




Certification International

<b>Audit Summary Report</b>	<b>4<sup>th</sup> – 5<sup>th</sup> August 2019</b>
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<b>Company name</b>	Hock Lean Rubber EstateSdnBhd
<b>Company Registration Number</b>	5172-W
<b>Address</b>	Lot 35, 36, 37, Kampung PayaBesar, Pantai Prai, Mukim Sidam Kiri, 08000 Sungai Petani, Kedah, Malaysia.
<b>Report no</b>	MR3/HLRE/001/2019
<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>	3
<b>Certified Area (Ha)</b>	608.0814
<b>Telephone</b>	016-4207782
<b>E-mail</b>	hockleansb@yahoo.com
<b>Fax</b>	-
<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	12/08/2019	
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	Yes

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	Mr. Tok SeongHuat
Alternate contacts	-
Management Representative contact no.	016-4207782
E-mail address	kbjmaju@yahoo.com
Fax Number	-
Fixed Line Number	-
Number of Group Member	3

## 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 Recertification 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
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## Section EAuditor and Auditees Information

MR3 Assessors	Attendance during opening and closing meeting	
Team Leader	Name	Designation
Afiq Othman (AO)	1. Kim Pu	Sustainability Assistant
<b>Team member</b>	2. Najihah Abd Talib	Clerk
HazrulZulkifli (HZ)	3. Mazlinda Saad	Clerk
<b>Trainee auditor</b>	4. Nooramira Hakimi	Clerk
Kamarulzaman Abu Bakar (KAB)	5. Jasni Hussain	Estate Controller
<b>Observer</b>	6. Marimuthu Polanaidu	Estate Controller
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MR3 Assessors	Role	Qualification, Education, Working Experience.
Afiq Othman (AO)	Lead Auditor (Principle 3, 5 & 6)	- MSPO Certified Lead Auditor - BSc. (Hons) Marine Technology - A year experience working in Ministry of Natural Resources and Environment - 5 years experiences working for Sime Darby Plantation Berhad as Sustainability and Quality Management. - More than a year experience working in certification body
HazrulZulkifli (HZ)	Audit Member (Principle 1, 2 & 4)	- MSPO Certified Auditor - Bachelor Public Management (Hons) Minor Human Resources from Universiti Utara Malaysia - 8 years experiences working for Sime Darby Plantation Berhad as Sustainability and Quality Management.

## Section F Audit Process Matrix

### Audit Matrix (legend "☒" plan to cover & covered, "☐" for not applicable)

Planned month & year	Aug 2019	Aug 2020	Aug 2021	Aug 2022	Aug 2023
Site(s) visited/to be visited	1. Hock Lean Rubber Estate 2. Lean Hup Estate	1. Lam Guan Rubber Estate 2. Hock Lean Rubber Estate	1. Lean Hup Estate 2. Lam Guan Rubber Estate	1. Hock Lean Rubber Estate 2. Lean Hup Estate	1. Lam Guan Rubber Estate 2. Hock Lean Rubber Estate
Internal Audits	☒	☒	☒	☒	☒
Stakeholder consultation / survey	☒	☐	☐	☐	☐
Use of logo	☐	☐	☐	☐	☐
Follow-up from previous audit finding	☐	☒	☒	☒	☒
<b>4.1 Management Commitment &amp; Responsibility</b>					
4.1.1 MSPO Policy	☒	☒	☒	☒	☒
4.1.2 Internal audit	☒	☒	☒	☒	☒
4.1.3 Management Review	☒	☒	☒	☒	☒
4.1.4 Continual Improvement	☒	☒	☒	☒	☒
<b>4.2 Transparency</b>					
4.2.1 Transparency of information and documents relevant to MSPO requirements	☒	☒	☒	☒	☒
4.2.2 Transparent method of communication and consultation	☒	☒	☒	☒	☒
4.2.3 Traceability	☒	☒	☒	☒	☒
<b>4.3 Compliance to legal requirements</b>					
4.3.1 Regulatory requirements	☒	☒	☒	☒	☒
4.3.2 Land use rights	☒	☒	☒	☒	☒
4.3.3 Customary land rights	☒	☒	☒	☒	☒
<b>4.4 Social responsibility, health, safety and employment condition</b>					
4.4.1 Social impact assessment (SIA)	☒	☒	☒	☒	☒
4.4.2 Complaints and grievances	☒	☒	☒	☒	☒
4.4.3 Commitment to contribute to local sustainable development	☒	☒	☒	☒	☒
4.4.4 Employees safety and health	☒	☒	☒	☒	☒
4.4.5 Employment conditions	☒	☒	☒	☒	☒

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:3md.Recertification:2024**

Note: Recertification 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 2. HazrulZulkifli	4 <sup>th</sup> & 5 <sup>th</sup> August 2019	0800 - 1700		
Sampling Methodology				
<p>Sampling of the estates to be audited has been conducted in accordance to the Risk Management (MPOB/MSPO/RMP/06) documents as below:</p> $S = r\sqrt{n}$ <p>Risk Factor: Low (1.0)  <math>S = 1.0 (\sqrt{3}) = 1.73</math>            2.0 estates to be visited</p> <p>Two (2) estates out of three (3) estates of Hock Lean Rubber Estate Sdn. Bhd. were visited during the Main Assessment audit according to the formula stated in MSPO Risk Management Document.</p>				
Audit Plan				
Date	Time	Assessor	Business area / process	Clause
04/08/2019	0900	AO	Introduction by client Opening meeting at Hock Lean Rubber Estate	

(Hock Lean Rubber Estate)				
	1000	AO/HZ	Management commitment & responsibility	4.1
			Transparency	4.2
			Compliance to legal requirement	4.3
			Social responsibility, health, safety & employment condition	4.4
	1230		BREAK	
	1330	AO/HZ	Environment, natural resources, biodiversity and ecosystem services	4.5
			Best practices	4.6
			Development of New Planting (if any)	4.7
	1700	AO/HZ	Debrief on Day 1 Audit	

Date	Time	Assessor	Business area / process	Clause
05/08/2019 (Lean Hup Estate)	0900	AO	Management commitment & responsibility	4.1
			Transparency	4.2
			Compliance to legal requirement	4.3
			Social responsibility, health, safety & employment condition	4.4
	1230		BREAK	
	1330	AO	Environment, natural resources, biodiversity and ecosystem services	4.5
			Best practices	4.6
			Development of New Planting	4.7
	1600	AO	Report preparation	



	1700	AO	Closing meeting	
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### Site's Information

#### 1. Group Background

The group consist of 3 estates namely Hock Lean Rubber Estate SdnBhd, Lam Guan Rubber Estate SdnBhd and Lean Hup Estate Sdn Bhd. Each of the estate has over 30 shareholders. Initially the areas were planted with rubber before oil palm with a total area of 608.08 Ha. The company employed local workforce to assist the estate operations. Hock Lean Rubber Estate is located in Sungai Petani, Kedah whereas the other 2 estate are located in Serdang, Kedah.

#### 2. Site(s) Address List

Estate/ Mill	Location Address	Geo-Coordinate
Hock Lean Rubber Estate SdnBhd	Lot 35, 36, 37, Kampung PayaBesar, Pantai Prai, Mukim Sidam Kiri, 08000 Sungai Petani , Kedah	N 5.3495808, E100.3140386
Lam Guan Rubber Estate SdnBhd	Kuala Dingin, Selama, 09800 Serdang, Kedah	N 5.252727, E100.697595
Lean Hup Estate SdnBhd	Kuala Dingin, Selama, 09800 Serdang, Kedah	N 5.252727, E100.697595

#### 3. MPOB License(s)

Estate/ Mill License Number	Scope of Activity	Expiry Date
Hock Lean Rubber Estate SdnBhd (614895002000)	Menjual dan mengalih FFB	31/07/2020
Lam Guan Rubber Estate SdnBhd (549941002000)	Menjual dan mengalih FFB	31/05/2020
Lean Hup Estate SdnBhd (549942002000)	Menjual dan mengalih FFB	31/05/2020

#### 4. Description of Operating Unit(s)

Estate	FFB Production (MT)	
	Actual last FY	Estimated new FY
Hock Lean Rubber Estate SdnBhd	3175.19	2500
Lam Guan Rubber Estate SdnBhd	3079.96	2730
Lean Hup Estate SdnBhd	1983.4	1520
<b>Total</b>	<b>8238.55</b>	<b>6750</b>

#### 5. Area Statement

Estate	Certified/ Titled Area (Ha)	Planted Area		Conservation Area (Ha)	HCV Area (Ha)	Others (Ha)
		Immature Area (Ha)	Mature Area (Ha)			

		<3 years	>3 years			
Hock Lean Rubber Estate SdnBhd	362.8289	13.22ha	271.78	-	-	77.8289
Lam Guan Rubber Estate SdnBhd	154.97	-	154.97	-	-	-
Lean Hup Estate SdnBhd	90.2825	-	87.96	--	-	2.3225
<b>Total</b>	<b>608.0814</b>	<b>13.22</b>	<b>514.71</b>	<b>-</b>	<b>-</b>	<b>80.1514</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
Muhammad Yusof, CK Wira Enterprise (FFB Transporter)	<ul style="list-style-type: none"> <li>- He has been dealing with the estates for about 2 years.</li> <li>- He has been informed about MSPO and the needs to maintain FFB quality</li> <li>- No issue on payment (done twice/ month)</li> <li>- Well briefed on the company's complain mechanism</li> <li>- Any complaints will be directed to Director of the company, Mr. Tok SeongHuat</li> <li>- He believes road condition could be made better for the convenience of FFB evacuation</li> </ul>	- Noted by the management
Yusof Bodin, Kg Pantai Perai (neighbouring community)	<ul style="list-style-type: none"> <li>- He has been living in the village for 2 years</li> <li>- He had been called upon by the estate management for</li> </ul>	- Noted by the management

	stakeholder meeting session - The villagers are allowed to use the estate roads - The estate made donation during the last Eid Fitr celebration - He is happy with the relationship between both parties	
RoslanNayan (HLRE Worker)	- Before MSPO, PPE had to be purchased on his own but since MSPO the management started to provide PPE to the workers for free - He had never been invited to safety meeting but the auditors found that his safety awareness level is acceptable - He haven't received copy of employment contract - Not aware of the double pay entitlement for working on rest day	- Noted by the management - The management in the midst of revising employment contract. A copy will be provided to all workers once finalised. The content will be gone through with the workers.

### Nonconformity & Observation

#### 1. Nonconformity

During the assessment **6** nonconformities were identified.

<b>NCR No.:</b> HLRE-2019-NCR-1	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
<b>Standard:</b> MSPO MS 2530 – 3: 2013	<b>Indicator:</b> 4.4.4.2 (f), (i) & (j)	<b>Status &amp; Due Date:</b> Open (4 <sup>th</sup> August 2020)

#### Section 1 - Details of nonconformity

1. Appointment of responsible person(s) for worker's safety and health not updated. In HLRE, the management has appointed Mr. DahlanMohd Noh on 1/1/19 as safety representative. However, it was found that he has resigned from the company and the management has yet to appoint new representative.
2. First aid kit was not made available at worksite. The first aid training was conducted on 14 July 2019 by Mr Basir. The first aid box is being provided by the estate and maintain at the main office. However, it was made known to the auditors by the management that first aid box was not taken to operation site during on-going operation activity such as harvesting, spraying etc.
3. Accident records submission was not made available during the audit. During the audit, there was no evidence accident report NADOPOD JKPP 8 has been made despite not having any incident in the year of 2018.

#### Section 2 - Result of investigation and determination of root cause

##### Root Cause:

The management did not aware of the requirements.

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

1. New person in charge has been appointed on 6/8/19 and the validity will be monitored periodically.
2. New first aid box has been purchased on 13/8/19 and given to estate controller immediately to be brought to operation site during every activity.
3. Submission of JKPP 8 has been made for 2018 on 6/8/19 and the management will continue to submit JKPP 8 for subsequent years within allowable period.

<b>NCR No.:</b> HLRE-2019-NCR-2	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
<b>Standard:</b> MSPO MS 2530 – 3: 2013	<b>Indicator:</b> 4.4.5.5	<b>Status &amp; Due Date:</b> Open (4 <sup>th</sup> August 2020)

**Section 1 - Details of nonconformity**

1. Records that provide an accurate account of all permanent employees were available and maintained in 'BorangMasukKerja' and 'Butir - ButirPekerja'. However, such record has yet to be established for contract workers.

**Section 2 - Result of investigation and determination of root cause**

**Root Cause:**

Management did not aware of the requirement

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

Such record has been established on 6/8/19 and the management will continue to do so should new contract workers hired.

<b>NCR No.:</b> HLRE-2019-NCR-3	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
<b>Standard:</b> MSPO MS 2530 – 3: 2013	<b>Indicator:</b> 4.4.5.7	<b>Status &amp; Due Date:</b> Open (4 <sup>th</sup> August 2020)

**Section 1 - Details of nonconformity**

1. In LHE, time recording for FFB Loader is being recorded through Tonnage Record. However, attendance record for Nooramira (Clerk) was not made available during the audit.

<b>Section 2 - Result of investigation and determination of root cause</b>		
<b>Root Cause:</b>		
The management did monitor Nooramira's attendance but without establishing record.		
<b>Section 3 - Correction (if applicable) and corrective action plan including completion date:</b>		
Daily attendance record has been established on 8/8/19 for all employees working in the estate.		
<b>NCR No.:</b> HLRE-2019-NCR-4	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
<b>Standard:</b> MSPO MS 2530 – 3: 2013	<b>Indicator:</b> 4.5.3.1	<b>Status &amp; Due Date:</b> Open (4 <sup>th</sup> August 2020)
<b>Section 1 - Details of nonconformity</b>		
1. Sighted Waste Management Plan DOC-P5C3/WMP. According to the sighted document (6.3.1.1), noted that waste products and sources of pollution identification shall be established by the management. However, such record has yet to be developed by the management which is not in line with the requirement.		
<b>Section 2 - Result of investigation and determination of root cause</b>		
<b>Root Cause:</b>		
Lack of knowledge.		
<b>Section 3 - Correction (if applicable) and corrective action plan including completion date:</b>		
The management has established the relevant data and records namely "Identificatin, Prevention, Mitigation nad Improvement Plan on Waste/Pollution Source" on 6/8/19. The record will be furnished should there is a new waste identified. The adequacy will be discussed during the next EPMC meeting.		
<b>NCR No.:</b> HLRE-2019-NCR-5	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
<b>Standard:</b> MSPO MS 2530 – 3: 2013	<b>Indicator:</b> 4.5.3.4	<b>Status &amp; Due Date:</b> Open (4 <sup>th</sup> August 2020)
<b>Section 1 - Details of nonconformity</b>		
1. In HLRE designated empty chemical container store has been built by the management. During site visit to the store, noted no empty pesticide container being stored. However, upon visiting to tractor parking bay, observed few empty pesticide containers that were not punctured being used for other purpose than containing pesticide.		

**Section 2 - Result of investigation and determination of root cause**

**Root Cause:**

The management did not aware of the requirement.

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

All empty chemical containers have been collected and placed in designated store. Staff had been briefed on 6/8/19 by the estate controllers on the requirement.

<b>NCR No.:</b> HLRE-2019-NCR-6	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
<b>Standard:</b> MSPO MS 2530 – 3: 2013	<b>Indicator:</b> 4.5.4.2	<b>Status &amp; Due Date:</b> Open (4 <sup>th</sup> August 2020)

**Section 1 - Details of nonconformity**

1. In Plantation Operation Management section of the Environmental Improvement Plan, noted "metal collection tray was used to minimize spillage and to facilitate floor cleaning process" statement. However, during site visit to chemical store, observed such tray was not utilised as per established plan. Also sighted several chemical spillages on the ground were not cleaned up nearby parked tractors at storage compound area.

**Section 2 - Result of investigation and determination of root cause**

**Root Cause:**

Lack of awareness among the employees

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

Contaminated soils have been cleared up and stored in Scheduled Waste Store accordingly on 18/8/19. The estate has started to utilise trays to content leaking oil from tractors. All relevant employees have been briefed on the requirement on 6/8/19

**2. Observations**

No	Observation Details
1.	4.3.2.2 Based on the sighted land titles at HLRE, observed that the "SyaratSyaratNyata" were specified as "KebunGetah". Based on management explanation the application to change the land use has been made and submitted and received by Land Office Kuala Muda on

	22/7/19. This can be evident from the application form filled by the management.
2.	4.3.2.3 The management may consider to establish boundary stone map entailing actual coordinates of the available boundary stones in the estate.
3.	4.4.1.1 Stakeholder meeting has been conducted on 7th April 2019 and attended with 19 stakeholders. However, there is no evidence sighted for minute meeting and the outcome from that session to address as action plan.
4.	4.4.4.2 (b), (c), (e), (h) 1. CHRA assessment has been carried out by MY CO2 Sdn. Bhd. on 13/6/19 in HLRE and 28/6/19 in LHE. However, the reports have yet to be produced by the assessor. The completion will be verified in the next surveillance audit.  2. The SDS is available for the chemical used at the estate and displayed at chemical store. However, the SDS shall be available for in bi-language, found that, the SDS for Ammonium Sulphate is only in English and SDS for Ally 20DF has expired on June 2019.  3. During the site visit, found that the others item in the chemical store its consider easily accessible by the other person. The bund at chemical store is available. However, the control measure to avoid the chemical spill directly to the ground if serious spillage is insufficient. In LHE, chemical mixing area and chemical store are in progress of being built. The project is expected to complete in May 2020 due to budget constraint.  4. The company may opt to display ERP at strategic locations such as chemical store, fertilizer store etc to enhance workers understanding on emergency procedures.
5.	4.4.6.1 Based on training attendance records reviewed, noted that the trainings conducted were joined by the contractors working for HLRE but not by contractors working for LHE despite have been invited. The participation of the contractors will be followed up in the next audit.
6.	4.4.6.2 In LHE, Training Needs Assessment has been carried out for Mr. Marimuthu and Ms. Nooramira only. According to the management explanation, the assessment will be done progressively for other workers. The completion of the assessment will be verified in the next audit.
7.	4.5.1.2 EIA has been carried out. EIA done for Nursery (despite not having nursery), Replanting, Maintenance and Harvesting. However, EIA for chemical storage area and ramp in HLRE have yet to be assessed.
8.	4.5.1.6 Joint Meeting by HLRE and LHE. Meeting last conducted on 8/1/19. Matters discussed during the meeting: 1. Confirmation on Felda POM Visit

	<p>2. Prohibition of open burning practice</p> <p>3. Presentation for Environmental Performance</p> <p>Sighted the meeting minute. The management may want to consider detailing out the meeting minute as it was quite general.</p>
9.	<p>4.5.2.1</p> <p>Sighted 2018 Monitoring of Diesel Used Per Ton of FFB. Trends were observed through graph plotting. However, the baseline values were not established. Electricity usage trend was not monitored, and baseline value was not established. Based on the management explanation, they are in the midst of retrieving data of usage from the past years to complete the records. The completion of records will be verified during next audit.</p>
10.	<p>4.5.2.2</p> <p>In 2019, diesel usage was only recorded on actual usage. Estimation of usage was not made available during the audit.</p> <p>Electricity usage estimation was not sighted during the audit. According to the management, they are in the midst of retrieving data of usage from the past years to complete the records. Should they not be able to retrieve previous records of usage, they will use usage record from 2019 in order to make estimation for the following year.</p>
11.	<p>4.5.6.1</p> <p>Information of status of RTE species and high biodiversity value area have yet to be collated. The management however has submitted formal request to Kuala Muda Wildlife Dept office to conduct the assessment. The request letter was received by the Wildlife Dept on 24/7/19. The request was made by the Director, Mr. Tok SeongHuat.</p> <p>The estate has been informed that any correspondence will be made through mailing. Currently the management is waiting formal reply by the Wildlife Department on the availability of the service.</p> <p>The implementation will be verified in the next audit.</p>
12.	<p>4.5.6.2</p> <p>Currently the management is waiting for formal reply by the Wildlife Department on the availability of the Biodiversity Assessment and Advisory service. Hence the management plan was not available during the audit.</p> <p>However, despite not having Biodiversity Assessment done. They have included Protection of HCV in its Environmental Improvement Plan sighted earlier. in the plan includes:</p> <ol style="list-style-type: none"> <li>1. Protection of water resources and quality (if any)</li> <li>2. Protection of HCV sensitive areas (if identified)</li> <li>3. HCV management (if any)</li> </ol>
13.	<p>4.5.7.1</p> <p>During site visit to the HLRE compound area, observed several traces of open burning. According to the management, the traces were there since before MSPO Implementation. As a measure to stop the practice, workers have been briefed on the prohibition of open burning.</p>



	The execution will be verified during the next audit.
14.	<p>4.6.4.3</p> <p>NAGAMMAL MAJU ENT SDN BHD agreement not stated any information regarding MSPO certification due to the agreement has been made before the certification.</p> <p>MARIMUTHU A/L POLANAIDU agreement not stated any information regarding MSPO certification due to the agreement has been made before the certification.</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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sighted. MSPO Policy was established and signed by Mr. Tok Seong Huat ( Director ) Dated 1st January 2019. Policy stated as :</p> <ol style="list-style-type: none"> <li>1) MSPO Policy</li> <li>2) Sexual Harresment Policy</li> <li>3) Social Policy</li> <li>4) Gender Policy</li> <li>5) Environment &amp; Biodiversity Policy</li> </ol> <p>As per documented for Hock Lean Est and Lean Hup Est.</p>
I2	The policy shall also emphasize commitment to continual improvement.	<input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Training for all policy was conducted on date 28 march 2019 by Mr. Abd Basir B. Mohamed and attended by workers.</p> <ol style="list-style-type: none"> <li>1) MSPO Policy</li> <li>2) Sexual Harresment Policy</li> <li>3) Social Policy</li> <li>4) Gender Policy</li> <li>5) Environment &amp; Biodiversity Policy</li> </ol> <p>As per documented for Hock Lean Est and Lean Hup Est.</p>

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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Internal Audit was conducted by Mr. Abd. Basir B. Mohamed for Hock Lean Est and Lean Hup Est. on date 14 Apr 2019.</p>
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>SOP established Internal Audit Procedure HLE-PRO-P1C2/IA effective 1st Jan 2019.</p> <p>Non Conformance report form was established (HLM-FOM-P1C2/NCR Rev : 000) and the rectified the Non Conformance action within 30 days.</p> <p>According to Internal Audit report. There were 2 Nonconformities and 2 Observations raised. All nonformities have root cause analysed and corrective action implemented</p> <input type="checkbox"/>
I3	Report shall be made available to the management for their review .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The report was made available to the management. The findings were discussed during Management Review Meeting conducted on 27/4/19</p>

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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Hock Lean Estate, Lean Hup Estate and Lam Guan Estate is 3 company was join the Management Review Meeting.</p> <p>The last management review meeting was conducted by Mr. Tok Seng Huat on dated 27 Apr 2019 as per documented. As the Management Review Procedure recorded:</p> <p>HLE-PRO-P1C3/MR          LHE-PRO-P1C3/MR          LGE-PRO-P1C3/MR</p> <p>All pertinent agenda has been discussed for the effective implementation of MSPO.</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 <input type="checkbox"/> No <input type="checkbox"/> OFI	Three of estates visited has established the method for continual improvement, such as : 1) New buiding for fertilizer store 2)Fencing 3)Signages 4)Chemical mixing area and etc as per documented in activities plan.  LST-P1C4/CIA
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	The management has conducted training need analysis on annually basis to identify the needs of training for each group of workers. The training identified including operations, understanding of MSPO requirements, company policies, health and safety etc. The training identified were programmed throughout the year. as per documented for three companies :  PRO-P4C6/TR
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	Estates visited has established continual improvement plan and documented in Kaizen and various actions plans. The management's plans were available for review. As per documented:  LST-P1C4/CIA

## 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 <input type="checkbox"/> No <input type="checkbox"/> OFI	The standard operating procedure was established for three companies as per documented:  PRO-P2C2/CC  The time frame to provide feedback to the stakeholder is documented to be 2 weeks of the date receiving the queries.
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	HLE and LHE using the same method to communicate with stakeholders via Email, Telephone, Fax, Whatsapp and Verbally and using signboard displayed at the main entrance. As per documented:  PRO-P4C2/CG

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 <input type="checkbox"/> No <input type="checkbox"/> OFI	The standard procedure for stakeholder communication was established and documented:  PRO-P2C2/CC
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	For stakeholders communication person in charge is responsible for communication and companies had appoint: Mr. Jasni (Hock Lean Estate on the date 1st Jan 2019) Mr. Marimuthu (Lean Hup & Lam Guan Estate on the date 1st Jan 2019)
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	The latest stakeholder list was updated by Jan 2018. The external stakeholder consultation is conduct once a year. The last stakeholder meeting was conducted on 1st Jan 2019 for HLE, LHE. There were no negative feedback during stakeholder meeting. As per documented: HLE-DOC-P2C2/02 LHE-DOC-P2C2/02 LGE-DOC-P2C2/02  Sample of invitation letter for stakeholder meeting as per documented: Ref:LHE/stm/01-19 for TACLICO COMPANY SDN BHD.

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 <input type="checkbox"/> No <input type="checkbox"/> OFI	Traceability Procedure has been established PRO-P2C3/TP dated 1/1/19.
I2	The management shall conduct regular inspections on compliance with the established traceability system.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The implementation will be monitored by the appointed person in charge of traceability. It will also be inspected during MSPO Internal Audit which is will be conducted annually
I3	The management should identify and assign suitable employees to implement and maintain the traceability system.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Appointment Letter HLRE Traceability System Officer, Mr. Jasni Bin Hussain dated 1/6/18. He was appointed by the Director of the company.  Appointment Letter LHE Traceability System Officer, Mr. Marimuthu AL Polanaidu dated 1/6/18. He was appointed by the Director of the company.
I4	Records of sales, delivery or transportation of FFB shall be maintained.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Delivery records were well maintained. Sample records as follow:  Despatch documents HLRE:  1. Estate WB Ticket, 31/7/19, Vehicle No KAN6203, DO Number 2019-309, bound for Taclico Company SB, Weight 8.64 MT. Taclico Company SB, WB Ticket, Ticket Number F19016280W, Weight 8.65 MT  2. Estate WB Ticket, 28/6/19, Vehicle No KAN6203, DO Number 2019-285, bound for PL Oil Palm & Rubber SB, Weight 6.19 MT. PL Oil Palm & Rubber SB, WB Ticket, Ticket Number R060468, Weight 6.22 MT  Despatch documents LHE:  1. Estate WB Ticket, 11/7/19, Vehicle No KAL3975, DO Number 2019-099, bound for Taclico Company SB, Weight 9.63 MT. Taclico Company SB, WB Ticket, Ticket Number F19014866W, Weight 9.58 MT  2. Estate WB Ticket, 30/7/19, Vehicle No KAN6203, DO Number 2019-285, bound for Taclico Company SB, Weight 9.90 MT. Taclico Company SB, WB Ticket, Ticket Number F19016172W, Weight 9.86 MT

**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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>1. MPOB License for HLRE 614895002000 Menjual dan Mengalih FFB for 285 Ha. Valid thru 31/7/20.</p> <p>2. MPOB License for LHE 549942002000 Menjual dan Mengalih FFB for 87.96 Ha. Valid thru 31/5/20.</p>
I2	The management shall list all laws applicable to their operations in a legal requirements register.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>In HLRE Legal Register Requirement available prepared by LRR Clerk, Ms Najihah Binti Abd Talib dated 18/1/19. Among listed law:</p> <ol style="list-style-type: none"> <li>1. OSHA 1994</li> <li>2. USECHH Reg 2000</li> <li>3. FMA 1967</li> <li>4. Pesticide Act 1974</li> <li>5. EQA 1974</li> <li>6. Employment Insurance System 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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The LRR was updated on 18/1/19. Noted new Min Wage Order (Amendment) 2018 which has been made effective starting 2019.</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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>PIC has been appointed.</p> <p>HLRE Legal Requirements Register Clerk, Najihah Binti Abd Talib dated 1/6/18.</p> <p>LHE Legal Requirements Register Clerk, Nooramira Binti Hakimi dated 1/6/18.</p> <p>They were appointed by the Director, Mr. Tok Seong Huat. In the appointment letter specified the clerk is responsible for:</p> <ol style="list-style-type: none"> <li>1. monitor compliance of legal requirement</li> <li>2. track and update changes in any regulatory requirements arise</li> <li>3. to inform the estate manager on the changes</li> <li>4. to liaise with external parties on matters related to legal requirements.</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 <input type="checkbox"/> No <input type="checkbox"/> OFI	HLRE possesses 3 land titles with a total of 362.8289 Ha. The area used for 285 Ha for oil palm cultivation. Whereas the other areas were occupied with field roads, gas pipeline and facilities.
I2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>HLRE possesses 3 land titles with a total of 362.8289 Ha. The followings are the land titles:</p> <ol style="list-style-type: none"> <li>1. No Hak Milik 6096, 188.2372 Ha</li> <li>2. No Hak Milik 6097, 136.9938 Ha</li> <li>3. No Hak Milik 6098, 37.5979 Ha</li> </ol> <p><b>Observation</b> Based on the sighted land titles at HLRE, observed that the "Syarat Syarat Nyata" were specified as "Kebun Getah". Based on management explanation the application to change the land use has been made and submitted and received by Land Office Kuala Muda on 22/7/19. This can be evident from the application form filled by the management.</p> <p>Quit Rent Payment has been made for 2019 on 29/5/19 for all 3 land titles.</p> <p>HLRE possesses 6 land titles with a total of 90.2825 Ha. The followings are the land titles:</p> <ol style="list-style-type: none"> <li>1. No Hak Milik 0788, 62.29 Ha</li> <li>2. No Hak Milik 0789, 3.4449 Ha</li> <li>3. No Hak Milik 0790, 19.64 Ha</li> <li>4. No Hak Milik 1807, 1.3146 Ha</li> <li>5. No Hak Milik 1808, 1.0008 Ha</li> <li>6. No Hak Milik 1815, 2.5922 Ha</li> </ol> <p>Quit Rent Payment has been made for 2019 on 11/4/19 and 17/4/19 for all 6 land titles.</p>
I3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>During site visit, observed 2 boundary stones in HLRE (original). BS visited:</p> <ol style="list-style-type: none"> <li>1. Next to Kg Pantai Perai</li> <li>2. Next to Kg Serukam</li> </ol> <p>During site visit, observed 2 boundary stones in LHE (original). BS visited:</p> <ol style="list-style-type: none"> <li>1. in field 2012 next to Kg Baru Kuala Dingin</li> <li>2. in field 2010 next to Smallholder</li> </ol> <p>Observed the boundary stones sighted were well maintained. The estate can also be distinguished by it trenches and fences established around the estate.</p> <p>The management may consider to establish boundary stone map entailing actual coordinates of the available boundary stones in the estate.</p>
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	At the point of audit noted no complaint pertaining to land dispute has been made. Based on feedback given by stakeholder from Kg Pantai Perai during stakeholder consultation, he confirmed no such issue has been highlighted. Further verified complaint forms filled, observed no complaint pertaining land usage.

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 <input type="checkbox"/> No <input type="checkbox"/> OFI	No customary right land within the area
I2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Sighted that the SIA action plan has been established on January 2018 and the latest action plan dated on the 1 January 2019. The action plan captured based on the negative impact and has a the positive action plan to enhance or improve the living condition for the workers. Stakeholder meeting has been conducted on 7th April 2019 and attended with 19 stakeholder. However, there is no evidence sighted for minute meeting and the outcome from that session to address as action plan.

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 <input type="checkbox"/> No <input type="checkbox"/> OFI	Management has establish the Stakeholder Complaints And Grievances/ Feedback Procedure PRO-P4C4/CG. Date: 1 January 2019 Rev R00. Referral to the stakeholder agendas, the procedure has been communicated to the stakeholder during stakeholder meeting.
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 <input type="checkbox"/> No <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. To resolve the complaint within 3 months, to inform the complainant if require more than 3 months. An acknowledgement letter to the complainant once the issue has been rectified.  During the audit, there was no complaint or request recorded from the stakeholder for verification.
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 <input type="checkbox"/> No <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 was no complaint or request recorded from the stakeholder for 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 <input type="checkbox"/> No <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 meetings dated on 7/4/19 and 6/4/19.
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	All the filled up "Stakeholder Complaints & Grievances/ Feedback Form" were properly kept in the Complaint and grievances file. Sighted that, there is no feedback from the stakeholder regarding on the negative issues.

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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Based on the CSR records in HLRE, found that 4 CSR has been carried out for the year 2019.</p> <p>In LHE, noted 2 CSR activities were carried out.</p> <ol style="list-style-type: none"> <li>1. Donation to Kuil OM Sri Maha Kaliamman dated 15/7/19</li> <li>2. Hindu celebration for the temple and local community dated 6/4/19</li> </ol> <p>According to the management, all expenses records are being kept by account department. The management may opt to consider keeping a copy of expenses records for auditing purpose.</p>

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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Policy sighted namely Occupational Safety and Health Policy endorsed by the Director, Mr. Tok Seong Huat on 1/1/19. The policy is being displayed at notice board and the training was conducted on 28 Mac 2019 by Mr Basri. It was also communicated during stakeholder meeting conducted on 6/4 &amp; 7/4 of 2019</p> <p>OSH Plan sighted LHE/013-02/2019 dated 2/1/19</p>
I2	The occupational safety and health plan shall cover the following:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Communication as in 4.4.4.1</p>
	a) A safety and health policy, which is communicated and implemented.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>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. Refer to the HIRARC for harvesting dated on the 1 January 2019. all the Hazard and risk has identified and the recommended control measure is available.</p> <p><b>Observation</b>          CHRA assessment has been carried out by MY CO2 Sdn. Bhd. on 13/6/19 in HLRE and 28/6/19 in LHE. However, the reports have yet to be produced by the assessor. The completion will be verified in the next surveillance audit.</p>
	b) The risks of all operations shall be assessed and documented.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>The training plan for employees exposed to pesticides is available in the training plan Year 2019. Tentatively the training will be conducted on June 2019. Refer to the training record for the sprayer is available and conducted on the 5 April 2019 by En Abd Bashir Bin Mohamed.</p> <p>Based on the chemical register dated 1 January 2019 stated that 8 chemical applied at the estate. The chemical register was reviewed by the Estate Manager on 1 Jan 2019.</p> <p>ii) The SDS is available for the chemical used at the estate and displayed at chemical store.</p> <p><b>Observation</b>          However, the SDS shall be available for in bi-languge, Found that, the SDS for Ammonium Sulphate is only in English and SDS for Ally 20DF has expired on June 2019.</p>
	c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>i) all employees involved shall be adequately trained on safe working practices</p> <p>ii) all precautions attached to products shall be properly observed and applied</p>



<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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Basically the PPE provided by the Estate Management. Recheck with the PPE issuance records, the PPE is provided to the workers based on the SOP. Sample with the Mr Roslan as Mandore Harvesting, the appropriate PPE such as safety boot and safety hat have been provided.</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 type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" 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><b>Observation</b>          During the site visit, found that the others item in the chemical store its consider easily accessible by the other person. The bund at chemical store is available. however the control measure to avoid the chemical spill directly to the ground if serious spillage is insufficient.</p> <p>In LHE, chemical mixing area and chemical store are in progress of being built. The project is expected to complete in May 2020 due too budget constraint</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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	<p><b>NCR 1</b>          In HLRE, the management has appointed Mr. Dahlan Mohd Noh on 1/1/19 as safety representative. However, it was found that he has resigned from the company and the management has yet to appoint new representative.</p> <p>In HLE, Mr. Marimuthu AL Polanaidu estate controller dated 1/1/19.</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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The latest of the safety meeting was conducted on 30 June 2019. Matters discussed in the meeting based on meeting minute sighted:</p> <ol style="list-style-type: none"> <li>1. Keselamatan Estate dan Pekerja</li> <li>2. Pemeriksaan Keselamatan Estate</li> <li>3. Masalah Pekerja (issues faced by workers)</li> </ol> <p>The last safety meeting conducted on 8/3/19.</p>
<p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>The procedure is available namely Accident and Emergency Response Plan DOC-P4C4/AEP. In the procedure, several Emergency Response Plans have been developed such as for fire emergency, injury, chemical spillage, electrical shock etc. The establishment has been delivered to workers during training. Based on training records, it was was conducted on 5 April 2019. (chemical training).</p> <p><b>Observation</b>          The company may opt to display ERP at strategic locations such as chemical store, fertilizer store etc to enhance workers understanding on emergency procedures.</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 <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	<p><b>NCR 1</b>          The first aid training was conducted on 14 July 2019 by Mr Basir. The first aid box is provided by the estate and maintain at the main office. However, it was made known to the auditors that first aid box was not taken to operation site during on-going operation activity such as harvesting, spraying etc.</p>
<p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	<p>The safety system interm of the record, meeting and reporting just started on Mac 2019.</p> <p><b>NCR 1</b>          During the audit, the is no evidence regarding on the accident record and reporting to DOSH if nessacity. JKPP 8 not submitted.</p>

P4C5 Employment Conditions			
Indicator	Requirement	Compliance	Findings
I1	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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Policies established related to social:</p> <ol style="list-style-type: none"> <li>1. Social Policy dated 1/1/19</li> <li>2. Sexual Harassment Policy dated 1/1/19</li> </ol> <p>All the policies signed by the director of the company. Found that the policies were being displayed at office notice board.</p> <p>It was also communicated during stakeholder meeting conducted on 6/4 &amp; 7/4 of 2019 and during MSPO Policy Training dated 28/3/19</p>
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Policy establishment as in 4.4.5.1.</p> <p>During interview session with Mr. Roslan mandore at HLRE, he confirmed that no discrimination being practised.</p>
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>referral to the voucher payment Mr Roslan Che Lat the salary its based on the Minimum wages order 2018.</p> <p>The deduction only for Socso and KWSP. EIS is being paid by the company.</p> <p>Record for the daily attendance is available and no record for working on rest day.</p> <p>Sampled payment voucher for June 2019 at LHE as below:</p> <ol style="list-style-type: none"> <li>1. Muniandy AL Supramani (FFB Loader) - RM1100</li> <li>2. Tan Kooi Fah (FFB Loader) - RM1100</li> <li>3. Nooramira Binti Hakimi - RM 1100</li> </ol>
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sample salary voucher for the contractor workers name:</p> <ol style="list-style-type: none"> <li>1. Kaliyathan A/L Dorasamy (June 2019)</li> <li>2. Saravanan A/L Ranganathan (June 2019)</li> </ol> <p>Observed they were paid in accordance to minimum requirement.</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 <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	<p><b>NCR 2</b></p> <p>Records that provide an accurate account of all permanent employees were available and maintained in 'Borang Masuk Kerja' and 'Butir - Butir Pekerja'. However, such record has yet to be established for contract workers.</p> <p>there is no summary of the details for the both type of the workers.</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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Observed that, the legal employment contract is available between employee and employer. All the contract agreements has been signed by the respective workers.</p> <p>Interviewed Nooramira from LHE, she confirmed the copy of contract agreement has been provided to her.</p>
I7	The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	<p>In HLRE time recording using the tumb print system. All the working hours and overtime capture in the system. The input from the system purposely for the salary payment.</p> <p><b>NCR 3</b>          In LHE, time recording for FFB Loader is being recorded through Tonnage Record. However, attendance record for Nooramira (Clerk) was not made available during the audit.</p>
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>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.</p>
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Salary calculation is based on the daily attendance record. The overtime is only offer when the necessary. Based sampled payslip from June 2019, noted no OT offerered in that month.</p>
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<ol style="list-style-type: none"> <li>1. Annual bonus based on year of service</li> <li>2. Outpatient medical coverage</li> <li>3. Petrol allowance</li> <li>4. Food allowance</li> <li>5. Airtime prepaid allowance</li> </ol>
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The housing quarters is not available at the estate.</p>

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 <input type="checkbox"/> No <input type="checkbox"/> OFI	Sexual Harassment Policy is available and signed by the director. In the policy stated: 1. The company's commitment towards providing sexual harassment free working environment. 2. Appropriate corrective action will be taken should any case identified 3. Indication of sexual harassment
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 <input type="checkbox"/> No <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 <input type="checkbox"/> OFI	There is no young person employed in the estate. Refer to the details of the workers the younger age is 32 year old in HLRE and 25 year old in LHE.

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 <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>Training Need &amp; Plan For Staff and Workers was sighted in all estate visited. The training plan was established for the whole year of 2019. The plan covers several aspects such environmental, safety &amp; health and social aspects.</p> <p>Training records sampled:            1. Environment Awareness dated 4/1/19            2. Safety Awareness dated 10/2/19            3. How To Control Open Burning dated 13/2/19            4. HIRARC Plantation Operation dated 22/2/19            5. Complaints and Grievances dated 11/3/19            6. MSPO Policy and Awareness Training dated 28/3/19            7. Harvesting, Spraying and Fertilising Procedure dated 5/4/19            8. Chemical Handling dated 5/4/19            9. SW Training dated 26/5/19            10. First Aid Training dated 14/7/19</p> <p><b>Observation</b>            Based on training attendance records reviewed, noted that the trainings conducted were joined by the contractors working for HLRE but not by contractors working for LHE despite have been invited. The participation of the contractors will be followed up in the next audit.</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 <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p><b>Observation</b>            In LHE, Training Needs Assessment has been carried out for Mr. Marimuthu and Ms. Nooramira only. According to the management explanation, the assessment will be done progressively for other workers. The completion of the assessment will be verified in the next audit.</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 <input type="checkbox"/> No <input type="checkbox"/> OFI	Refer 4.4.6.1

**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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Policy established Environmental &amp; Biodiversity effective 1s Jan 2019 signed by Mr.Tok Seong Huat.</p> <p>The communication was done during Stakeholder Meeting conducted on 7/4/19 at HLRE and 6/4/19 at LHE. The meeting was attended by the external stakeholder such as Buyer, Transporter, Local Community and also the internal stakeholder which were the workers.</p> <p>All policies including Environmental &amp; Biodiversity Policy were displayed at the estate office notice boards.</p>
I2	<p>The environmental management plan shall cover the following:</p> <p>a) An environmental policy and objectives;            b) The aspects and impacts analysis of all operations.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>Environmental Management Plan sighted Ref No. HLE-DOC-P5C1/EMP dated 1/1/19.</p> <p>a) Policy as sighted on 4.5.1.1. Environmental Improvement Plan N/004-02/2019 serves as environmental objectives.            b) EIA has been carried out. EIA done for Nursery (despite not having nursery), Replanting, Maintenance and Harvesting.</p> <p><b>Observation</b>            However, EIA for chemical storage area and ramp in HLRE have yet to be assessed. The management claimed EIA is being carried out progressively. 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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Environmental Improvement Plan N/004-02/2019 serves as environmental objectives. The plan focuses on:</p> <ol style="list-style-type: none"> <li>1. Soil erosion and water management</li> <li>2. Protection of HCV</li> <li>3. Plantation operation management</li> </ol> <p>The plan was reviewed on 1/1/19.</p>
I4	A programme to promote the positive impacts should be included in the continual improvement plan.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Same as 4.5.1.4
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Training Need &amp; Plan for Staff and Workers Hock Lean Rubber Estate and Lean Hup Estate were sighted during the audit. The plan was established for 2019. Among planned training related to environment such as:</p> <ol style="list-style-type: none"> <li>1. Environment Awareness - Jan 19</li> <li>2. SW Training - May 19</li> <li>3. ERP Training - Aug 19</li> <li>4. Open Burning - Feb 19</li> </ol> <p>Executed trainings in HLRE and LHE:</p> <ol style="list-style-type: none"> <li>1. Environment Awareness - 4/1/19</li> <li>2. How to Control Open Burning - 13/2/19</li> <li>3. MSPO Policy and Awareness Training - 28/3/19</li> <li>4. SW Handling - 26/5/19</li> </ol> <p>Trainings were conducted centralised at HLRE. Training records were made available.</p>
I6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>Joint Meeting by HLRE and LHE. Meeting last conducted on 8/1/19. Matters discussed during the meeting:</p> <ol style="list-style-type: none"> <li>1. Confirmation on Felda POM Visit</li> <li>2. Prohibition of open burning practice</li> <li>3. Presentation for Environmental Performance</li> </ol> <p><b>Observation</b>            Sighted the meeting minute. The management may want to consider detailing out the meeting minute as it was quite general.</p>

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 type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<b>Observation</b> Sighted 2018 Monitoring of Diesel Used Per Ton of FFB. Trends were observed through graph plotting. However, the baseline values were not established. Electricity usage trend was not monitored, and baseline value was not established. Based on the management explanation, they are in the midst of retrieving data of usage from the past years to complete the records. The completion of records will be verified during next audit.
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 <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<b>Observation</b> In 2019, diesel usage was only recorded on actual usage. Estimation of usage was not made available during the audit. Electricity usage estimation was not sighted during the audit. According to the management, they are in the midst of retrieving data of usage from the past years to complete the records. Should they not be able to retrieve previous records of usage, they will use usage record from 2019 in order to make estimation for the following year.
I3	The use of renewable energy should be applied where possible.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Currently no renewable energy being adopted at the estate.

P5C3 Waste management and disposal

Indicator	Requirement	Compliance	Findings
I1	All waste products and sources of pollution shall be identified and documented.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	<b>NCR 4</b> Sighted Waste Management Plan DOC-P5C3/WMP. In the sighted plan, 6.3.1.1 noted that waste products and sources of pollution identification shall be established. However, such record has yet to be developed by the management.
I2	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:  c) Identifying and monitoring sources of waste and pollution  d) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Sighted Waste Management Plan DOC-P5C3/WMP dated 1/1/19.  a) in the plan, waste identification and monitoring has been specified in the plan.  b) The plan specifies on recycling of potential waste such as Plastic Waste. In the plan, 6.3.7.2.1, mentioned that plastic wastes are to be disposed by an authorised contractor or to be sold to plastic recycle dealers.
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Sighted Waste Management Plan DOC-P5C3/WMP dated 1/1/19. The plan was found to be adequate to meet the minimum requirement of SW Reg 2005.

I4	Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	<b>NCR 5</b> In HLRE designated empty chemical container store has been built by the management. During site visit to the store, noted no empty pesticide container being stored. However upon visiting to tractor parking bay, observed few empty pesticide containers that were not punctured being used for other purpose than containing pesticide.
I5	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Explained by the management, since domestic waste generation is not significant in LHRE, current practice is, mandore will collect all domestic waste from the estate and transport it to Majlis Perbandaran Sungai Petani domestic waste collection bin.  In LHE, domestic waste is being collected by the local municipal, Majlis Perbandaran Bandar Baharu

P5C4 Reduction of pollution and emission			
Indicator	Requirement	Compliance	Findings
I1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Assessment of polluting activities was conducted concurrently with the EIA.
I2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	Environmental Improvement Plan N/004-02/2019 serves as environmental objectives. The plan focuses on: 1. Soil erosion and water management 2. Protection of HCV 3. Plantation operation management  <b>NCR 6</b> In Plantation Operation Management section of the Environmental Improvement Plan, noted "metal collection tray was used to minimize spillage and to facilitate floor cleaning process" statement. However during site visit to chemical store, observed such tray was not utilised as per established plan. Also sighted several chemical spillage on the ground were not cleaned up nearby parked tractors at storage compound area.

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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sighted Water and Natural Resources, HLE-DOC-P5C5/WMP dated 1/1/19. The plan covers the requirement of this indicator.</p> <p>a) Water source from Syarikat Air Darul Aman (SADA). Water usage is being recorded through Document HLE-FOM-P5C5/OWU. The water usage is being recorded on monthly basis. Since July 2019 the management has started record rain water collection.</p> <p>b) The management practices recycling chemical premix water for future premix activity as a way to avoid any waste water going out from the estate. The estates visited do not have river or water way passing through the estates.</p> <p>c) The management practices recycling chemical premix water for future premix activity. The estate also collects rain water to optimise its water usage.</p> <p>d) Not applicable since no river or waterway flowing through the estate.</p>
I2	No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Not Applicable. No river running through both estates visited.
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	The management practices recycling chemical premix water for future premix activity. The estate also collects rain water to optimise its water usage.



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 <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p><b>Observation</b>            Information of status of RTE species and high biodiversity value area have yet to be collated. The management however has submitted formal request to Kuala Muda Wildlife Dept office to conduct the assessment. The request letter was received by the Wildlife Dept on 24/7/19. The request was made by the Director, Mr. Tok Seong Huat.</p> <p>The estate has been informed that any correspondence will be made through mailing. Currently the management is waiting formal reply by the Wildlife Department on the availability of the service.</p> <p>The implementation will be verified 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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	<p><b>Observation</b>            Currently the management is waiting for formal reply by the Wildlife Department on the availability of the Biodiversity Assessment and Advisory service. Hence the management plan were not available during the audit.</p> <p>However, despite not having Biodiversity Assessment done. They have included Protection of HCV in its Environmental Improvement Plan sighted earlier. in the plan includes:</p> <ol style="list-style-type: none"> <li>1. Protection of water resources and quality (if any)</li> <li>2. Protection of HCV sensitive areas (if identified)</li> <li>3. HCV management (if any)</li> </ol>
I3	<p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The biodiversity assessment has yet to be conducted hence the indicator could not be verified.</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 type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p><b>Observation</b>            During site visit to the HLRE compound area, observed several traces of open burning. According to the management, the traces were there since before MSPO Implementation. As a measure to stop the practice, workers have been briefed on the prohibition of open burning.</p> <p>The execution will be verified during the next audit.</p>
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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>As of the audit date no replanting activity is being carried out. Based on the replanting programme sighted, the soonest replanting activity is expected to begin in 2023 starting with field 1993. Observed no traces of burning practice in the estate.</p> <p>In LHE last replanting was done in 2012. The next replanting activity is expected to be carried out in 2035.</p>

## 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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Standard Operating Procedure was available for:</p> <ol style="list-style-type: none"> <li>1) Mixing of Pesticides</li> <li>2) Spraying</li> <li>3) Fertilizer Applications</li> <li>4) Mechanical Fertilizer Applications</li> <li>5) Harvesting and Frond Pruning</li> </ol>
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Hock Lean has established SOP on protection for manuring and documented.</p> <p>Established Cover Crop and well maintained.</p> <p>Hock Lean has established SOP to prevent soil erosion as per stated in S.O.P (1.18/ page 24)</p> <p>Hock Lean has established Spraying S.O.P as per stated in S.O.P (4.5/ page 50)</p>
I3	A visual identification or reference system shall be established for each field.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Estates visited had a visual identification/reference system for each field :</p> <p>1993 - 19.16 Ha            1994 - 38.40 Ha            1995 - 43.69 Ha            1998 - 37.46 Ha            1999 - 29.16 Ha            2000 - 41.48 Ha            2016 - 62.43 Ha            2018 - 13.22 Ha            Total - 285.00 Ha</p> <p>Lean Hup Estate:            2008 - 31.13 Ha            2010 - 24.21 Ha            2012 - 32.62 Ha            Total - 87.96 Ha</p> <p>Established field/block number and hectare.</p>

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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Hock Lean has continued its commitment to long term sustainability and improvements through a capital expenditure program. The management has forecasted 2 years business plan from FY 2018 – 2019 as per documented.</p> <p>Lean Hup and Lam Guan Estates also has continued its commitment to long term sustainability and improvements through a capital expenditure program. The management has forecasted 2 years business plan from FY 2018 – 2019 as per documented.</p>
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Replanting program was planned from FY 2019 – 2024. Latest review was conducted in 2019. Programme for next 5 years. Field : 1993 plan to replanting by year 2023 as per documented.</p> <p>Lean Hup Estate replanting was expected on year 2035 as per plan and documented.</p>
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Hock Lean Estate and Lean Hup Estate the budget provisions cover activities for upkeep, cultivation, harvesting &amp; evacuation, welfare, capital expenditure.</p> <p>The budgets included projections of total cost of production per MT &amp; per ha. The document were available for review.</p>
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Hock Lean has a Group Director to monitor estate performance by yearly. Latest review by 27 April 2019 had highlighted issue Manpower and Equipment and documented.</p> <p>Lean Hup Estate also has a same Group Director to monitor estate performance by yearly. Latest review by 27 April 2019 had highlighted issue Manpower and Equipment and documented.</p>

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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Hock Lean Estate:            Pricing mechanism for other services (FFB transport and Harvesting contractor are documented in the contract.</p> <p>1) FFB Transport ( Contractor : CK WIRA JAYA ENTERPRISE effective 1st January 2019 )</p> <p>2) Harvesting (NAGAMMAL MAJU ENTERPRISE SDN BHD effective 1st July 2018 for 5 years agreement )</p> <p>Lean Hup Estate:            1) FFB Transport ( Contractor : CK WIRA JAYA ENTERPRISE effective 1st January 2019 )</p> <p>2) Harvesting (MARIMUTHU A/L POLANAIDU effective 1st Dec 2018 for 5 years agreement)</p>
I2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>HLRE and LHE according to the agreement made, the payment to contractors shall be made 30 days after the invoice date that submitted to 1st week of the month. Interview with contractors the payment was made promptly according to the agreement.</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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Contractor has attend the MSPO and Policy Awareness Training provided by HLE estate on date 28 March 2019. Contractor name : Halimah ( as stated in attendance list in training programme.)</p> <p>For Lean Hup Estate the contractor had attend for the MSPO and Policy Awareness Training on the date 28 Mar 2019. Contractor name : Bakkri (as per stated in attendance list)</p>
I2	The management shall provide evidence of agreed contracts with the contractor.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>CK WIRA JAYA ENTERPRISE agreement clause 21 (AUDIT) had stated the contractor must allow auditor from Hock Lean and Lean Hup or independent third parties engaged provide relevant access duly accredited CB's to their respective operation.</p>
I3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p><b>Observation</b>            NAGAMMAL MAJU ENT SDN BHD agreement not stated any information regarding MSPO certification due to the agreement has been made before the certification.</p> <p>MARIMUTHU A/L POLANAIDU agreement not stated any information regarding MSPO certification due to the agreement has been made before the certification.</p>
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The person in charge to control Hock Lean estate contractor work progress is Mr. Jasni. The report for daily basis is recorded in record book and the work is base by block harvesting only.</p> <p>For Lean Hup Estate the person in charge is Mr. Marimuthu. The work progress for contractor was recorded in file by daily basis.</p>

**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 <input type="checkbox"/> No <input type="checkbox"/> OFI	The whole Principle 7 of the standard is not applicable as the organisation does not have new planting activity in place.
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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <input type="checkbox"/> OFI	NA

I5	Identification and assessment of legal and recognised customary rights shall be documented.	<input type="checkbox"/> Yes <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <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 <input type="checkbox"/> No <input type="checkbox"/> OFI	NA

## Section I Appendix



Figure 1: Hock Lean Rubber Estate Layout





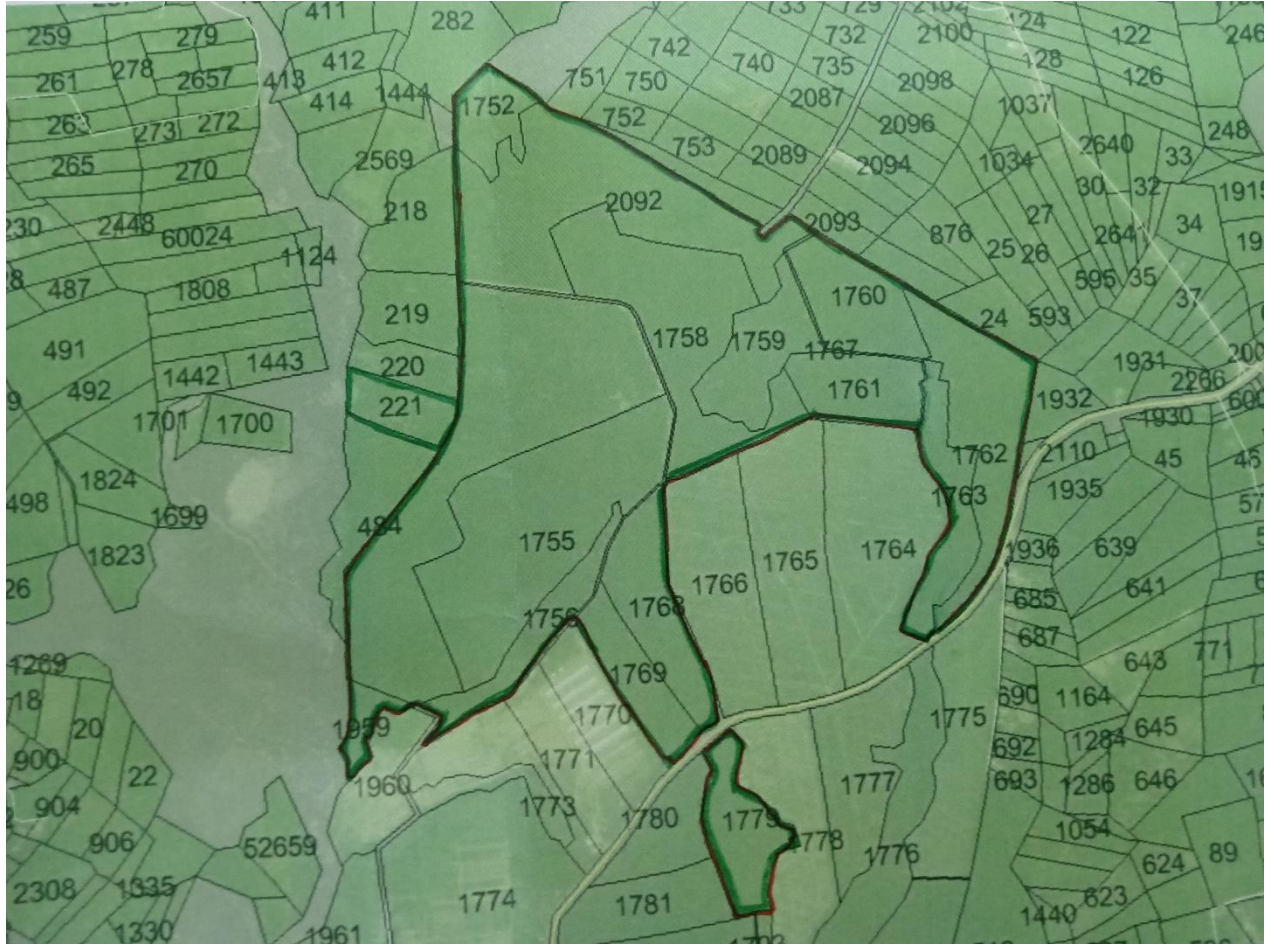


Figure 3: Lam Guan Rubber Estate Layout