



Certification International


# Audit Summary Report

19<sup>th</sup> August  
2019

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

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  |  |                     |
| Name  | Afiq Othman   | Company Stamp       |
| Date  | 13/09/2019  |                     |
| Email | afiq@mr3cert.com  |                     |

## Section A General Information

| General              |   |
|----------------------|---|
| Audit objectives     | <input checked="" type="checkbox"/> To verify that the system initial implementation is in accordance to requirements of the standard adopted.                          |
|                      | <input type="checkbox"/> To verify that the system implementation is continuously in accordance to the requirements of the standards adopted.                           |
|                      | <input type="checkbox"/> To verify that the system implementation is continuously after and in third years of implementation is in accordance to the standards adopted. |
|                      | <input type="checkbox"/> 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                | -                         |

## 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:

|                          |   |
|--------------------------|---|
| <input type="checkbox"/> | No nonconformities have been raised during last assessment.   |
| <input type="checkbox"/> | Any nonconformities identified during last previous audit have been corrected and the corrective action continuous to be effective.   |
| <input type="checkbox"/> | 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. |

## 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 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 Nonconformity raised: Relevant action plan must be submitted to the auditor before certificate issuance and the*

implementation will be verified during the next assessment

## Section D (For Re-certification only)

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

## Section E Auditor 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) | <ul style="list-style-type: none"> <li>- MSPO Certified Lead Auditor</li> <li>- BSc. (Hons) Marine Technology</li> <li>- A year experience working in Ministry of Natural Resources and Environment</li> <li>- 5 years experiences working for Sime Darby Plantation Berhad as Sustainability and Quality Management.</li> <li>- More than a year experience working in certification body</li> </ul> |
| Hazrul Zulkifli (HZ) | Audit Member (Principle 1, 2 & 4) | <ul style="list-style-type: none"> <li>- MSPO Certified Auditor</li> <li>- Bachelor Public Management (Hons) Minor Human Resources from Universiti Utara Malaysia</li> <li>- 8 years experiences working for Sime Darby Plantation Berhad as Sustainability and Quality Management.</li> </ul>  |

## Section F Audit Process Matrix

**Audit Matrix** (legend “” plan to cover & covered, “” for not applicable)

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



| <b>4.4 Social responsibility, health, safety and employment condition</b>      |                                     |                                     |                                     |                                     |                                     |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 4.4.1 Social impact assessment (SIA)   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.2 Complaints and grievances  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.3 Commitment to contribute to local sustainable development                | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.4 Employees safety and health  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.5 Employment conditions  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.6 Training and competency  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>4.5 Environment, natural resources, biodiversity and ecosystem services</b> |                                     |                                     |                                     |                                     |                                     |
| 4.5.1 Environmental management plan  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.2 Efficiency of energy use and use of renewable energy                     | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.3 Waste management and disposal  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.4 Reduction of pollution and emission including green house gas            | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.5 Natural water resources  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.6 Status of RTE species and high biodiversity value area                   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.7 Zero burning practices   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>4.6 Best Practices</b>  |                                     |                                     |                                     |                                     |                                     |
| 4.6.1 Mill management  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.6.2 Economic and financial viability plan                                    | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.6.3 Transparent and fair price dealing                                       | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.6.4 Contractor   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

**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*

## Section G Audit Note

### Summary of Area Audited

| Auditor                              | Date                         | Time        |
|--------------------------------------|------------------------------|-------------|
| 1. Afiq Othman<br>2. Hazrul Zulkifli | 22 <sup>nd</sup> 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<br>19 | 0900 | AO       | Introduction by client<br><br>Opening meeting at Kota Bahroe Group Estate |            |
|                | 1000 | AO/HZ    | Management commitment & responsibility                                    | <b>4.1</b> |
|                |      |          | Transparency  | <b>4.2</b> |
|                |      |          | Compliance to legal requirement   | <b>4.3</b> |
|                |      |          | Social responsibility, health, safety & employment condition              | <b>4.4</b> |
|                | 1230 |          | BREAK   |            |
|                | 1330 | AO/HZ    | Environment, natural resources, biodiversity and ecosystem services       | <b>4.5</b> |
|                |      |          | Best practices  | <b>4.6</b> |
|                |      |          | Development of New Planting (if any)                                      | <b>4.7</b> |
|                | 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<br>512991002000 | Menjual dan mengalih FFB                        | 31/05/2019  |
| 533016011000                             | Menghasil,menjual,mengalih dan menyimpan SLGBIJ | 30/09/2019  |

## 4. Description of Operating Unit(s)

| Estate                   | FFB Production (MT) |                     |
|--------------------------|---------------------|---------------------|
|                          | Period:             |                     |
|                          | Actual last FY      | Estimated new FY    |
| Kota Bahroe Group Estate | 16,344.55 Mt        | 21,300.00 Mt        |
| <b>Total</b>             | <b>16,344.55 Mt</b> | <b>21,300.00 Mt</b> |

## 5. Area Statement

| Estate                   | Certified/<br>Titled Area<br>(Ha) | Planted Area                      |                                 | Conservation<br>Area (Ha) | HCV Area (Ha) | Others (Ha) |
|--------------------------|-----------------------------------|-----------------------------------|---------------------------------|---------------------------|---------------|-------------|
|                          |                                   | Immature<br>Area (Ha)<br><3 years | Mature<br>Area (Ha)<br>>3 years |                           |               |             |
| Kota Bahroe group Estate | 1365.00                           | 221.00                            | 1144.00                         | 0                         | 0             | 0           |
| <b>Total</b>             | <b>1365.00</b>                    | <b>221.00</b>                     | <b>1144.00</b>                  | <b>0</b>                  | <b>0</b>      | <b>0</b>    |

**6. Current Certification**

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

**Stakeholder Consultation**

| Stakeholder Details                                | Stakeholder's Input/ Comment   | Client's Feedback/ Response  |
|--|--|--|
| <p>Mr Thiva<br/>(Worker Representative)</p>        | <ul style="list-style-type: none"> <li>- He has a 7 years experience working with the KBGE.</li> <li>- There is a no issue between workers and management.</li> <li>- All the facilities in the properly, no issue for the housing and condition.</li> <li>- He is happy with the relationship between both parties</li> </ul>   | <ul style="list-style-type: none"> <li>- Noted by the management</li> </ul>  |
| <p>En Baharudin<br/>(Ketua Kg Changkat Legong)</p> | <ul style="list-style-type: none"> <li>- He has appointed as 'Ketua Kg' about 7 months.</li> <li>- He is mentioned that, total of the resident about 700 people.</li> <li>- Request to estate to open the job opportunity to the villagers.</li> <li>- Due to new appointed as ketua kg, he didn't aware on the complaint procedure.</li> <li>- He complaint regarding on the cattle issue, but not sure the cattle is belong to estate or not.</li> <li>- Good relationship between estate management.</li> </ul> | <ul style="list-style-type: none"> <li>- Noted by the management</li> <li>- The cattle does not belong to the estate</li> <li>- Villagers are welcome to apply for vacancy anytime. Recruitment process will be according to the company procedure</li> <li>- The estate management will continue communicating its complaint procedure in the next stakeholder meeting</li> </ul> |

**Nonconformity & Observation**

### 1. Nonformity

During the assessment 7 nonconformities were identified.

|  |                                |  |
|--|--------------------------------|--|
| <b>NCR No.:</b> GB-2019-NCR-1              | <input type="checkbox"/> Major | <input checked="" type="checkbox"/> Minor                            |
| <b>Standard:</b><br>MSPO MS 2530 – 3: 2013 | <b>Indicator:</b><br>4.4.4.2   | <b>Status &amp; Due Date:</b><br>Open (21 <sup>st</sup> 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.

**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.



|  |                                |  |
|--|--------------------------------|--|
| <b>NCR No.:</b> GB-2019-NCR-2  | <input type="checkbox"/> Major | <input checked="" type="checkbox"/> Minor                            |
| <b>Standard:</b><br>MSPO MS 2530 – 3: 2013   | <b>Indicator:</b><br>4.4.5.3   | <b>Status &amp; Due Date:</b><br>Open (21 <sup>st</sup> August 2020) |
| <p><b>Section 1 - Details of nonconformity</b></p> <p>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.</p>                        |                                |  |
| <p><b>Section 2 - Result of investigation and determination of root cause</b></p> <p><b>Root Cause:</b></p> <p>The management assumed that approved deduction permit for any Life Insurance for workers and not for specific Life Insurance Provider.</p>  |                                |  |
| <p><b>Section 3 - Correction (if applicable) and corrective action plan including completion date:</b></p> <p>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.</p> |                                |  |

|   |                                |  |
|---|--------------------------------|--|
| <b>NCR No.:</b> GB-2019-NCR-3   | <input type="checkbox"/> Major | <input checked="" type="checkbox"/> Minor                            |
| <b>Standard:</b><br>MSPO MS 2530 – 3: 2013  | <b>Indicator:</b><br>4.4.5.4   | <b>Status &amp; Due Date:</b><br>Open (21 <sup>st</sup> August 2020) |
| <p><b>Section 1 - Details of nonconformity</b></p> <p>Samples of pay slips and employment contracts for contract workers were not made available during the audit. Hence the objective evidence could not be reviewed to confirm that the management had ensure employee of contractors are paid based on legal and minimum requirement.</p>  |                                |  |
| <p><b>Section 2 - Result of investigation and determination of root cause</b></p> <p><b>Root Cause:</b></p> <p>The management did not closely monitor on the requirement to ensure employee of contractors are paid based on legal and minimum requirement.</p>   |                                |  |
| <p><b>Section 3 - Correction (if applicable) and corrective action plan including completion date:</b></p> <p>The management had issued a letter to the contractors and asking them to provide the documents such as employment letter and payslip/payment voucher of their workers on monthly basis as part of monitoring. The contractors need to provide these documents before 30th September 2019. If they fail to do so, Kota Bahroe Group Estate will issues 1st warning letter to the contractors who fail to follow the instruction from KBGE. By the end of the year of 2019, Kota Bahroe Group Estate will take a serious action to the contractors if they fail to provide all these documents.</p> |                                |  |

|   |                                |  |
|---|--------------------------------|--|
| <b>NCR No.:</b> GB-2019-NCR-4   | <input type="checkbox"/> Major | <input checked="" type="checkbox"/> Minor                            |
| <b>Standard:</b><br>MSPO MS 2530 – 3: 2013  | <b>Indicator:</b><br>4.5.2.2   | <b>Status &amp; Due Date:</b><br>Open (21 <sup>st</sup> August 2020) |
| <p><b>Section 1 - Details of nonconformity</b></p> <p>Baseline values established are being used as an estimation of electricity and diesel usage from the estate. However, currently the management only estimate diesel usage for internal use but not including contractor usage which is required by the indicator</p>  |                                |  |
| <p><b>Section 2 - Result of investigation and determination of root cause</b></p> <p><b>Root Cause:</b></p> <p>The contractors are not having the proper record on diesel usage at that 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 instead of per client.</p> |                                |  |
| <p><b>Section 3 - Correction (if applicable) and corrective action plan including completion date:</b></p> <p>Kota Bahroe Group Estate had issued a letter to the contractors on 28th August 2019 especially to harvesting contractors to provide the data on diesel usage. The management will keep monitoring with the contractors from month to month.</p>                             |                                |  |

|  |                                |  |
|--|--------------------------------|--|
| <b>NCR No.:</b> GB-2019-NCR-5  | <input type="checkbox"/> Major | <input checked="" type="checkbox"/> Minor                            |
| <b>Standard:</b><br>MSPO MS 2530 – 3: 2013   | <b>Indicator:</b><br>4.5.3.3   | <b>Status &amp; Due Date:</b><br>Open (21 <sup>st</sup> August 2020) |
| <p><b>Section 1 - Details of nonconformity</b></p> <p>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.</p>   |                                |  |
| <p><b>Section 2 - Result of investigation and determination of root cause</b></p> <p><b>Root Cause:</b></p> <p>The procedure was ready earlier before the readiness of the team. Nevertheless, the notification has been sent September 2019 onwards.</p>  |                                |  |
| <p><b>Section 3 - Correction (if applicable) and corrective action plan including completion date:</b></p> <p>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.</p> |                                |  |

|   |                                |  |
|---|--------------------------------|--|
| <b>NCR No.:</b> GB-2019-NCR-6   | <input type="checkbox"/> Major | <input checked="" type="checkbox"/> Minor                            |
| <b>Standard:</b><br>MSPO MS 2530 – 3: 2013  | <b>Indicator:</b><br>4.5.3.4   | <b>Status &amp; Due Date:</b><br>Open (21 <sup>st</sup> August 2020) |
| <p><b>Section 1 - Details of nonconformity</b></p> <p>Upon visiting storage area of empty pesticide container, it was found that empty pesticide containers were rinsed but not punctured accordingly.</p>  |                                |  |
| <p><b>Section 2 - Result of investigation and determination of root cause</b></p> <p><b>Root Cause:</b></p> <p>The management still looking for the authorized collector for pesticide container. The current practice some of pesticide container return back to the supplier without puncturing the containers. The PIC was not appropriately briefed on the requirement.</p> |                                |  |
| <p><b>Section 3 - Correction (if applicable) and corrective action plan including completion date:</b></p> <p>The management already took immediate action to puncture the empty pesticide containers on the 23/8/19. The person in charge has been reminded to carry out the task in the future to avoid recurrence.</p>   |                                |  |

|  |                                |  |
|--|--------------------------------|--|
| <b>NCR No.:</b> GB-2019-NCR-7  | <input type="checkbox"/> Major | <input checked="" type="checkbox"/> Minor                            |
| <b>Standard:</b><br>MSPO MS 2530 – 3: 2013   | <b>Indicator:</b><br>4.5.3.5   | <b>Status &amp; Due Date:</b><br>Open (21 <sup>st</sup> August 2020) |
| <p><b>Section 1 - Details of nonconformity</b></p> <p>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.</p>    |                                |  |
| <p><b>Section 2 - Result of investigation and determination of root cause</b></p> <p><b>Root Cause:</b></p> <p>The management did not closely monitor on management of domestic waste location according to the regulation, and related workers for handling domestic waste did not attend MSPO training where prohibition of open burning was explained.</p>  |                                |  |
| <p><b>Section 3 - Correction (if applicable) and corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>1. The management had already identified and established new location for the rubbish pit in the field.</li> <li>2. The management decided to conduct a training on domestic waste and open burning to the workers on 5th September 2019.</li> </ol> |                                |  |

## 1. Observations

| No | Observation Details   |
|----|---|
| 1. | <p>4.1.3.1</p> <p>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</p>  |
| 2. | <p>4.3.1.1</p> <ol style="list-style-type: none"> <li>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 JKPP Permit application</li> <li>2. 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 KPDKK.</li> </ol> |
| 3. | <p>4.4.5.5</p> <p>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.</p>  |
| 4. | <p>4.4.6.1</p> <p>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.</p>  |
| 5. | <p>4.5.1.2</p> <p>Environment Aspect Impact Assessment has been established for Nursery, Replanting, Maintenance and Harvesting. It was not done for Storage and Labour Quarters</p>  |
| 6. | <p>4.5.6.1</p>  |

|    |   |
|----|---|
|    | <p>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.</p> |
| 7. | <p>4.6.3.2</p> <p>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.</p>  |



## Section H Audit Findings

### P1: Management Commitment & Responsibility

#### P1C1 Malaysian Sustainable Palm Oil (MSPO) Policy

| Indicator | Requirement  | Compliance   | Findings   |
|-----------|--|--|--|
| I1        | A policy for the implementation of MSPO shall be established.        | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | 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. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | MSPO internal audit was carried out on 14 May 2019 by Mr Basir Bin Mohamed from Thalbah 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.   |
| I2        | 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. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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 effectiveness 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. |
| I3        | Report shall be made available to the management for their review.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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   |
|-----------|---|--|--|
| I1        | 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. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>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.</p> <p><b>OBS</b><br/>                     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</p> |

| P1C4 Continual Improvement |   |  |  |
|----------------------------|---|--|--|
| Indicator                  | Requirement   | Compliance   | Findings   |
| I1                         | The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | The KBGE has documented the continual improvement plan for year 2019. The plan was on:<br>1. Build Chemical Mixing area.<br>2. Build brick around the diesel tank.<br>3. Improve air ventilation at fertilizer store.<br>4. Improve air ventilation at chemical store. |
| I2                         | 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. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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'.   |
| I3                         | 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.                           | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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 |  |  |  |
|--|--|--|--|
| 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. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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 performance 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   | 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.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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 ( <a href="http://www.gopeng.com.my">http://www.gopeng.com.my</a> ) 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 |

| P2C2      |   | Transparent method of communication and consultation   |   |
|-----------|---|--|---|
| Indicator | Requirement   | Compliance   | Findings  |
| I1        | Procedures shall be established for consultation and communication with the relevant stakeholders.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>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 performance of the estate. Timeframe for external communication to provide feedback within 14 days. The manager is responsible person for address the communication and request.</p> <p>beside, the management has develop the process flow on handling the social issue as stated in the item no 5.1.</p> |
| I2        | A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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.   |
| I3        | List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>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 attendant list of the meeting. .</p> <p>Stakeholder list was developed which included local communities, suppliers, contractors, government authorities and costumers.</p>  |

| P2C3      |  | Traceability   |  |
|-----------|--|--|--|
| Indicator | Requirement  | Compliance   | Findings   |
| I1        | The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s). | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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.   |
| I2        | The management shall conduct regular inspections on compliance with the established traceability system.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | The management has conducted the regularly inspection on the compliance. Sighed 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.                       |
| I3        | The management should identify and assign suitable employees to implement and maintain the traceability system.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Sighed 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.                               |

### 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.            | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>1. MPOB License 512991002000, Menjual dan Mengalih FFB valid thru 31/5/20 for 1365 ha</p> <p>2. MPOB License 533016011000, Menghasil, Menjual, Mengalih, Menyimpan SLGBIJI valid thru 30/9/19</p> <p>3. Wbridge Calibration - Borang D. Last done on 14/9/18</p> <p>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 JKPP Permit application</p> <p>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.</p> <p><b>OBS</b><br/>Observation was raised for the Air Compressor Permit and Diesel Permit. This will be verified in the next audit.</p> |
| I2                           | The management shall list all laws applicable to their operations in a legal requirements register.                                     | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Sighted Legal Requirements Register dated 2/1/19 and reviewed on 18/1/19. Among listed applicable laws as below:</p> <ol style="list-style-type: none"> <li>1. OSHA 1994</li> <li>2. USECHH 2000</li> <li>3. FMA 1967</li> <li>4. Pesticide Act 1974</li> <li>4. EQA 1974</li> <li>5. SW Regulation 2005</li> <li>6. WMSHAA 1990</li> <li>7. Employment Act 1955</li> <li>8. EPF Act 1991</li> <li>9. Wildlife Conservation Act 2010</li> <li>10. Minimum Wages Order (Amendment) 2018</li> <li>11. EIS Act 2017</li> </ol>   |
| I3                           | The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.     | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>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.</p>  |
| I4                           | The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Sighted Appointment Letter of Legal Requirements Register for Mr. Ahmad Kamal Bin Shuib, Chief Clerk. The letter specifies the responsibilities are:</p> <ol style="list-style-type: none"> <li>1. To monitor compliance</li> <li>2. To track and update</li> <li>3. To inform estate management of the changes</li> <li>4. To liaise with external parties relevant</li> </ol>   |

| P3C2 Land used right |  |  |   |
|----------------------|--|--|---|
| Indicator            | Requirement  | Compliance   | Findings  |
| I1                   | The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>The company has 92 land titles in possession that were planted with OP with a total of 1586.511 ha. 1365 ha planted with OP while the rest is unplanted area.</p> <p>Sampled land titles as below:</p> <ol style="list-style-type: none"> <li>1. G00125450, 1.8995 ha, Land Use Term "Tiada"</li> <li>2. HSD KA 473/73, 10.5103 ha, Land Use Term not specified</li> <li>3. GM00000009, 0.8877 ha, Land Use Term not specified</li> <li>4. G00125720, 0.8701 ha, Land Use Term "Tiada"</li> </ol> <p>Furher reviewed the quit rents for the said titles. Available for 2019.</p> |

|    |   |  |  |
|----|---|--|--|
| I2 | The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Refer 4.3.2.2  |
| I3 | Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | During site visit to observed the land is being distinguished by tranches and drains.                              |
| I4 | 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). | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI            | No dispute recorded. Upon checking complaint records and stakeholder consultation, confirmed no issue on land use. |

P3C3 Customary rights

| Indicator | Requirement   | Compliance   | Findings |
|-----------|---|--|----------|
| I1        | Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I2        | Maps of an appropriate scale showing extent of recognized customary rights shall be made available.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I3        | Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |

**P4: Social responsibility, health, safety and employment condition**

P4C1 Social impact assessment (SIA)

| Indicator | Requirement  | Compliance   | Findings  |
|-----------|--|--|---|
| I1        | Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>The SIA action assessment has conduct on 2 Jan 2019.</p> <p>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.</p> <p>The action plan is consideration on the various matter such as:</p> <ol style="list-style-type: none"> <li>1. Provisions of employment opportunities to local.</li> <li>2. Labour shortage.</li> <li>3. Protection of worker's safety and health.</li> <li>4. Employees training</li> <li>5. Provide better living and working condition.</li> </ol> |

P4C2 Complaints and grievances

| Indicator | Requirement   | Compliance   | Findings   |
|-----------|---|--|--|
| I1        | A system for dealing with complaints and grievances shall be established and documented.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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 performance 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.    | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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.   |
| I3        | A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.      | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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.  |
| I4        | Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.             | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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.   |
| I5        | Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | The review found that, the records were available since 2016.  |

P4C3 Commitment to contribute to local sustainable development

| Indicator | Requirement  | Compliance   | Findings  |
|-----------|--|--|---|
| I1        | Growers should contribute to local development in consultation with the local communities. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | KBGE has contribute to the local communities with to provide assistance on grass cutting at Police Station, allowed to use estate road for school activity. As summary there is 7 CSR conducted since 2017. |

| P4C4 Employees safety and health |   |  |   |
|----------------------------------|---|--|---|
| Indicator                        | Requirement   | Compliance   | Findings  |
| I1                               | An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | the KBGE has develop the Occupational Safty and Health Polticy dated on 2 January 2019. the policy was display at strategic location and the training was carried out 13 Feb 2019.  |
| I2                               | The occupational safety and health plan shall cover the following:<br><br>a) A safety and health policy, which is communicated and implemented.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | The specific training for safety and helath policy has been conducted on 13 Feb 2019 for the workers by the Mr Basri.   |
|                                  | b) The risks of all operations shall be assessed and documented.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | All the risk on the operation activity has been identified and assessed. The Health and safety Representative (HSR) is responsible to review and update the HIRARC when necessary. All the Hazard and risk has identified and the recommended control measure is available.The latest review is on January 2019.  |
|                                  | c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:<br><br>i) all employees involved shall be adequately trained on safe working practices<br><br>ii) all precautions attached to products shall be properly observed and applied | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | i)The training plan for employes exposed to pesticides is available in the training plan Year 2019. The following training session conducted;<br>1. Chemical Mixing Procedure 8 July 2019.<br>2.Chemical Risk Assessment 8 July 2019.<br>3. Spraying Procedure 3 July 2019<br>4. Fertilizer Procedure 24 June 2019.<br><br>ii) Sigthed that, KBGE has establish the chemical register dated on 28 January 2019 approved by estate manager. The SDS is available for the chemical used in the operation and displayed at chemical store. |

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|---|--|---|
| <p>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).</p>  | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Basically the PPE provided by the Estate Management. However for the contractor workers, PPE provided by the Contractor.</p> <p><b>Minor 1</b><br/>         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."</p> |
| <p>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.</p> | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>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.</p>  |
| <p>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.</p>  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>KBGE was appoint Mr Mohammad Zaini Bin Baharuddin as a Health &amp; Safety Rpresentative effective on the 2 January 2019. KBGE is also establish the safety committee and the appointment letter for the both representative is available and valid until Januari 2021.</p>  |
| <p>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.</p>  | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>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.</p> <p><b>Minor 1</b><br/>         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.</p>   |
| <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p>  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>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).</p>   |
| <p>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.</p>   | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <p><b>Minor 1</b><br/>         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.</p>   |
| <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p>   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>The safety system was establish and the person in charge is aware on the legal requiment needed.</p>   |

| P4C5 Employment Conditions |  | Compliance   | Findings  |
|----------------------------|--|--|---|
| Indicator                  | Requirement  |  |   |
| I1                         | <p>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.</p> | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>The Policy was develop the Social Policy and signed on the 2 Jan 2019. Found that, the policy displayed at main office notice board.</p> |



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| I2 | 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.                                      | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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.   |
| I3 | 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.                                  | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Refer to the payslip Employee no: 23738 (july 2019) &amp; 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.</p> <p><b>Minor 2</b><br/>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.</p>   |
| I4 | 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.  | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <p><b>Minor 3</b><br/>During the audit, there is no sample of the payslip for the contractor workers. The objective evidence could not be verified during the audit.</p> <p>There is no evidence on the payslip, employment contract, contractor workers records, passport and permit.</p>  |
| 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. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>The record is available and maintain 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.</p> <p><b>OBS</b><br/>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.</p> |
| 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.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Observed that, the legal employment contract is available between employee and employer. All the employment has been signed by the respective workers.  |
| I7 | The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | The time recording using manual system. The supervisor will record the attendance during the muster. All the working hours and overtime capture in the system. The input from the system purposely for the salary payment.  |
| I8 | 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.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | the official working hour Is clear stated in the employment contract. The overtime practice on mutually agreed between management and workers. there is no force labour from the management.  |
| I9 | Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | all the salary calculation its based on the daily attendance 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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|-----|---|--|---|
| I10 | 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.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | The housing was provided by the company. The basic need is available with provided potable 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.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Sexual Harassment Policy is available and signed by the director.   |
| I13 | 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. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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.   | <input type="checkbox"/> No<br><input type="checkbox"/> OFI  | There is no young person employed in the estate.  |

| P4C6 Training and competency |  |  |  |
|------------------------------|--|--|--|
| Indicator                    | Requirement  | Compliance   | Findings   |
| I1                           | 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. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI            | <p>The training plan for employees exposed to pesticides is available in the training plan Year 2019. The following training session conducted;</p> <ol style="list-style-type: none"> <li>1. Chemical Mixing Procedure 8 July 2019.</li> <li>2. Chemical Risk Assessment 8 July 2019.</li> <li>3. Spraying Procedure 3 July 2019</li> <li>4. Fertilizer Procedure 24 June 2019.</li> </ol> <p>others training was conducted for the routine activity.</p> <p><b>OBS</b><br/>           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.</p> |
| I2                           | 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.                         | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>The training need plan was develop by the PIC. PIC will monitor the planning of the training and will be done on December 2019.</p>   |
| I3                           | 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.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>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.</p>   |

**P5: Environment, natural resources, biodiversity and ecosystem services**

| P5C1 Environmental management plan |  |  |   |
|------------------------------------|--|--|---|
| Indicator                          | Requirement  | Compliance   | Findings  |
| I1                                 | An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>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.</p> <p>The communication done through several methods such as stakeholder meeting and training.</p> <p>Training was conducted on 13/2/19 for internal stakeholders (workers and contract workers)</p> <p>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</p> <p>Sighted Environmental Management Plan, DOC-P5C1/EMP "Environmental Management Plan" dated 2/1/19.</p> |
| I2                                 | <p>The environmental management plan shall cover the following:</p> <p>a) An environmental policy and objectives;</p> <p>b) The aspects and impacts analysis of all operations.</p>  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>Sighted Environmental Management Plan, DOC-P5C1/EMP "Environmental Management Plan" dated 2/1/19. The EMP meets the requirement of this indicator.</p> <p>a) Policy as mentioned above.</p> <p>b) Environment Aspect Impact Assessment has been established for Nursery, Replanting, Maintenance and Harvesting. It was not done for Storage and Labour Quarters.</p> <p><b>OBS</b><br/>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.</p>   |
| I3                                 | An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>The plan was incorporated together with the EAIA sighted earlier. Also sighted Environmental Improvement Plan as below:</p> <ol style="list-style-type: none"> <li>1. Preservation of riparian reserve</li> <li>2. Protection of water resources and quality</li> <li>3. Minimization of land area disturbance (replanting)</li> <li>4. Waste Management</li> <li>5. Fire prevention and control</li> <li>6. P&amp;D Management</li> </ol>   |
| I4                                 | A programme to promote the positive impacts should be included in the continual improvement plan.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Continual Improvement Plan was sighted for 2019. Listed plans related to environmental as below:</p> <ol style="list-style-type: none"> <li>1. Build bricks around diesel tank to avoid chemical spillage.</li> </ol> <p>The plan includes Target Implementation Date</p>  |
| I5                                 | 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. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>Training Plan for Workers and Contractors sighted for 2019.</p> <p>Sampled Planned Trainings as below:</p> <ol style="list-style-type: none"> <li>1. MSPO Awareness Training - Feb 19</li> <li>2. Environment Awareness Training - Apr 19</li> <li>3. Zero Burning - Feb 19</li> </ol> <p>Sampled conducted training as below:</p> <ol style="list-style-type: none"> <li>1. ERP Training 3/4/19</li> <li>2. MSPO Awareness 21/3/19</li> <li>3. Environmental Awareness Training 26/2/19</li> </ol>  |

|    |   |  |  |
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| I6 | Management shall organize regular meetings with employees where their concerns about environmental quality are discussed. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>A committee was newly established namely EPMC. Latest meeting conducted was on 8/1/19. Discussed matter:</p> <ol style="list-style-type: none"> <li>1. Confirmation on polluted area in the estate</li> <li>2. Chairman reminded the participants to care for the environment</li> <li>3. Recycling initiatives</li> <li>4. Prevention of feeding stray dogs</li> <li>5. Waste Control</li> </ol> |
|----|---|--|--|

P5C2 Efficiency of energy use and use of renewable energy

| Indicator | Requirement  | Compliance   | Findings   |
|-----------|--|--|--|
| I1        | 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. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Electricity usage recorded into "Monthly Non-Renewable Energy (Electricity)". Sighted for 2018 usage.</p> <p>Diesel usage recorded into "Monitoring Diesel Used Per Ton of FFB Record 2019". Sighted for 2018 usage.</p> <p>Baseline value and trend were observed through graph plotting.</p> <p>The estate does not store any fossil fuel in the estate</p> |
| I2        | 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.   | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <p><b>Minor 4</b><br/>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.</p>   |
| I3        | The use of renewable energy should be applied where possible.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>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.</p>  |

P5C3 Waste management and disposal

| Indicator | Requirement  | Compliance   | Findings   |
|-----------|--|--|--|
| I1        | All waste products and sources of pollution shall be identified and documented.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>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</p>  |
| I2        | <p>A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <p>a) Identifying and monitoring sources of waste and pollution</p> <p>b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products</p> | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>a) As sighted in 4.5.3.1. Waste handling for each identified waste was documented into the Waste Management Action Plan</p> <p>b) Frond stacking for nutrient recycle, used water recycle for chemical mixing.</p>  |
| I3        | 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.   | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>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.</p> <p><b>Minor 5</b><br/>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.</p> |

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|----|---|--|---|
| 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. | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | Some empty pesticide containers were used for chemical mixing purpose and the excess containers were stored in designated store area.   |
|    |   |  | <b>Minor 6</b><br>However, upon visiting storage area of empty pesticide container, it was found that empty pesticide containers were rinsed but not punctured accordingly.   |
| I5 | Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.  | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <b>Minor 7</b><br>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 |  | Compliance   | Findings   |
|--|--|--|--|
| Indicator                                | Requirement  |  |  |
| I1                                       | An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Same as EAIA   |
| I2                                       | An action plan to reduce identified significant pollutants and emissions shall be established and implemented.                                 | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Same as EAIA. Pollution Prevention Plan was also established which include all operations of the estate that could potentially affect the environment. |

| P5C5 Natural water resources |  |  |  |
|------------------------------|--|--|--|
| Indicator                    | Requirement  | Compliance   | Findings   |
| I1                           | <p>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:</p> <p>a) Assessment of water usage and sources of supply.</p> <p>b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.</p> <p>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.).</p> <p>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.</p> | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Water Management Plan DOC-P5C5/WMP dated 2/1/19.</p> <p>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</p> <p>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</p> <p>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.</p> <p>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.</p> <p>e) Same as d)</p> <p>f) NA</p> |
| I2                           | No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | During site visit to the buffer zone area noted no such activities.  |
| I3                           | 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).   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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   | <p>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:</p> <p>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p> <p>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.</p> | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p><b>OBS</b></p> <p>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.</p>   |
| I2   | <p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>a) Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</p>  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>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:</p> <p>a) Responsibilities to meet the legal requirements such as Protection of Wildlife Act 1972, Conservation Activities and Result Monitoring.</p> <p>b) No hunting signboard erected nearby entrance of the estate.</p> |
| I3   | <p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p>  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Refer 4.5.6.2</p>   |



| P5C7 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.                            | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | No evidence of open burning practice for land preparation purpose. |
| I2                          | 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. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI            | NA   |
| I3                          | 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.                                | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI            | NA   |
| I4                          | Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI            | NA   |

**P6: Best Practices**

| P6C1 Site management |   |  |  |
|----------------------|---|--|--|
| Indicator            | Requirement   | Compliance   | Findings   |
| I1                   | Standard operating procedures shall be appropriately documented and consistently implemented and monitored.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Sighted "Manual Teknikal" which explains on"</p> <ol style="list-style-type: none"> <li>1. Land opening</li> <li>2. Replanting</li> <li>3. Seedlings preparation</li> <li>4. Upkeep at immature area</li> <li>5. Upkeep for mature area</li> <li>6. P&amp;D</li> <li>7. Pest</li> <li>8. Harvesting</li> </ol> <p>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.</p> |
| I2                   | 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. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Available. Sampled from Field S99/31C.   |

| P6C2 Economic and financial viability plan |   |  |   |
|--|---|--|---|
| Indicator                                  | Requirement   | Compliance   | Findings  |
| I1   | A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Sighted Budget Report for 2019  |
| I2   | Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Sighted Replanting Programme for 3 years 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 |
| I3   | <p>The business or management plan may contain:</p> <p>a) Attention to quality of planting materials and FFB</p> <p>b) Crop projection: site yield potential, age profile, FFB yield trends</p> <p>c) Cost of production : cost per tonne of FFB</p> <p>d) Price forecast</p> <p>e) Financial indicators : cost benefit, discounted cash flow, return on investment</p> | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | The budget sighted includes:<br>1. Area Statement<br>2. Yield Statement Budget<br>3. Labour Statement Budget<br>4. Vehicle and Engine Budget<br>5. Main Budget<br>6. Oil Palm Prime Mature Budget<br>7. Oil Palm Replanting Budget<br>8. General Charges                    |
| I4   | The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Sampled for 2 contract agreements:</p> <p>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</p> <p>2. 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</p> <p>Both reviewed contracts were signed by Estate Manager and contractors.</p> |
| I2                                      | All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>Contract condition as 4.6.3.1</p> <p>Sampled payment for June 2019 for both contractors</p> <p>1. GB Agrotechno, PV M187.<br/>           2. Teik Joo Chan Sdn Bhd, PV L380</p> <p>The payment will be made upon approval from HQ level. Payment will be made using Cheque.</p> <p><b>OBS</b><br/>           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.</p>                   |

| P6C4 Contractor |   |  |  |
|-----------------|---|--|--|
| Indicator       | Requirement   | Compliance   | Findings   |
| I1              | Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Both reviewed contracts were signed by Estate Manager and contractors.   |
| I3              | The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | same as 4.6.4.1  |
| I4              | 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. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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: Development 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.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | The whole principle 7 is not applicable as the company does not have any new planting. |
| I2                           | 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. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> 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. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |

| P7C3 Social and Environmental Impact Assessment (SEIA) |   |   |          |
|--|---|---|----------|
| Indicator  | Requirement   | Compliance  | Findings |
| I1   | A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I2   | SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I3   | The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I4   | Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |

| P7C4 Soil and topographic information |  |   |          |
|---------------------------------------|--|---|----------|
| Indicator                             | Requirement  | Compliance  | Findings |
| I1                                    | Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.                                 | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I2                                    | Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |

| P7C5 Planting on steep terrain, marginal and fragile soils |   |   |          |
|--|---|---|----------|
| Indicator  | Requirement   | Compliance  | Findings |
| I1   | Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I2   | 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. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I3   | Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | 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. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I2                  | Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I3                  | 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.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I4                  | 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.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I5                  | Identification and assessment of legal and recognised customary rights shall be documented.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I6                  | A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I7                  | The process and outcome of any compensation claims shall be documented and made publicly available.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I8                  | Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |

Section I Appendix



Figure 1: Kota Bahroe Group Estate