



Certification International

# Audit Summary Report


20<sup>th</sup> September  
2019

|                                    |  |
|------------------------------------|--|
| <b>Company name</b>                | Koperasi Inderasabah Berhad  |
| <b>Company Registration Number</b> | RCS 185/66   |
| <b>Address</b>                     | TB4487, Lot 12, Block B, Ba Zhong, Jalan Tawau Lama, 91000, Tawau, Sabah, Malaysia |
| <b>Report no</b>                   | MR3/KISB/002/2019  |
| <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>            | 1  |
| <b>Certified Area (Ha)</b>         | 136.78 Ha  |
| <b>Telephone</b>                   | 089-777831   |
| <b>E-mail</b>                      | koib18566@gmail.com  |
| <b>Fax</b>                         | 089-777829   |

|                |   |
|----------------|---|
| <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 17021:2015 requirements.

To ensure the next assessment will be carried out in compliance to the ISO 17021:2015, 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  | 20/09/2019  |                     |
| Email | afiq@mr3cert.com  |                     |

## Section A General Information

| General              |   |
|----------------------|---|
| Audit objectives     | <input checked="" type="checkbox"/> To verify that the system initial implementation is in accordance to requirements of the standard adopted.                          |
|                      | <input type="checkbox"/> To verify that the system implementation is continuously in accordance to the requirements of the standards adopted.                           |
|                      | <input type="checkbox"/> To verify that the system implementation is continuously after and in third years of implementation is in accordance to the standards adopted. |
|                      | <input type="checkbox"/> Other, (please specify)  |
| Integrate Assessment | No  |
| Issue of certificate | Select...   |

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

| Contact Details                       |                             |
|---------------------------------------|-----------------------------|
| Management Representative             | Mohd Ayub Bin Kee Abu Bakar |
| Alternate contacts                    | -                           |
| Management Representative contact no. | 013-5503942                 |
| E-mail address                        | koib18566@gmail.com         |
| Fax Number                            | 089-777829                  |
| Fixed Line Number                     | 089-777831                  |
| Number of Group Member                | -                           |

## Section B Previous Audit Result

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

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

## Section C Conclusion

The audit team conducted a process based audit focusing on significant aspects/risk objectives required by the standard(s). The audit methodology used is based on 3P which were People, Paper and Practice.

The audit team concludes and express

- CONGRATULATION and has
- CONGRATULATION however some processes need to address non-compliance(s) but others has
- SORRY and the organization has not established and maintained its management system in line with the requirements of the standard and
- demonstrated
- not demonstrated

the ability of the system to systematically achieved agreed requirements within the scope of the organizations.

Base on the record, there is/are 0 unresolved issue(s).

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

- Granted/ Continued
- Granted upon acceptance of the necessary corrective action plan(s) and implementation
- Continued upon acceptance of the necessary corrective action plan(s) and implementation
- Withheld

suspend until satisfactory corrective action(s) is completed

Others (please specify)

Note :

*For every Major Nonconformity raised: Relevant action plan must be submitted to the auditor and implementation must carried prior to certificate issuance.*

*For every Minor Nonconformity raised: Relevant action plan must be submitted to the auditor before certificate issuance and the implementation will be verified during the next assessment*

## Section D (For Recertification only)

|   |   |   |
|---|---|---|
| 1 | The company has demonstrated effective implementation and maintenance/improvement on its management system  | <input type="checkbox"/> Yes <input type="checkbox"/><br>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"/><br>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"/><br>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"/><br>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"/><br>No |

## Section E Auditor and Auditees Information

| MR3 Assessors    | Attendance during opening and closing meeting |                       |
|------------------|---|-----------------------|
| Team Leader      | Name  | Designation           |
| Afiq Othman (AO) | 1. Mohd Ayub Kee Abu Bakar                    | Chairman              |
| Team member      | 2. Suri Manshah Enjin                         | Ahli Lembaga Koperasi |
| -                | 3. Jifri Syam Bin Sulaiman                    | Estate Supervisor     |
| Trainee auditor  | 4. Norazlineta Binti Sammy                    | SUK                   |
| -                |   |                       |
| Observer         |   |                       |
| -                |   |                       |

| MR3 Assessors    | Role         | Qualification, Education, Working Experience.   |
|------------------|--------------|---|
| Afiq Othman (AO) | Lead Auditor | <ul style="list-style-type: none"> <li>- MSPO Certified Lead Auditor</li> <li>- BSc. (Hons) Marine Technology</li> <li>- A year experience working in Ministry of Natural Resources and Environment</li> <li>- 5 years experiences working for Sime Darby Plantation Berhad as Sustainability and Quality Management.</li> <li>- More than a year experience working in certification body</li> </ul> |

## Section F Audit Process Matrix

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

| Planned month & year  | Aug<br>2019 | Aug<br>2020 | Aug<br>2021 | Aug<br>2022 | Aug<br>2023 |
|---|-------------|-------------|-------------|-------------|-------------|
| Site(s) visited/to be visited   | 1. Ldg KI   | 1. Ldg KI   | 1. Ldg KI   | 1. Ldg KI   | 1. Ldg KI   |
| 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)   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.2 Complaints and grievances  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.3 Commitment to contribute to local sustainable development                | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.4 Employees safety and health  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.5 Employment conditions  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.6 Training and competency  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>4.5 Environment, natural resources, biodiversity and ecosystem services</b> |                                     |                                     |                                     |                                     |                                     |
| 4.5.1 Environmental management plan  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.2 Efficiency of energy use and use of renewable energy                     | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.3 Waste management and disposal  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.4 Reduction of pollution and emission including green house gas            | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.5 Natural water resources  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.6 Status of RTE species and high biodiversity value area                   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.7 Zero burning practices   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>4.6 Best Practices</b>  |                                     |                                     |                                     |                                     |                                     |
| 4.6.1 Mill management  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.6.2 Economic and financial viability plan                                    | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.6.3 Transparent and fair price dealing                                       | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.6.4 Contractor   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

**Assessment man days for the next assessment: 2\_md. 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 | 27 <sup>th</sup> & 28 <sup>th</sup> August 2019 | 0800 - 1700 |

#### Sampling Methodology

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

$$S = r\sqrt{n}$$

Risk Factor: Low (1.0)

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

1.0 estates to be visited

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

#### Audit Plan

| Date       | Time | Assessor | Business area / process  | Clause |
|------------|------|----------|--|--------|
| 27/08/2019 | 0900 | AO       | Introduction by client<br>Opening meeting at Ladang Koperasi Inderasabah |        |
|            | 1000 | AO       | Management commitment & responsibility                                   | 4.1    |
|            |      |          | Compliance to legal requirement  | 4.3    |
|            | 1230 |          | BREAK  |        |
|            | 1330 | AO       | Social responsibility, health, safety & employment condition             | 4.4    |

|                |             |                 |   |               |
|----------------|-------------|-----------------|---|---------------|
|                |             |                 |   |               |
|                | 1700        | AO              | Debrief of day 1 findings   |               |
| <b>Date</b>    | <b>Time</b> | <b>Assessor</b> | <b>Business area / process</b>                                      | <b>Clause</b> |
| 28/08/20<br>19 | 0900        | AO              | Transparency  | <b>4.2</b>    |
|                |             |                 | Environment, natural resources, biodiversity and ecosystem services | <b>4.5</b>    |
|                | 1230        |                 | BREAK   |               |
|                | 1330        | AO              | Best practices  | <b>4.6</b>    |
|                |             |                 | Development of New Planting (if any)                                | <b>4.7</b>    |
|                | 1700        | AO              | Closing Meeting   |               |

### Site's Information

#### 1. Group Background

Koperasi Inderasabah Berhad (KOIB) is co-operative society comprises of Tawau District Muslim communities. KOIB were registered on 23<sup>rd</sup> May 1966 situated at No.185/66, Lot 12, Block B, Pusat Komersial Ba Zhong, Jalan Tawau Lama, 91004, Tawau, Sabah Dibawah Bayu. KOIB is being membered by 500 members (shareholders) including 12 top management members. With a total of 18 workers, they run the oil palm estate which is located at Batu 32, Sungai Burung, jalan Tawau-Semporna, 91000, Tawau.

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

| Estate/ Mill                | Location Address   | Geo-Coordinate                      |
|-----------------------------|--|-------------------------------------|
| Ladang Koperasi Inderasabah | KM 42, Sungai Burung, Jalan Tawau – Semporna, 91000, Tawau, Sabah, Malaysia. | N 4'22'36.9516,<br>E 118'10'20.6868 |

### 3. MPOB License(s)

| Estate/ Mill License Number                 | Scope of Activity        | Expiry Date |
|---|--------------------------|-------------|
| Koperasi Inderasabah Berhad<br>618459002000 | Menjual dan mengalih FFB | 30/06/2020  |

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

| Estate                      | FFB Production (MT) |                  |
|-----------------------------|---------------------|------------------|
|                             | Period:             |                  |
|                             | Actual last FY      | Estimated new FY |
| Ladang Koperasi Inderasabah | 777.440             | 900.000          |
| <b>Total</b>                | <b>777.440</b>      | <b>900.000</b>   |

### 5. Area Statement

| Estate                      | Certified/<br>Titled<br>Area (Ha) | Planted Area          |                     | Conservation<br>Area (Ha) | HCV Area (Ha) | Others (Ha) |
|-----------------------------|-----------------------------------|-----------------------|---------------------|---------------------------|---------------|-------------|
|                             |                                   | Immature<br>Area (Ha) | Mature Area<br>(Ha) |                           |               |             |
|                             |                                   | <3 years              | >3 years            |                           |               |             |
| Ladang Koperasi Inderasabah | 136.78                            | 0                     | 136.78              | 0                         | 0             | 0           |
| <b>Total</b>                | <b>136.78</b>                     | <b>0</b>              | <b>136.78</b>       | <b>0</b>                  | <b>0</b>      | <b>0</b>    |

### 6. Current Certification

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

| Stakeholder Consultation   |  |   |
|--|--|---|
| Stakeholder Details  | Stakeholder's Input/ Comment   | Client's Feedback/ Response   |
| Mr. Saini Bin Saliman & Mr. Alohi Indeh<br>(Representatives from Koperasi Nasip Kita, Neighbouring Estate) | <ul style="list-style-type: none"> <li>- At the point of audit, a land survey was being carried out. Koperasi Nasip Kita management will inform Koperasi Inderasabah management if there is any land encroachment.</li> <li>- They were called upon for stakeholder meeting</li> <li>- If there is any issue they will always communicate with the Ahli Lembaga Koperasi (ALK) of KOIB</li> <li>- Good relationship between both co-operative societies</li> </ul> | <ul style="list-style-type: none"> <li>- Noted by the management</li> </ul> |
| Mr. Azmye Bin Yusof<br>(Tawau Fire Dept Representative cum land tenant of KOIB)                            | <ul style="list-style-type: none"> <li>- He rents 25 acres of KOIB land for oil palm plantation. The agreement since 2004 and will be going on for 25 years.</li> <li>- He attended the last stakeholder meeting conducted by KOIB.</li> <li>- He oftenly communicate with the Secretary of KOIB.</li> <li>- KOIB requested for fire drill and fire extinguishing training from Tawau Fire Dept.</li> <li>- Both parties are in good terms.</li> </ul>             | <ul style="list-style-type: none"> <li>- Noted by the management</li> </ul> |
| Mrs. Kasmirah Binti Mappa<br>(Tawau Agriculture Supplies, Supplier)  | <ul style="list-style-type: none"> <li>- The company supplies pesticides and PPE to KOIB.</li> <li>- Every chemical is being supplied with valid SDS.</li> <li>- Any communication will be done between the company and Mr. Jifri Syam, Estate Supervisor.</li> <li>- No pending payment. 30 days period payment for each procurement.</li> <li>- Complaints Procedure and KOIB Policies were communicated.</li> </ul>   | <ul style="list-style-type: none"> <li>- Noted by the management</li> </ul> |
| Nonconformity & Observation  |  |   |
|  |  |   |

### 1. Nonconformity

During the assessment 4 nonconformities were identified.

|  |                                |  |
|--|--------------------------------|--|
| <b>NCR No.:</b> KOIB-2019-NCR-1            | <input type="checkbox"/> Major | <input checked="" type="checkbox"/> Minor                            |
| <b>Standard:</b><br>MSPO MS 2530 – 3: 2013 | <b>Indicator:</b><br>4.4.4.2   | <b>Status &amp; Due Date:</b><br>Open (27 <sup>th</sup> August 2020) |

#### Section 1 - Details of nonconformity

1. No evidence the management has conducted regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly.
2. During visit to harvesting operation at Phase 3 Block A, first aid kit was not made available onsite.

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

##### Root Cause:

1. Meeting was not conducted because of busy schedule of employer and employees.
2. First aid box was not available because of budget was not yet approve.

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

##### Correction:

1. Meeting was conducted immediately and minute was prepared. It was conducted on 3/9/19.
2. First aid box already given to the worker 4/9/19

##### Corrective Action:

1. Annual schedule of safety and health meeting was made earlier and distributed among employer and employees on 3/9/19.
2. Any budget allocation for MSPO including First Aid (if any) will be sent for top management approval during Monthly meeting

|  |                                |  |
|--|--------------------------------|--|
|  |                                |  |
| <b>NCR No.:</b> KOIB-2019-NCR-2  | <input type="checkbox"/> Major | <input checked="" type="checkbox"/> Minor                            |
| <b>Standard:</b><br>MSPO MS 2530 – 3: 2013   | <b>Indicator:</b><br>4.4.5.6   | <b>Status &amp; Due Date:</b><br>Open (27 <sup>th</sup> August 2020) |
| <p><b>Section 1 - Details of nonconformity</b></p> <p>The issued employment contracts to workers were in accordance to Section 18 of Sabah Labour Ordinance format and observed it has been agreed by both employer and employees. However, some typing errors were detected pertaining daily rate and OT rate for working on Rest Day and Public Holiday.</p>   |                                |  |
| <p><b>Section 2 - Result of investigation and determination of root cause</b></p> <p><b>Root Cause:</b></p> <p>Clerk who made the contract accidentally typed a wrong daily rate and OT for rest and public holiday.</p>   |                                |  |
| <p><b>Section 3 - Correction (if applicable) and corrective action plan including completion date:</b></p> <p><b>Correction:</b></p> <p>A new amended contract was made immediately and signed by both employer and affected employees. It was done on 8/9/19.</p> <p><b>Corrective Action:</b></p> <p>Any new contract revision (if any) made by the clerk will be checked by manager and verified by Chairman of the Board of Directors before release to employees.</p> |                                |  |

|   |                                |  |
|---|--------------------------------|--|
| <b>NCR No.:</b> KOIB-2019-NCR-3   | <input type="checkbox"/> Major | <input checked="" type="checkbox"/> Minor                            |
| <b>Standard:</b><br>MSPO MS 2530 – 3: 2013  | <b>Indicator:</b><br>4.4.5.11  | <b>Status &amp; Due Date:</b><br>Open (27 <sup>th</sup> August 2020) |
| <p><b>Section 1 - Details of nonconformity</b></p> <p>Weekly housing inspection was not carried out accordingly as per Worker’s Minimum Housing Standard and Amenities Act 1990 Section 23 and "Pengurusan Perumahan Pekerja" SOP. Record sighted was only for 20/6/19.</p>   |                                |  |
| <p><b>Section 2 - Result of investigation and determination of root cause</b></p> <p><b>Root Cause:</b></p> <p>Housing inspection was not conducted weekly because of busy schedule by staff.</p>   |                                |  |
| <p><b>Section 3 - Correction (if applicable) and corrective action plan including completion date:</b></p> <p><b>Correction:</b></p> <p>Housing inspection is being carried out weekly right after MSPO audit raised the issue.</p> <p><b>Corrective Action:</b></p> <p>A memo was given by top management to the estate to ensure weekly housing inspection being conducted weekly in order to comply with workers minimum housing and amenities act 1990. Appointment Letter ( 23 September 2019) was given to one more staff in order to assist the person in charge to conduct weekly housing inspection.</p> |                                |  |
| <b>NCR No.:</b> KOIB-2019-NCR-4   | <input type="checkbox"/> Major | <input checked="" type="checkbox"/> Minor                            |
| <b>Standard:</b><br>MSPO MS 2530 – 3: 2013  | <b>Indicator:</b><br>4.5.5.1   | <b>Status &amp; Due Date:</b><br>Open (27 <sup>th</sup> August 2020) |
| <p><b>Section 1 - Details of nonconformity</b></p>  |                                |  |

|    | <p>1. Water sourced from Balung POM for domestic use, bore well for other purpose, rain water harvesting at housing area for cleaning purpose. The estate has only started receiving water from Balong POM on 25/8/19. Hence the water usage assessment has yet to be done for the source. However, the assessment water usage from bore well was not done despite having sourced from it from many years ago.</p> <p>2. Water table from sourced bore well has yet to be done as required by the indicator of this standard.</p> |    |                     |   |  |    |         |  |  |
|----|---|----|---------------------|---|--|----|---------|--|--|
|    | <p><b>Section 2 - Result of investigation and determination of root cause</b></p> <p><b>Root Cause:</b></p> <p>Unaware of bore well usage need to measure.</p>  |    |                     |   |  |    |         |  |  |
|    | <p><b>Section 3 - Correction (if applicable) and corrective action plan including completion date:</b></p> <p><b>Correction:</b></p> <p>The depth of bore well was measured immediately on 5/9/19 to get the level of water available.</p> <p><b>Corrective Action:</b></p> <p>A staff was appointed on 4/9/19 to measure the bore well annually and recorded.</p>  |    |                     |   |  |    |         |  |  |
|    | <p><b>1. Observations</b></p> <table border="1"> <thead> <tr> <th>No</th> <th>Observation Details</th> </tr> </thead> <tbody> <tr> <td>.</td> <td></td> </tr> <tr> <td>1.</td> <td>4.3.1.1</td> </tr> <tr> <td></td> <td>Noted 11 workers is ongoing process for legalization by Immigration Department. Name list has been submitted to Immigration Dept. Interview was conducted by the department on 25/6/19. This was</td> </tr> </tbody> </table>  | No | Observation Details | . |  | 1. | 4.3.1.1 |  | Noted 11 workers is ongoing process for legalization by Immigration Department. Name list has been submitted to Immigration Dept. Interview was conducted by the department on 25/6/19. This was |
| No | Observation Details   |    |                     |   |  |    |         |  |  |
| .  |   |    |                     |   |  |    |         |  |  |
| 1. | 4.3.1.1   |    |                     |   |  |    |         |  |  |
|    | Noted 11 workers is ongoing process for legalization by Immigration Department. Name list has been submitted to Immigration Dept. Interview was conducted by the department on 25/6/19. This was  |    |                     |   |  |    |         |  |  |



|    |   |
|----|---|
|    | <p>evident from "Akuan Penerimaan Regularisasi PATI" form returned by the department. The status will be followed up in the next audit</p>  |
| 2. | <p>4.4.4.2</p> <ol style="list-style-type: none"> <li>1. CHRA has been conducted on 22/8/19 by appointed consultant Bumi Lestari Resources. However, the report has yet to be returned by the assessor. Hence, verification could not be done during the audit. This will be verified in the next audit.</li> <li>2. Inadequate spill kit. The estate only prepared pails of sand and sawdust whereas other tools such as broom and scoop were not available.</li> <li>3. Emergency response plans were only displayed at estate office. The estate may want to consider displaying relevant ERP at chemical store area.</li> </ol> |
| 3. | <p>4.5.2.1</p> <p>The org has only started recording diesel and electricity usage since early January 19 which is during the kick-off of MSPO implementation. To date actual usage has been recorded up until July 2019. Baseline values and trends for both Diesel and Electricity were observed. The management may want to consider analyzing usage of diesel/ton FFB and electricity/ton FFB.</p>   |
| 4. | <p>4.5.3.3</p> <p>The management has yet to send a representative to learn e-SWIS application from DOE Tawau. According to the management, a representative will be going to DOE office 30/8/19 to learn the application usage. The implementation will be verified in the next audit</p>   |
| 5. | <p>4.5.3.5</p> <p>Bins have been provided at the housing area and rubbish will be collected and sent to designated landfill in the estate. During the audit, landfill could not be visited due poor road condition caused by rain. The management may want to consider to find more strategic location for landfill</p>   |
| 6. | <p>4.5.6.2</p> <p>During site visit to the buffer zone area, observed the estate is bordering with Sungai Burung tributary and mangrove area. Since the Biodiversity Management Plan emphasizes on erecting appropriate signboard at strategic places to prohibit illegal hunting, the management may want to consider to</p>   |

|  |  |
|--|--|
|  | place a similar signboard at the area considering mangrove area is a natural habitat for certain animal species. |
|--|--|

## Section H Audit Findings

### P1: Management Commitment & Responsibility

| P1C1 Malaysian Sustainable Palm Oil (MSPO) Policy |  |  |  |
|---|--|--|--|
| Indicator   | Requirement  | Compliance   | Findings   |
| I1  | A policy for the implementation of MSPO shall be established.        | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Sighted. The policy was established and signed by Tn. Hj. Mohd Ayub Bin. Kee Abu Bakar (Pengerusi) on the date 17 Apr 2019.  |
| I2  | The policy shall also emphasize commitment to continual improvement. | <input type="checkbox"/> No<br><input type="checkbox"/> OFI  | <p>In the established MSPO Policy mentioned "Koperasi Inderasabah Berhad sentiasa komited dalam mengamalkan, mengekalkan dan menambah baik amalan-amalan kemampanan..."</p> <p>The MSPO policy was communicated to the executive, staff, and workers accordingly on 12/4/19 by Mr. Suri Manshah Bin Enjin and Team. The training record was made available as per documented.<br/>Sample of training to worker: En. Hasyim B. Tahang (S.O.P of Harvesting) on the date 23 July 2019 as per documented.</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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>The Internal Audit procedure was established. The internal audit needs to be conducted annual and as and when required.</p> <p>Internal audit programme has been established namely "Rancangan Tahunan Audit Dalaman MSPO". According to the programme, internal audit was planned to be conducted in July 2019.</p> <p>Audit Plan was issued on 11/7/19. Based on the audit plan, the IA to be conducted on 25/7/19.</p> <p>The audit was conducted as per plan by Mr. Surimanshah and Mr. Husni Abd Rahman. Audit results were documented with 3 Major NCs and 3 OFIs.</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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>The Internal Audit procedure was established. The internal audit needs to be conducted annual and as and when required.</p> <p>The audit was conducted as per plan by Mr. Surimanshah and Mr. Husni Abd Rahman. Audit results were documented with 3 Major NCs and 3 OFIs. All Major findings were transferred into Nonconformance Report. All findings were root cause analysed and corrective action identified.</p>   |
| I3                  | Report shall be made available to the management for their review.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | The report was made available to the management during management review meeting which was conducted on 31/7/19. The meeting discussed on the internal audit results, nonconformance root causes and corrective actions   |

| P1C3 Management Review |   | Compliance   | Findings   |
|------------------------|---|--|--|
| Indicator              | Requirement   |  |  |
| 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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Refer 4.1.2.3<br><br>The MSPO Management Review was conducted on 31/7/19 which was chaired by the Puan Hajah Halimah Bt. Yahya Vice Chairman. All the agenda such as Legal requirement, OSH Objective, Internal Audit MSPO were discussed accordingly. The MRM report was made available and documented. |

| P1C4 Continual Improvement |   | Compliance   | Findings  |
|----------------------------|---|--|---|
| Indicator                  | Requirement   |  |   |
| I1                         | The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Continual Improvement Plans have been established and categorised into Environmental, Biodiversity, Social, Safety and Health. All sighted plans were for 2019. The plan specifies person in charge and expected completion date.     |
| I2                         | The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | At the point of audit there was no new technique or technology being implemented. However, should new information or techniques introduced the management will be informed by authority, publication subscription or fellow planters. |
| I3                         | An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.                           | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Since was no new technology or technique is planned to be adopted, such plan was not available. However, the management has established several continual improvement plan in ensuring endless improvement initiatives.               |

**P2: Transparency**

| P2C1      |  | Transparency of information and documents relevant to MSPO requirements                                |   |
|-----------|--|--|---|
| Indicator | Requirement  | Compliance   | Findings  |
| I1        | The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Communication done according to established policy namely "Komunikasi dan Penyelesaian Aduan dan Rungutan".</p> <p>The management uses stakeholder meeting as one of the mediums to communicate relevant information to its stakeholders. Latest meeting conducted was on 23/7/19. Among communicated information were pertaining MSPO implementation, Policies establishment, regulatory requirement, announcement of appointed PIC for communication with stakeholders, complaints and grievance mechanism.</p> <p>Request and response records were maintained in "Komunikasi dan Pihak Berkepentingan" File. Stakeholders can write a complain through the form that has been established whenever there was any requests or assistant needed from estate. As at today no complain from stakeholder and workers. The management will have responded to the request in 30 days as per procedure documented.</p> |
| I2        | Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Management Plans &amp; Continuous Improvement Plans and company policies were publicly available. All the documents were verified during the audit.</p>  |

| P2C2      |   | Transparent method of communication and consultation   |   |
|-----------|---|--|---|
| Indicator | Requirement   | Compliance   | Findings  |
| I1        | Procedures shall be established for consultation and communication with the relevant stakeholders.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Refer 4.2.1.1   |
| I2        | A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Vice Chairman, Pn. Hajah Halimah Binti Yahya has been appointed as person responsible for handling social issue. Appointment letters for the officer in-charge for social issues from Chairman of KOIB, Tn. Haji Mohd Ayub dated 24/7/19 were sighted.  |
| I3        | List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Stakeholder list was developed where stakeholders such as contractors, suppliers, local communities, government authorities and NGO in the list.</p> <p>Stakeholder meeting was organized once a year and the last meeting was conducted on 23/July/19 (Koperasi Inderasabah Berhad with the participation of stakeholders such as government authorities, suppliers and contractors. Meeting minutes was sighted, and issues reported were recorded. Action plan was developed in the meeting minutes.</p> <p>Request and response records were maintained in "Komunikasi dan Pihak Berkepentingan" File.</p> |

| P2C3 Traceability |  | Compliance   | Findings   |
|-------------------|--|--|--|
| Indicator         | Requirement  |  |  |
| I1                | The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s). | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | KOIB has established SOP for traceability namely "Kebolehejjejan".   |
| I2                | The management shall conduct regular inspections on compliance with the established traceability system.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | KOIB conducted internal audit to monitor the compliance towards the established traceability system. Latest internal audit for KOIB was conducted on 25/7/19.  |
| I3                | The management should identify and assign suitable employees to implement and maintain the traceability system.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | KOIB has appointed the Field Supervisor, Mr. Jifri Syam Bin Sulaiman as person responsible for traceability as per letter signed by the respective Chairman Tuan Haji Mohd Ayub B. Kee Abu Bakar dated 17/4/19.  |
| I4                | Records of sales, delivery or transportation of FFB shall be maintained.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>The KOIB management maintained all relevant records of crop sales and delivery to the mill. The estate records for FFB sales is from Balung Palm Oil Mill Sdn.Bhd only</p> <p>KOIB was in progress to implement FFB Delivery Note from estate to Mill. To be verified during 2nd stage Audit. Sample of ticket to be implement was sighted:</p> <p>. In the ticket included information such as:</p> <ul style="list-style-type: none"> <li>i. vehicle and driver information</li> <li>ii. weight of crop dispatch</li> <li>iii. field harvested</li> <li>iv. harvesting date</li> <li>v. Average Bunch Weight.</li> </ul> <p>Sampled records of delivery:</p> <ol style="list-style-type: none"> <li>1. BTS Note, date 7/8/19, Driver Mohd Nizam, Phase 1 Block B&amp;D, Balung POM wb ticket 253378, time in 1202, weight 5.63 mt.</li> <li>2. BTS Note, date 7/8/19, Driver Mohd Nizam, Phase 1 Block C, Balung POM wb ticket 253392, time in 1514, weight 3.65 mt.</li> <li>3. BTS Note, date 6/8/19, Driver Mohd Nizam, Phase 1 Block A&amp;B, Balung POM wb ticket 253339, time in 1114, weight 4.17 mt.</li> </ol> |

### P3: Compliance to legal requirements

| P3C1 Regulatory requirements |   |  |  |
|------------------------------|---|--|--|
| Indicator                    | Requirement   | Compliance   | Findings   |
| I1                           | All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.            | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>1. MPOB License<br/>No: License 618459002000<br/>Expired date: 30/6/20<br/>Hectarage 136.78</p> <p>2. Jabatan Tenaga Kerja Permit for Hiring Foreign Workers:<br/>License No: B-002915/07<br/>Expiry Date: 20 May 2020<br/>Total workers: 18 (Indonesia)<br/>1)Permit: 7<br/>2)<b>OBS</b><br/>Without Permit: 11 (Ongoing process for legalisation). Name list has been submitted to Immigration Dept. Interview was conducted by the dept on 25/6/19. This was evident from "Akuan Penerimaan Regularisasi PATI" form returned by the dept.</p> <p>3. Business License under Trading Licensing Ordinance 1948 for Koperasi Inderasabah Berhad. License Number 253594</p>   |
| I2                           | The management shall list all laws applicable to their operations in a legal requirements register.                                     | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>All legal requirement was documented in "Daftar Undang-Undang".</p> <p>All the legal and other requirements were register accordingly and documented in the legal requirement such as:</p> <ol style="list-style-type: none"> <li>1) Akta Kilang dan Jentera 1967</li> <li>2) Akta Keselamatan dan Kesihatan Pekerjaan 1994 (Akta 154)</li> <li>3) Peraturan-peraturan Keselamatan dan Kesihatan Pekerjaan (Jawatankuasa keselamatan dan kesihatan) 1996</li> <li>4) Akta Keselamatan dan Kesihatan Pekerjaan 1994</li> <li>5) Peraturan-peraturan Keselamatan dan kesihatan pekerjaan (Penggunaan dan Standard Pendedahan Bahan Kimia Berbahaya kepada Kesihatan) 2000.</li> <li>6) Minimum Wages Order (Amendment) 2018</li> <li>7) Sabah Labour Ordinance</li> <li>8) Worker's Minimum Housing Standard and Ammenities Act 1990</li> </ol> |
| I3                           | The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.     | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>The LRR was updated on 1/7/19. 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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>KOIB has appoint Mr. Husni Bin Abdul Rahman as a Legal Officer</p> <p>To ensure the mechanism compliance to legal and other requirement has been documented.</p> <p>The respective operating in charge will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance.</p>  |

| P3C2 Land used right |  |  |   |
|----------------------|--|--|---|
| Indicator            | Requirement  | Compliance   | Findings  |
| I1                   | The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>The company possesses 1 Country Lease 105528532 containing 177.4 Ha. Based on the sighted land title, land use term for cultivation of oil palm.</p> <p>During site visit to the boundary area, noted the estate's activities did not diminish land use rights of other user</p> |

|    |   |  |   |
|----|---|--|---|
| I2 | The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Refer 4.3.2.1<br><br>KOIB had the ownership changed from P.J INDERA SDN BHD (1A302849) to KOPERASI INDERASABAH SDN BHD (185/66) on the date 22 Feb 2016.<br><br>As per documented:<br>Land Tax Resit No: 10201901000773 as dated 08 Jan 2019. RM 6,576.00.                                      |
| I3 | Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | The estate's boundaries were distinguished by trench system and roads. Original boundary stones have been located and indicated in a map. Sampled 2 boundary stones during site visit (612/978 and 178/527 bordering next to Osawa Plantation Sdn Bhd   |
| 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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | At the point of audit noted no complaint pertaining to land dispute has been made. Based on feedback given by interviewed stakeholders during stakeholder consultation, confirmed no such issue occurred. 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<br><input type="checkbox"/> No<br><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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI            | NA                                      |
| I3        | Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.  | <input checked="" type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | NA                                      |



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

| P4C1 Social impact assessment (SIA) |  |  |   |
|-------------------------------------|--|--|---|
| Indicator                           | Requirement  | Compliance   | Findings  |
| I1                                  | Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>SIA Report KOIB/SIA/01-2019 dated 25/7/19. It was conducted internally by the organisation. The report includes:</p> <ol style="list-style-type: none"> <li>1. Introduction</li> <li>2. Demographic information</li> <li>3. Objectives</li> <li>4. Methodology</li> <li>5. Summary of Assessment</li> <li>6. SIA Analysis and Action plan</li> </ol> <p>Positive and negative impacts have been identified during the assessment and incorporated into the action plan. The action plan also includes:</p> <ol style="list-style-type: none"> <li>1. Issue</li> <li>2. Impact</li> <li>3. Positive/ Negative</li> <li>4. Proposed plan</li> <li>5. PIC</li> <li>6. Status</li> </ol> <p>From the status and cross checking noted that most of the plans have been carried out and some were in discussion and work in progress</p> |

| P4C2 Complaints and grievances |   |  |   |
|--------------------------------|---|--|---|
| Indicator                      | Requirement   | Compliance   | Findings  |
| I1                             | A system for dealing with complaints and grievances shall be established and documented.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | SOP has been developed name "Standard Operating Procedure (SOP) Aduan dan Rungutan". The SOP includes 2 flowcharts for Social Issue Handling and Complaint to Management Process.                                       |
| I2                             | The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.    | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | According to the SOP the Estate PIC must inform the management within 14 working days of any complaint received. The estimated time taken to resolve the issue should be within 2 month's time.                         |
| I3                             | A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.      | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Complaint form has been established. During site visit to the estate office, observed the form was being made available. It was also communicated and made available to stakeholders during stakeholder meeting.        |
| I4                             | Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.             | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | According to the management the communication has been made to the stakeholders during stakeholder meeting and workers meeting dated 23/7/19 and 24/7/19 respectively.  |
| I5                             | Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | In the SOP mentioned that all complaint must be retained for 24 months. Noted all feedback/questionnaire forms were well maintained in "Komunikasi & Pihak Berkepentingan" file. The earliest records were from 23/7/19 |

| P4C3 Commitment to contribute to local sustainable development |  |  |   |
|--|--|--|---|
| Indicator  | Requirement  | Compliance   | Findings  |
| I1   | Growers should contribute to local development in consultation with the local communities. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | CSR record is summarised into a document. Sighted the summary record for 2018/2019. 35 separate donations have been made. Apart from retaining the spent records, the management also developed a plan for upcoming CSR activities. All records are being retained in "Tanggungjawab Sosial Korporat (CSR)" file. |

| P4C4 Employees safety and health |   |  |  |
|----------------------------------|---|--|--|
| Indicator                        | Requirement   | Compliance   | Findings   |
| I1                               | An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Safety policy has been established namely "Polisi Keselamatan dan Kesihatan Pekerjaan" dated 17/4/19 signed by Chairman, Tn Haji Mohd Ayub Bin Kee Abu Bakar. According to the management the communication has been made to the stakeholders during stakeholder meeting and workers meeting dated 23/7/19 and 24/7/19 respectively.</p> <p>OSH plan has been developed for 2019. Noted 12 items were listed in the plan. The plan was prepared by the Safety Officer, Mr. Hamzah Jaafar. The plan includes Strategy/Action Plan, PIC and Completion estimation.</p>  |
| I2                               | <p>The occupational safety and health plan shall cover the following:</p> <p>a) A safety and health policy, which is communicated and implemented.</p>  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Same as in 4.4.4.1</p>  |
|                                  | <p>b) The risks of all operations shall be assessed and documented.</p>   | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>HIRARC has been established. However, the HIRARC only done for activity Spraying/Weeding &amp; Maintenance of Heavy Machinery, Harvesting, Manuring, Office, Pruning etc. The document was last updated on 22/8/19</p> <p><b>OBS</b><br/>           CHRA has been conducted on 22/8/19 by appointed consultant Bumi Lestari Resources. However, the report has yet to be returned by the assessor. Hence , verification could not be done during the audit. This will be verified in the next audit</p>   |
|                                  | <p>c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:</p> <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>  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Training programme has been developed for 2019 and kept in "Latihan Pekerja" file. The programme includes several trainings covering Safety, Environmental and Social aspects. Planned safety training as below:</p> <ol style="list-style-type: none"> <li>1. PPE – July 19</li> <li>2. Pengendalian Bahan Kimia – July 19</li> <li>3. Menuai, Meracon, Membaja – July 19</li> <li>4. First aid – Dec 19.</li> </ol> <p>Training records can be seen from "Rekod Latihan Peribadi Pekerja". Based on the records, observed trainings that have been conducted were:</p> <ol style="list-style-type: none"> <li>1. PPE training – 23/7/19</li> <li>2. Chemical Handling – 23/7/19</li> <li>3. Menuai, Meracon, Membaja – 23/7/19</li> </ol> |
|                                  | <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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Sighted "Rekod Pemberian PPE" from "Pelan Tindakan Kecemasan Kemalangan PPE &amp; HIRARC" file. It is being recorded based on work function such as Harvesting, Manuring, Spraying etc. The recipients signed onto the issuance record after PPE has been received. During site visit to the harvesting operation, observed all workers were equipped with adequate PPE as per HIRARC</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<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>The SOP was made available during the audit namely "Standard Operating Procedure Pengendalian Bahan Kimia". The SOP caters for Chemical Procurement, Receiving and Labelling, Storing, Handling and Disposing. Based on observation at site the SOP is being implemented accordingly.</p> <p><b>OBS</b></p> <ol style="list-style-type: none"> <li>1. To ask for new version of SDS</li> <li>2. Inadequate Spill Kit. No broom and scoop</li> </ol>   |

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| <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<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>PIC has been appointed. Mr. Hamzah Bin Jaafar as "Pegawai Kesihatan dan keselamatan di Koperasi Inderasabah Berhad." He was appointed by the Chairman of the organisation on 17/4/19.</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 type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <p><b>Minor 1</b><br/>No evidence the management has conducted regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly.</p>  |
| <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p>   | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>ERP has been established for Fire Outbreak, Chemical Spillage, Accident and Animal Attack.</p> <p><b>OBS</b><br/>The ERPs were only displayed at the estate office. To display relevant ERP at Chemical Store such ERP for Chemical Spillage.</p>   |
| <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p>  | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Currently no trained first aider in the estate. According to the management, personnel will be sent for First Aider course. This can be evident from application letter sent to Tawau Fire Fighting Dept dated 20/8/19. The request has been acknowledged by the Department and the training is planned to be conducted on 8/9/19</p> <p><b>Minor 1</b><br/>During visit to harvesting operation at Phase 3 Block A, first aid kit was not made available onsite.</p> |
| <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p>  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>As of the audit date, no accident occurred in 2019. During interview session with harvesting gang, they confirmed no accident occurred to them in 2019.</p> <p>JKKP 8 for 2018 has been submitted 23/8/19 through MYKKP. Reason for late submission is because the MYKKP account was only created in April 2019.</p>  |

P4C5 Employment Conditions

| Indicator | Requirement   | Compliance   | Findings  |
|-----------|---|--|---|
| I1        | <p>The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.</p>  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Policies established relevant to social:<br/>1. Polisi Pengurusan Sosial<br/>2. Polisi Pengurusan dan Pencegahan Gangguan Seksual</p> <p>They were established on 17/4/19 signed by the Chairman. According to the management the communication has been made to the stakeholders during stakeholder meeting and workers meeting dated 23/7/19 and 24/7/19 respectively.</p>                                       |
| I2        | <p>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.</p>     | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Based on the Social Policy sighted, the company is committed in ensuring fair treatment to be given to all employee without being discriminated based on skin colour, race, religion, political view, gender and age.</p> <p>According to the management, recruitment process of workers according to JTK guidance. Race and gender (unless deemed necessary) are not being considered in recruitment process.</p> |
| I3        | <p>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.</p> | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Salary payment 1st of every month. Sampled pay slips for July 2019:</p> <p>1. Firmansyah Bin Zainal AU303227 Harvester. Basic earned - RM 1100<br/>2. Firdayanti Binti Muhd Amin Sprayer. Basic earned - RM 1100</p> <p>The wage payment according to the new min wage.</p>  |

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| 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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | The estate did not appoint any contract workers.  |
| 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 checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Such record has been developed namely "Senarai Nama Pekerja Ladang Ladang Koperasi Inderasabah Berhad 2019". The record entails Name, Passport Number, Task, DOB, Gender, Origin, DOJ.  |
| 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 type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Noted that contract agreement has been issued for all workers. Sampled for:</p> <ol style="list-style-type: none"> <li>1. Firmansyah Bin Zainal, AU303213</li> <li>2. Firdayanti Binti Muhd Amin (in legalisation process)</li> </ol> <p><b>Minor 2</b><br/>The issued employment contracts to workers were in accordance to Section 18 of Sabah Labour Ordinance format and observed it has been agreed by both employer and employees. However, some typing errors were detected pertaining daily rate and OT rate for working on Rest Day and Public Holiday.</p> |
| I7  | The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Time recording system using thumbprint. At the moment no OT being offered to the workers.   |
| I8  | The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Based on the employment contract sighted working hours 6am – 3 am including 1-hour break. At the moment no OT being offered to the workers.   |
| I9  | Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | At the moment no OT being offered to the workers. Based on payslip and time recording records reviewed no worker served OT in July 2019.  |
| I10 | Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <ol style="list-style-type: none"> <li>1. Medical fee</li> <li>2. Annual bonus</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 type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Free quarters provided. 6 Houses. Electricity from SESB, Water from Mill, rain water and bore well. Clean environment.</p> <p><b>Minor 3</b><br/>Weekly housing inspection was not carried out accordingly as per Worker's Minimum Housing Standard and Amenities Act 1990 Section 23 and "Pengurusan Perumahan Pekerja" SOP. Record sighted was only for 20/6/19</p>  |

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| I12 | The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI             | 4.4.5.1<br>The policy specifies on:<br>1. To ensure any complaints will be investigate<br>2. To prevent all potential of sexual harassment by providing training to the management and workers.<br>3. To create working environment free from 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<br><input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> OFI | No union at the estate. Mandore will be a medium for the workers to channel their complaint. 1 mandore in the estate, Osman Bin Mappi.   |
| I14 | Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.   | <input type="checkbox"/> No<br><input type="checkbox"/> OFI  | From the workers list noted the youngest worker employed was Firdayanti Binti Muhd Amin. She joined the company 1/6/18. Born in 1997 March.  |

| 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 checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Training needs analysis matrix was sighted namely "Analisa Keperluan Latihan". The analysis done based on task such as mandora, sprayer, manure, harvester, store keeper, tractor driver etc.<br><br>Training programme sighted for 2019. The training covers several aspects including safety, environmental and social.<br><br>Among planned training for 2019:<br>1. MSPO Training - April 2019<br>2. Pengendalian Bahan Kimia - July 2019<br>3. Fire Drill - Sep 2019<br>4. First Aid - Dec 2019<br><br>Verified training records:<br>1. MSPO and Perundangan Umum - 12/4/19<br>2. PPE, Pengendalian Bahan Kimia, Pengurusan SW/DW, Kerja Selamat - 23/7/19 |
| 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 checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Training needs analysis matrix was sighted namely "Analisa Keperluan Latihan". The analysis done based on task such as mandora, sprayer, manure, harvester, store keeper, tractor driver etc.<br><br>Trainings required were categorised into several categories such as:<br>1. Cara Kerja Selamat (CKS)<br>2. Pengendalian Bahan Kimia (PBK)<br>3. Pemanduan Selamat (PS)<br>4. Kawalan Alam Sekitar (KAS)<br>5. Teknik Menuai dan Grading (BTS)<br>6. First Aid (FA)<br>7. Fire Drill (FD)  |
| I3                           | A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | 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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Sighted Environmental Policy namely "Polisi Pengurusan Alam Sekitar dan Kepelbagaian Bio" dated 17/4/19 signed by the Chairman. According to the management the communication has been made to the stakeholders during stakeholder meeting and workers meeting dated 23/7/19 and 24/7/19 respectively.</p> <p>EMP sighted namely "Pelan Pengurusan Alam Sekitar" prepared by Mr. Surimanshah Bin Enjin. Dated 20/6/18.</p>  |
| I2        | <p>The environmental management plan shall cover the following:</p> <p>a) An environmental policy and objectives;</p> <p>b) The aspects and impacts analysis of all operations.</p>  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>a) EMP established was found to be adequate to support the policy and its objectives.</p> <p>b) Sighted "Penilaian Impak Aspek Alam Sekitar" for 2019. The assessment done for all operations relevant to the estate such as Spraying, Harvesting and Slashing, Manuring, Replanting, Transportation etc.</p>   |
| I3        | An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Sighted "Perancangan Program Penambahbaikan (Pelan Pengurusan)" for environmental. Listed in the plan as below:</p> <ol style="list-style-type: none"> <li>1. establishment of environment committee</li> <li>2. to increase understanding of environmental legal requirement</li> <li>3. to establish training programme</li> <li>4. to prepare designated area for chemical mixing area.</li> <li>5. to utilise tray to contain chemical spillage</li> </ol>  |
| I4        | A programme to promote the positive impacts should be included in the continual improvement plan.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Same as 4.5.1.3  |
| 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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Refer 4.4.6.1  |
| I6        | Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>The management has organised a meeting on 30/7/19. This can be evident from the established from the meeting minute prepared. The latest meeting was conducted on 24/8/19. Among discussed matters:</p> <ol style="list-style-type: none"> <li>1. Environmental Policy establishment</li> <li>2. Prohibition of open burning activity, mismanagement of domestic waste, chemical activities at buffer zone area.</li> <li>3. Erection of buffer zone and no open burning signboards</li> <li>4. DW management and procedure</li> <li>5. Any environmental issues occurred to be informed to management</li> <li>6. SW management</li> </ol> |



P5C2 Efficiency of energy use and use of renewable energy

| Indicator | Requirement  | Compliance   | Findings   |
|-----------|--|--|--|
| I1        | Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>The org has only started recording diesel and electricity usage since early January 19 which is during the kick-off of MSPO implementation. To date actual usage has been recorded up until July 2019. Baseline values and trends for both Diesel and Electricity were observed</p> <p><b>OBS</b><br/>The org has only started recording diesel and electricity usage since early January 19 which is during the kick-off of MSPO implementation. To date actual usage has been recorded up until July 2019. Baseline values and trends for both Diesel and Electricity were observed. The management may want to consider analyzing usage of diesel/ton FFB and electricity/ton FFB.</p> |
| I2        | The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Baseline values established is being used as forecast value. The company did not appoint any consultant.</p>  |
| I3        | The use of renewable energy should be applied where possible.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Currently no renewable energy being adopted in the estate.</p>  |

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<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Waste products and sources have been identified in the "Pelan Pengurusan Sisa Buangan". Identified waste products and sources as follow:</p> <ol style="list-style-type: none"> <li>1. SW from Spraying activity</li> <li>2. SW from Manuring activity</li> <li>3. Domestic Waste from labour quarters</li> <li>4. SW from SW store</li> <li>5. Waste from chemical store</li> <li>6. Waste from fertiliser store</li> <li>7. Biomass waste from plantation</li> </ol>  |
| I2        | <p>A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <p>c) Identifying and monitoring sources of waste and pollution</p> <p>d) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products</p> | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Waste products and sources have been identified in the "Pelan Pengurusan Sisa Buangan". The plan was updated on 26/8/19</p> <p>a) Identified waste products and sources as follow:</p> <ol style="list-style-type: none"> <li>1. SW from Spraying activity</li> <li>2. SW from Manuring activity</li> <li>3. Domestic Waste from labour quarters</li> <li>4. SW from SW store</li> <li>5. Waste from chemical store</li> <li>6. Waste from fertiliser store</li> <li>7. Biomass waste from plantation</li> </ol> <p>b) Strategy</p> <ol style="list-style-type: none"> <li>1. Pengasingan sisa pepejal dan sisa dapur</li> <li>2. Sisa pepejal akan dilupuskan di tempat yg disediakan</li> <li>3. To provide enough training on waste management to the employee</li> <li>4. Rinsing and puncturing of empty chemical container</li> <li>5. Updating required records for SW</li> <li>6. Proper storage of SW</li> <li>7. Landfill for DW at suitable location</li> <li>8. To provide spill kit at store area</li> </ol> |
| I3        | The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.   | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>Such plan has been established namely "Standard Operating Procedure (SOP) Penyelenggaraan dan Pelupusan Buangan Terjadual"</p> <p><b>OBS</b><br/>The management has yet to send a representative to learn e-SWIS application from DOE Tawau. According to the management, a representative will be going to DOE office 30/8/19 to learn the application usage. The implementation will be verified in the next audit</p>  |

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| I4 | Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | During visit to the storage area. Observed some empty chemical container were stenciled with skull and bones for reuse purpose. The excess chemical containers were rinsed and punctured. At the moment, the estate does not planning to dispose the excess containers considering the small amount.  |
| I5 | Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>Sighted "Standard Operating Procedure (SOP) Penyelenggaraan dan Pengurusan Sisa Buangan Domestik". The procedure specifies the responsibility of the management and the labour quarters residents.</p> <p><b>OBS</b><br/>Bins have been provided at the housing area and rubbish will be collected and sent to designated landfill in the estate. During the audit, landfill could not be visited due poor road condition caused by rain. The management may want to consider to find more strategic location for landfill</p> |

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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Same 4.5.1.2 and 4.5.1.3 |
| I2        | An action plan to reduce identified significant pollutants and emissions shall be established and implemented.                                 | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | Same 4.5.1.2 and 4.5.1.3 |



| 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 type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Sighted "Pelan Pengurusan Air" for 2019.</p> <p>a) Water sourced from Balong POM for domestic use, bore well for other purpose, rain water harvesting at housing area for cleaning purpose.</p> <p><b>Minor 4</b><br/>The estate has only started receiving water from Balong POM on 26/8/19. Hence the water usage assessment has yet to be done for the source. However, the assessment water usage from bore well was not done despite having sourced from it from many years ago.</p> <p>b) No outgoing water coming from the estate to the surrounding</p> <p>c) According to the management, they practice rain water harvesting and recycling waste water from chemical activity. Upon visiting the site, observed rain water is being collected at labour quarters and facility to collect waste water from chemical mixing activity has been collected for future chemical mixing.</p> <p>d) No river crossing the estate area. However, a tributary river locally known as Sungai Burung flowing next to Phase 3 Block B field of the estate. A riparian buffer zone has been established for that area with 20m width. Natural vegetation was evident in the area and undisturbed.</p> <p>e) Refer d)</p> <p>f) <b>Minor 4</b><br/>According to the management water also sourced from bore well. However, the management has yet to</p> |
| I2                           | No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.  |
| I3                           | Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Rain water harvesting is being done at housing area.</p> <p>Water harvesting in operation area done through water pit, roadside pit and field drain.</p>  |

| 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 checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Sighted "Laporan Biodiversiti Ladang Koperasi Inderasabah Berhad"</p> <p>a) Identified Mangrove Area in the estate which is left untouched.</p> <p>b) Also identified Mammalia (9), Reptilian (7), Amphibian (2) and avifauna (53) in the estate. IUCN Vulnerable species identified (Elapidae), Near Threatened (Grey headed fish eagle, Long tailed parakeet, Mangrove pitta, Green Iora) and Endangered (Pythonidae).</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<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | <p>A management plan has been developed. The plan consists of:</p> <ol style="list-style-type: none"> <li>1. Erection of appropriate signboard at strategic places to prohibit illegal hunting. Signboard has been erected at entrance of the estate. The management may want to consider to place a similar signboard at the buffer zone close to mangrove area.</li> <li>2. To ensure no chemical activity at the buffer zone area next to the mangrove area. The limit is being indicated by pegs and tapes.</li> <li>3. To lodge report to authority if any illegal hunting activity detected.</li> </ol> <p><b>OBS</b><br/>During site visit to the buffer zone area, observed the estate is bordering with Sungai Burung tributary and mangrove area. Since the Biodiversity Management Plan emphasizes on erecting appropriate signboard at strategic places to prohibit illegal hunting, the management may want to consider to place a similar signboard at the area considering mangrove area is a natural habitat for certain animal species.</p> |
| I3 | <p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p>   | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI            | <p>Same as 4.5.6.2</p>   |

P5C7 Zero burning practices

| Indicator | Requirement   | Compliance   | Findings  |
|-----------|---|--|---|
| I1        | <p>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.</p>                            | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>During site visit to the estate compound area, observed no traces of open burning. Observed no burning method adopted in the estate.</p> |
| I2        | <p>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.</p> | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI            | <p>NA</p>   |
| I3        | <p>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.</p>                                | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI            | <p>NA</p>   |
| I4        | <p>Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.</p>  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI            | <p>No plan for replanting activity until 2020. The first replanting will be for the oldest palm from 1994.</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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Sighted. SOP was established for the Estates were distributed to all operating units as a guidance document to conduct estate operation. The SOP covers land preparation, planting material, upkeep, harvesting, FFB transportation and etc. The implementation is being monitored by mandore all the time and will be oversee by the estate supervisor. The implementation will be verified during annual internal audit.</p> <p>During interview session with harvesters, they demonstrated good understanding on harvesting best practice</p> |
| I2                   | Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>No hilly area in the estate. This was evident from topography map sighted and observation during site visit.</p>   |
| I3                   | A visual identification or reference system shall be established for each field.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>KOIB Estates had a visual identification/reference system for each established field/block and maps established. Field numbers and hectare were marked on palms and in some areas on concrete slaps. The estate area is divided into 3 phases which consist of few blocks in each phase.</p> <p>Phase 1 - Block A, B, C &amp; D<br/>           Phase 2 - Block A, B, C, D &amp; E<br/>           Phase 3 - Block A, B &amp; C</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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>KOIB Estate had established an annual budget for 2019. The budget includes the direct cost, fixed cost, manuring cost, Spraying, FFB cost, Safety, Welfare etc. The budget was plan 2019 with 5 years forecast plan up to 2023 as per documented on the month July 2019. The budget was signed by Chairman KOIB.</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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Annual replanting programme has been established which is expected to be materialized starting 2020. The next replanting after 2020 will be done in the 14 years time which is 2034.</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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>The business plan sighted contains:</p> <ol style="list-style-type: none"> <li>1. Tools and parts</li> <li>2. Chemicals</li> <li>3. Allowance and Salaries</li> <li>4. Diesel</li> <li>5. Workers administration</li> <li>6. Transportation and machineries</li> <li>7. Maintenance</li> <li>8. MSPO</li> <li>9. Replanting</li> </ol> |
| I4 | <p>The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.</p>   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>The budget plan was reviewed annually with both actual and forecasted amount for 5 years (up to 2023) and well documented upon request.</p>  |

P6C3 Transparent and fair price dealing

| Indicator | Requirement  | Compliance   | Findings   |
|-----------|--|--|--|
| I1        | <p>Pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | <p>Sampled for procurement from Tawau Agricultural Supplies for pesticide, tools and PPE.</p> <p>TAS DO:90389<br/>Date: 22/7/19</p> <p>13 types of items were purchased by KOIB. Invoice was issued and prices were documented on both DO and Invoice</p> <p>Payment Evidence from KOIB<br/>"Baucer Bayaran" No 1879/082019 dated 2/8/19 issued by KOIB to release payment. Payment made through cheque no. BIMB 527257 on the same date as the voucher.</p> |
| I2        | <p>All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.</p>  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA   |

| P6C4 Contractor |   |  |  |
|-----------------|---|--|--|
| Indicator       | Requirement   | Compliance   | Findings   |
| I1              | Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | Since the KOIB was not engage with outside contractor for any work programme in estate. There is no document to be recorded. |
| I2              | The management shall provide evidence of agreed contracts with the contractor.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI            | NA   |
| I3              | The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.   | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> OFI | KOIB not appoint any out sources contract for the estate work programme.   |
| I4              | The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted. | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | KOIB not appoint any out sources contract for the estate work programme.   |

**P7: Development of new plantings**

| P7C1 High biodiversity value |   |   |   |
|------------------------------|---|---|---|
| Indicator                    | Requirement   | Compliance  | Findings  |
| I1                           | Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | The whole Principle 7 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<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA  |

| P7C2 Peatland |  |   |          |
|---------------|--|---|----------|
| Indicator     | Requirement  | Compliance  | Findings |
| I1            | New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |

P7C3 Social and Environmental Impact Assessment (SEIA)

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

P7C4 Soil and topographic information

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

P7C5 Planting on steep terrain, marginal and fragile soils

| Indicator | Requirement   | Compliance  | Findings |
|-----------|---|---|----------|
| I1        | Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I2        | Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I3        | Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |

| P7C6 Customary land |  | Compliance  | Findings |
|---------------------|--|---|----------|
| Indicator           | Requirement  |   |          |
| I1                  | No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I2                  | Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I3                  | Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I4                  | The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I5                  | Identification and assessment of legal and recognised customary rights shall be documented.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I6                  | A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I7                  | The process and outcome of any compensation claims shall be documented and made publicly available.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |
| I8                  | Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> OFI | NA       |







- **End of Report** -