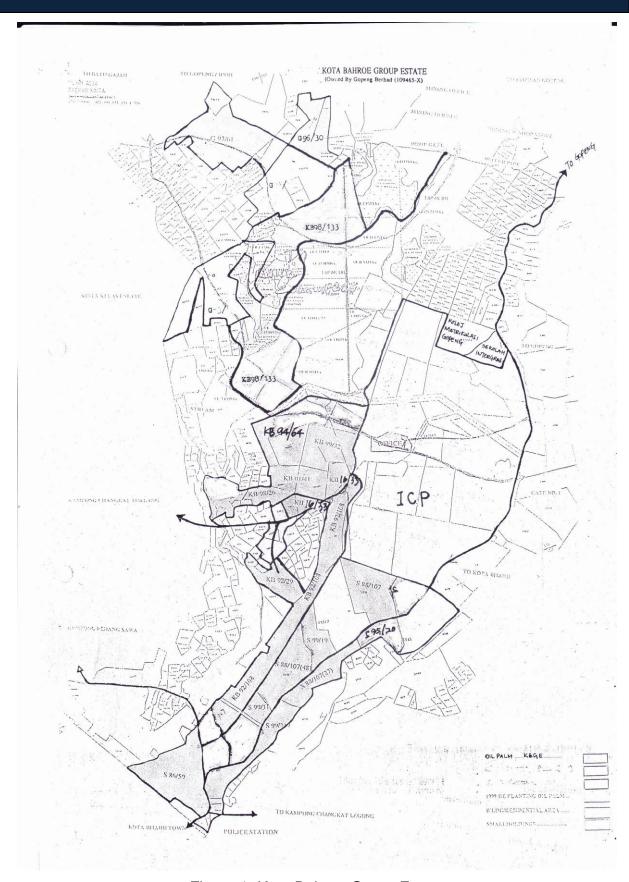


Figure 1: Kota Bahroe Group Estate



Disclaimer: The audit report is generated to reflect the compliance of the organisation against the audit standard(s) to best accurateness. As the assessment was carried out by sampling method, certain areas or processes may not be verified on its compliances. MR3 has taken every effort possible to ensure the accuracy of the assessment and reporting. MR3 will not be held responsible should the audited organisation failed to provide accurate information.