



Certification International


Audit Summary Report

22<sup>nd</sup> Nov 2019

<b>Company name</b>	USG Industries Sdn Bhd
<b>Company Registration Number</b>	233266-X
<b>Address</b>	Estate: Lot 620, 3648 to 3664, 1360 & 815 Mk Kota Tinggi, Batu 3, Jalan Mawai, 81900 Kota Tinggi, Johor  Office: 125, Batu 4 1/2, Jalan Skudai, 81200 Tampoi, Johor Bahru, Johor.
<b>Report no</b>	MR3/USG/011/2019
<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>	98.20
<b>Telephone</b>	07-2380533
<b>E-mail</b>	kohgm@triumphal.biz
<b>Fax</b>	07-2373422
<b>Website</b>	-

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

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

	Prepared By	Client's Acceptance
Sign		
Name	Afiq Othman	Company Stamp
Date	22/11/2019	
Email	afiq@mr3cert.com	

## Section A General Information

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

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

Contact Details	
Management Representative	Dr Low Soe Eng
Alternate contacts	-
Management Representative contact no.	012-7003666
E-mail address	Selow1976@gmail.com
Fax Number	07-2373422
Fixed Line Number	07-2380533
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 non-conformity identified. This review has concluded that:

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

## Section C Conclusion

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

The audit team concludes and express

CONGRATULATION and has

CONGRATULATION however some processes need to address non-compliance(s) but others has

SORRY and the organization has not established and maintained its management system in line with the

requirements of the standard and

demonstrated

not demonstrated

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

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

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

Granted/ Continued

- Granted upon acceptance of the necessary corrective action plan(s) and implementation
- Continued upon acceptance of the necessary corrective action plan(s) and implementation
- Withheld
- suspend until satisfactory corrective action(s) is completed
- Others (please specify)

Note :

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

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

## Section D (For Re-certification only)

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

## Section E Auditor and Auditees Information

MR3 Assessors	Attendance during opening and closing meeting	
Team Leader	Name	Designation
Afiq Othman (AO)	1. Lai Chee Chai	Estate Manager
Team member	2. Koh Geok Moi	Account Executive
-	3. Mas Anida Wakiran	Supervisor
Trainee auditor	4. Ng Siew Sung	Supervisor Assistant
-	5. Syahira Nadia Supaat	Consultant
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>- Attended and passed IRCA ISO 9001:2015 and IRCA ISO 14001:2015 courses.</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	Nov 2019	Nov 2020	Nov 2021	Nov 2022	Nov 2023
Site(s) visited/to be visited	1. USG	1. USG	1. USG	1. USG	1. USG
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: 2md. 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	20-21 Nov 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)

$$S = 1.0 (\sqrt{2}) = 1$$

Since this is an individual certification. Sampling method is not applicable for this audit.

#### Audit Plan

Date	Time	Assessor	Business area / process	Clause	
20 & 21/11/2019	0900	AO	Introduction by client Opening meeting at USG Industries Sdn Bhd		
	0915	AO	Management commitment & responsibility	4.1	
			Transparency	4.2	
			Compliance to legal requirement	4.3	
			Social responsibility, health, safety & employment condition	4.4	
	1230			BREAK	
	1330	AO	Environment, natural resources, biodiversity and ecosystem services	4.5	
			Best practices	4.6	
			Development of New Planting (if any)	4.7	

	1700	AO	Closing Meeting	
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**Site's Information**

**1. Group Background**

USG Industries Sdn Bhd (USGISB) estate located at Lot 620,3648-3664,1360 & 815 Mk Kota Tinggi, Batu 3 Jalan Mawai, 81900, Kota Tinggi, Johor. Total area is 98.20ha, total planted area is 97.00ha and total area for office and rest area is 1.204ha. Date of incorporated is 27 January 1992. The director of USGISB are Low Soe Eng (F), Toh Thim Leong and Chen Chin Lin.

Estate being managed by contractor whereas Mr. Lai Chee Chai acting as estate manager and Mr Lim Meng Zhean acting as estate contractor, Mrs. Koh Geok Moi and Ms. Ng Siew Sung as the administrative for USG estate. Total workers are 3 peoples from Indonesia. FFB being delivered to Santex Enterprise Sdn Bhd (Dealer) and Kim Loong Palm Oil Mills Sdn Bhd.

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

Estate/ Mill	Location Address	Geo-Coordinate
USG Industries Sdn Bhd	Lot 620, 3648 to 3664,1360 & 815 Mk Kota Tinggi, Batu 3, Jalan Mawai, 81900 Kota Tinggi, Johor	N 1°45'54.0", E 103°55'45.8"

**3. MPOB License(s)**

Estate/ Mill License Number	Scope of Activity	Expiry Date
USG Industries Sdn Bhd 503275202000	Menjual dan mengalih FFB	31/12/2019

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

Estate	FFB Production (MT)	
	Period:	
	Actual last FY	Estimated new FY
USG Industries Sdn Bhd	822.85	1213.24
<b>Total</b>	<b>822.85</b>	<b>1213.24</b>

**5. Area Statement**

Estate	Certified/ Titled Area (Ha)	Planted Area		Conservation Area (Ha)	HCV Area (Ha)	Others (Ha)
		Immature Area (Ha) <3 years	Mature Area (Ha) >3 years			
USG Industries Sdn Bhd	98.20	-	97.00	0	0	1.20
<b>Total</b>	<b>98.20</b>	<b>-</b>	<b>97.00</b>	<b>0</b>	<b>0</b>	<b>1.20</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

Stakeholders of the client were interviewed to meet the requirement of MSPO Stage 2 Audit. All responds given by the interviewed stakeholders are as recorded below:

Stakeholder Details	Stakeholder's Input/ Comment	Client's Feedback/ Response
Mr. Ng Yean Tat Santex Enterprise Sdn Bhd (Dealer/ FFB Transporter)	<ul style="list-style-type: none"> <li>- The company and the estate have been doing business together since 10 years ago</li> <li>- Apart from buying FFB from USG, they also provide FFB Transport service to the estate</li> <li>- Both companies had signed a contract agreement recently</li> <li>- They were explained by USG on its policies and complaint procedure</li> <li>- He has a good relationship with the estate manager</li> <li>- Overall he is happy with the relationship between the companies</li> </ul>	- Noted by the management
Mr. Yew Chia Ming Kota Tinggi Estate	<ul style="list-style-type: none"> <li>- The company supplies fertilizers, pesticides, herbicides and hardware to the estate</li> <li>- USG invited them as respondent</li> </ul>	- Noted by the management

<p>supplies (Supplier)</p>	<p>during their SIA - They were explained by USG on its policies and complaint procedure - Payment by USG always prompt - They provided SDS to the estate - Healthy relationship between the companies</p>	
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**Nonconformity & Observation**

**1. Nonconformity**

During the assessment 1 nonconformities were identified.

<p><b>NCR No.:</b> USG-2019-NCR-1</p>	<p><input type="checkbox"/> Major</p>	<p><input checked="" type="checkbox"/> Minor</p>
<p><b>Standard:</b> MSPO MS 2530 – 3: 2013</p>	<p><b>Indicator:</b> 4.4.4.2 (b)</p>	<p><b>Status &amp; Due Date:</b> Open (21<sup>st</sup> November 2020)</p>

**Section 1 - Details of nonconformity**

CHRA has been conducted. Report was made available during the audit dated 10/7/19 Ref No. HQ/15/ASS/00/363-2019-046. According to the report, Table D4 (Field Spraying), the management is recommended to engage OHD for medical surveillance on yearly basis. However, no evidence that such action has been taken.

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

**Root Cause:**

PIC has planned to send workers to undergo medical surveillance but there were constraints of finding OHD in Kota Tinggi as well as approval from the management.

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

**Correction:**

Management already sent 3 workers stated in the CHRA to undergo medical surveillance on 22/11/2019 at

Klinik Moiz Sdn Bhd. The receipt of payment will be attached together with the form. The medical surveillance report will be ready in 3 weeks time.

**Corrective Action:**

Management will include the annual medical surveillance in the Training Matrix/Annual Programme so that the execution for the next year will not be missed.

**1. Observations**

No	Observation Details
1.	<p>4.4.3.1</p> <p>Since USG only started implement MSPO since May 19, CSR activity has yet to be carried out. The improvement will be verified in the next audit.</p>
2.	<p>4.2.2.1, 4.4.4.1, 4.4.5.1, 4.5.1.1</p> <p>Relevant information such as the company's policies and Complaint and Grievance SOP were only communicated to 3 external stakeholders namely Santex Agro Trading, Kota Tinggi Estate Supplies Sdn Bhd and Santex Enterprise Sdn Bhd during SIA. Other external stakeholders have yet to be communicated with the same information. The completion will be verified in the next audit.</p>
3.	<p>4.4.4.2 (d), (h), (i) and (j)</p> <p>1. Utilization of PPE among workers could not be verified as the workers were on leave during the audit. This will be verified in the next audit.</p> <p>2. Upon visiting chemical store, observed no ERPs were on display to enhance better understanding of the workers. The improvement will be verified in the next audit.</p>

	<p>3. Availability of first aid on site could not be verified due to no field operation was ongoing during the audit. The availability will be verified in the next audit.</p> <p>4. No accident recorded as of the audit date. JKPP 8 has yet to be submitted. According to the management, they they had just successfully registering MYKPP on the day of audit 11/9/19). After consulted with JKPP, JKPP instructed to submit starting next year. The submission of 2019 JKPP 8 will be verified in the next audit.</p>
<p>4.</p>	<p>4.5.1.6</p> <p>Environmental aspect was discussed in Management Review Meeting dated 21/10/19. However, the meeting only attended by the management and not including the contract workers. The participation of workers will be verified in the next audit.</p>
<p>5.</p>	<p>4.5.2.1</p> <p>Diesel usage is being recorded for every machinery on monthly basis. However they only started recording since May 2019. Hence the baseline value could not be established due to lack of data. The baseline value can only be established once they have a complete year data. The trends and baseline value establishment will be verified in the next audit.</p>

## Section H Audit Findings

### P1: Management Commitment & Responsibility

P1C1 Malaysian Sustainable Palm Oil (MSPO) Policy			
Indicator	Requirement	Compliance	Findings
I1	A policy for the implementation of MSPO shall be established.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Policy sighted namely Polisi Kemampanan. Signed by Director, Dr. Low Soe Eng. Dated 16/5/19
I2	The policy shall also emphasize commitment to continual improvement.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The policy emphasises on continual improvement "Pihak kami komited kearah penambahbaikan berterusan..."

P1C2 Internal Audit			
Indicator	Requirement	Compliance	Findings
I1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Sighted Pelan Audit Dalaman . Proposed date 24/9/19. Internal auditor appointed Syahira and Yap Kim Long.  Findings: 15 NC, 15 OFI.
I2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	SOP sighted namely Prosedur Audit Dalaman USG-SOP-02 dated 15/5/19.  The result documented. Based on sampled CAR Forms for NC 12-15, root cause has been analysed and corrective action identified. Corrective actions have been carried out.
I3	Report shall be made available to the management for their review.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The report has been presented to the Director on 21/10/19.

P1C3 Management Review			
Indicator	Requirement	Compliance	Findings
I1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Management review conducted on 21/10/19. Chaired by the Director, Dr. Low Soe Eng. The meeting discuss on Internal Audit Findings, Continual Improvement Plan, Expenditure and other matters. The minute meeting was evident.

P1C4 Continual Improvement			
Indicator	Requirement	Compliance	Findings
I1	The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Plan sighted "Pelan Penambahbaikan Berterusan" for 2019. Dated 18/11/19. The plan considered the social and environmental impacts.  sample: 1. Pemasangan papantanda - Ordered. Yet to be installed. 2. Re-surveying for 5 boundary stones - Completed on 19/11/19.
I2	The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Currently no new techniques or technology is being adopted. According to the management, this will be discussed in the next MRM (tentatively after stage 2 audit) to include the Director.

I3	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	An action plan will be available after the top management has made decision on which new technology will be adopted.
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P2: Transparency

P2C1 Transparency of information and documents relevant to MSPO requirements			
Indicator	Requirement	Compliance	Findings
I1	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	To date no evidence of information request by relevant stakeholders. Any request will be recorded into "Borang Pertanyaan" that has been established.
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 type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	OBS Relevant information such the company's policies and Complaint and Grievance SOP were only communicated to 3 external stakeholders namely Santex Agro Trading, Kota Tinggi Estate Supplies Sdn Bhd and Santex Enterprise Sdn Bhd. Other external stakeholders have yet to be communicated with the same information

P2C2 Transparent method of communication and consultation			
Indicator	Requirement	Compliance	Findings
I1	Procedures shall be established for consultation and communication with the relevant stakeholders.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Sighted namely Prosedur Pihak Berkepentingan USG-SOP-04 dated 18/11/19.
I2	A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Available. Appointed Mr. Lai Chee Chai as Pegawai Sosial effective 1/7/19. Appointed by Dr. Low Soe Eng.
I3	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Stakeholder List available. Categorized into Contractors, Vendors, Local Community, Other Interested Parties and Buyer.

P2C3 Traceability			
Indicator	Requirement	Compliance	Findings
I1	The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Sighted namely Prosedur Kebolehkesanan USG-SOP-08 dated 1/8/19. The SOP explains on responsibility of all personnel involve with FFB movement. The SOP is designed to aid continuous monitoring and less supervision.
I2	The management shall conduct regular inspections on compliance with the established traceability system.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Inspection done during Internal Audit. The appointed PIC randomly checked on the implementation.
I3	The management should identify and assign suitable employees to implement and maintain the traceability system.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Appointed PIC Mr. Lai Chee Chai dated 1/7/19. Appointed by Director. Mr. Lai is the estate manager.



I4	Records of sales, delivery or transportation of FFB shall be maintained.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Records of sales and delivery of FFB are being retained appropriately. For delivery few documents bunch being maintained including Weighbridge Ticket (Dealer/Mill), FFB Despatch Chit.</p> <p>Sampled:            1. Delivery to Kim Loong POM, Vehicle No. JKP 8358, date 9/10/19, weight 5.5 MT. WB ticket No. 587442. FFB Despatch Chit No. 00020, Bunch count 210 (Block A).</p> <p>2. Delivery to Santex Ent SB, Vehicle No. JRY 8698, date 11/10/19, weight 6.42 MT. WB ticket No. G008966, FFB Despatch Chit No. 00023, Bunch count 1400 (Block B).</p> <p>Sales records evident from Purchase invoice issued by Santex Ent SB on monthly basis. Sighted for October 19 Purchase invoice P1910-0516.</p>
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P3: Compliance to legal requirements

P3C1 Regulatory requirements			
Indicator	Requirement	Compliance	Findings
I1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	License in possession only MPOB License 503275202000 for Menjual dan Mengalih FFB# for 98.67 ha valid thru 31/12/19.
I2	The management shall list all laws applicable to their operations in a legal requirements register.	<input type="checkbox"/> OFI <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	List has been developed. The list is categorised into few categories namely General Safety & Health Requirement, Chemical Handling & Exposure, Accident Incident Reporting, Open Burning, Palm Oil, Labor etc.
I3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The legal register was updated on 16/10/19 prepared by Lai Chee Chai. New requirement such as Minimum Wage Order (Amendment) 2018 has been included.
I4	The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	PIC, Mr Lai Chee Chai dated 1/7/19. Appointed by Director.

P3C2 Land used right			
Indicator	Requirement	Compliance	Findings
I1	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The plantation owns 20 land titles with no specific syarat nyata. The land is being differentiated either by trenches or fences. During site visit observe the management does not diminish land use right of other users. The management had appointed consultant to conduct resurveying and from the result shows that their operation is within their land.
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>All 20 land titles were made available during the audit. Total area of all land title was 97.3078 ha. 96.9950 ha is planted with OP while the remaining is for building and office.</p> <p>Sampled for LOT 620, 3648, 3649, 3650, 3651 and 3659.</p> <p>Evidences of Quit Rent Payment of 2019 were also made available during the audit. Sampled receipt number from 0580864, 050881, 050865, 050863 and 050867</p>
I3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Total of 37 boundary stone were recovered from the last resurveying. Sampled 2 of the stones during site visit.</p> <p>Sampled BS coordinates visited:            1. N 01°45.5471', E 103°56.3256'            2. N 01°45.5524', E 103°56.3226'</p>
I4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	No land dispute

P3C3 Customary rights			
Indicator	Requirement	Compliance	Findings
I1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	No customary right land within the area
I2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	NA
I3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	NA

P4: Social responsibility, health, safety and employment condition

P4C1 Social impact assessment (SIA)			
Indicator	Requirement	Compliance	Findings
I1	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sighted "Laporan Penilaian Impak Sosial" report dated 3/5/19.</p> <p>From the report, observed 9.0 "Rumusan Analisa SIA". Negative and positive impacts were listed in the action plan. "Pelan Tindakan SIA" was specified to identify further action to be taken by the management to promote the positive impacts and mitigate negative impacts.</p> <p>Sighted the Action Plan. Sampled plans as below:            1. Previous landfill was constructed close to water irrigation - The management constructed new landfill at a new suitable location. Verified during site visit.            2. Workers did not receive pay slips - Workers has been issued pay slips starting July 2019. Verified.</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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>SOP USG-SOP-03 has been developed named "Prosedur Aduan". The SOP includes a flowchart for "Prosedur Aduan Am".</p> <p>Also sighted procedure for sexual harrasment complaint named "Prosedur Serangan Gangguan Sexual" USG-SOP-01.</p>
I2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	According to the SOP, the management must resolve all complaints within 14 days.
I3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Complaint form has been established namely "Rekod Aduan & Gangguan Seksual Ditempat Kerja". The complaint form and suggestion box are being made available at the estate office and main office.
I4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	It has been communicated externally during SIA through questionnaires session. SIA was conducted on 3/5/19. Sighted examples of answered questionnaires by respondents
I5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	In the SOP mentioned that all complaint must be retained for 24 months. However, no complain was recorded at the moment of audit.

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 type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>OBS</p> <p>Since USG only started implement MSPO since May 19, CSR activity has yet to be carried out. The improvement will be verified in the next audit.</p>

P4C4 Employees safety and health

Indicator	Requirement	Compliance	Findings
I1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>Safety policy has been established namely "Polisi Keselamatan dan Kesihatan Pekerja" dated 16/5/19 signed by Director, Dr. Low Soe Eng.</p> <p>OBS</p> <p>Relevant information such as the company's policies and Complaint and Grievance SOP were only communicated to 3 external stakeholders namely Santex Agro Trading, Kota Tinggi Estate Supplies Sdn Bhd and Santex Enterprise Sdn Bhd during SIA. Other external stakeholders have yet to be communicated with the same information. The completion will be verified in the next audit.</p> <p>Internal communication has been done during "MSPO Training" session conducted on 26/9/19. This was evident from Training Report.</p> <p>OSH plan sighted for 2019. It was integrated with Trainig/Activity Matrix.</p>
I2	The occupational safety and health plan shall cover the following:  a) A safety and health policy, which is communicated and implemented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The plan sighted above includes:</p> <p>a) Policy and Communication as mentioned in 4.4.4.1</p>
	b) The risks of all operations shall be assessed and documented.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	<p>HIRARC has been established for all operational activities such as harvesting, pruning, weeding, manuring, machinery maintenance etc.</p> <p>Minor #1</p> <p>CHRA has been conducted. Report was made available during the audit dated 10/7/19 Ref No. HQ/15/ASS/00/363-2019-046. According to the report, Table D4 (Field Spraying), the management is recommended to engage OHD for medical surveillance on yearly basis. However, no evidence that such action has been taken.</p>
	c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:  i) all employees involved shall be adequately trained on safe working practices  ii) all precautions attached to products shall be properly observed and applied	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Training programme has been developed for 2019 integrated with Activities Matrix. The programme called "Training/Activities Matrix - Year 2019" which includes several training covering Safety, Environmental and Social aspects. Planned safety training as below:</p> <ol style="list-style-type: none"> <li>1. PPE Training- Sep 19</li> <li>2. Safe Chemical Handling, Storage, Usage and Disposal - Sep 19</li> <li>3. Emergency Response Plan - Oct 19</li> </ol> <p>Actual conducted training:</p> <ol style="list-style-type: none"> <li>1. PPE Training- 26/9/19</li> <li>2. Safe Chemical Handling, Storage, Usage and Disposal - 26/9/19</li> <li>3. Emergency Response Plan - 18/10/19</li> </ol> <p>Attendance record was sighted for the sampled training.</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).	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>Sighted "Rekod Pengeluaran Peralatan Perlindungan Diri (PPE) - Baru". The PPE is given based on job task such as Harvesting, Manuring and Spraying. Among provided PPEs are Hard Hat, Safety Shoes, Apron, Mask, Goggle and Glove</p> <p>OBS</p> <p>Utilization of PPE among workers could not be verified as the workers were on leave during the audit. This will be verified in the next audit.</p>

<p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>SOP has been established namely Chemical Management. USG-SOP-06 dated 12/11/19. The SOP included procurement, storage, issuance, risk assessment, exposure control, PPE, signage etc.</p>
<p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>PIC has been appointed. Mr. Lai Chee Chai as "Pegawai Keselamatan dan Kesihatan". He was appointed by the Director of the organisation on 1/7/19.</p> <p>He has attended training on safety conducted by SRZ Corp Services on 26/9/19</p>
<p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meetings are kept and the concerns of the employees and any remedial actions taken are recorded.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Meeting conducted on 21/10/19. The meeting attended by the management and a worker representative. The meeting discussed on weakness detected during internal audit, explanation on HIRARC, Safe Working and PPE, Information on injury and MC. Feedback from worker representative was captured. The content of the meeting was evident from meeting minute.</p>
<p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>ERP has been established for Fire Outbreak, Chemical Spillage, Accident and Animal Attack.</p> <p>OBS Upon visiting chemical store, observed no ERPs were on display to enhance better understanding of the workers. The improvement will be verified in the next audit.</p>
<p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>First aid training was conducted on 20/6/19 by SRZ Corp Service. The training combined 2 estates USG and GE. Training attendance and pictorial evidence were made available during the audit.</p> <p>OBS Availability of first aid on site could not be verified due to no field operation was ongoing during the audit. The availability will be verified in the next audit.</p>
<p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>OBS No accident recorded as of the audit date. JKPP 8 has yet to be submitted. According to the management, they they had just successfully registering MYKKP on the day of audit 11/9/19). After consulted with JKPP, JKPP instructed to submit starting next year. The submission of 2019 JKPP 8 will be verified in the next audit.</p>



I6	<p>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.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The estate does not employ workers directly. Field workers supplied by contractor Lim Meng Zhean. However, the company keeps copies of employment contract between the contractor and the supplied workers.</p> <p>Sampled contract agreement for:</p> <p>1. Sahri - General Worker.</p> <p>The contract specifies on:</p> <ol style="list-style-type: none"> <li>1. Accommodation - provided in the estate</li> <li>2. Service Duration - 2 years</li> <li>3. Working Hour - 8am-6pm, rest at 12am-2.00pm</li> <li>4. Discipline and ethic</li> <li>5. Working instrument</li> <li>6. Leave - 11 PH, AL as Employment Act, Medical Leave</li> <li>7. Salary - RM1100/per month minimum</li> <li>8. OT as employment act</li> <li>9. Facilities provided - Transport, Water, Electricity</li> <li>10. Insurance</li> <li>11. Medical Surveillance</li> <li>12. etc</li> </ol> <p>The employment agreement is signed by the worker and the employer.</p>
I7	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The attendance of the contractor workers is being recorded by the contractor. From the sample of attendance and pay slips, noted no OT is being offered at the moment. But according to the contractor, if the need arises, OT will be given accordingly.</p>
I8	<p>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.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Working hours as mentioned in 4.4.5.6.</p>
I9	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>From the sample of attendance and pay slips, noted no OT is being offered at the moment. But according to the contractor, if the need arises, OT will be given accordingly.</p>
I10	<p>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.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>benefit by contractor</p>
I11	<p>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.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>no on site living quarters</p>
I12	<p>The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>As mentioned in 4.4.5.1          The policy specifies on:</p> <ol style="list-style-type: none"> <li>1. To ensure any complaints will be investigate</li> <li>2. To prevent all potential of sexual harassment by providing training to the management and workers.</li> <li>3. To create working environment free from sexual harassment.</li> </ol>

I13	<p>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.</p>	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	<p>No union at the estate or workers representative. The management however had their commitment towards freedom of association expressed in its Social Policy.</p>
I14	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.</p>	<input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Youngest contract worker in the estate was Sarifuddin age 29.</p>

P4C6 Training and competency			
Indicator	Requirement	Compliance	Findings
I1	<p>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.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Training needs analysis matrix was sighted recorded into USG-Borang-07-JS01. The analysis done based on task such as mandore, sprayer, manure, harvester, store keeper, tractor driver etc.</p> <p>Training programme sighted for 2019. The training covers several aspects including safety, environmental and social.</p> <p>Safety training record as sighted in 4.4.4.2</p> <p>Other training records reviewed:            1. Reducing Usage of Non Renewable Energy, Recycle, Emergency Response Plan, Management of Landfill - 18/10/19</p>
I2	<p>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.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Training needs analysis matrix was sighted recorded into USG-Borang-07-JS01. The analysis done based on task such as mandore, sprayer, manure, harvester, store keeper, tractor driver etc.</p>
I3	<p>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.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Same as 4.4.6.1</p>

P5: Environment, natural resources, biodiversity and ecosystem services

P5C1 Environmental management plan			
Indicator	Requirement	Compliance	Findings
I1	An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>Sighted Environmental Policy namely "Polisi Alam Sekitar dan Biodiversiti" dated 28/5/19 signed by the Director.</p> <p>OBS</p> <p>Relevant information such as the company's policies and Complaint and Grievance SOP were only communicated to 3 external stakeholders namely Santex Agro Trading, Kota Tinggi Estate Supplies Sdn Bhd and Santex Enterprise Sdn Bhd during SIA. Other external stakeholders have yet to be communicated with the same information. The completion will be verified in the next audit.</p> <p>Internal communication has been done during "MSPO Training" session conducted on 26/9/19. This was evident from Training Report.</p> <p>The policy emphasizes on:</p> <ol style="list-style-type: none"> <li>1.Zero burning practice</li> <li>2.Effective waste management</li> <li>3.Clean environment and free from pollution</li> <li>4.No illegal hunting</li> </ol> <p>EMP was sighted for 2019 namely Pelan Pengurusan Alam Sekitar &amp; Pelan Pencegahan Pencemaran. The plan include the action plan to be taken, PIC and Status of Implementation. According to the document, most of the plans have been carried out while some of it are still in progress.</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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>a) Policy and its objectives as stated in the 4.5.1.1.</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. Among assessed impacts were natural resources depletion, global warming, land erosion, air pollution, water pollution, soil contamination and wildlife conflict.</p>
I3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>"Langkah-Langkah Kawalan" were included in the Environment Aspect Impact Assessment Register. The assessed impacts are as follow:</p> <ol style="list-style-type: none"> <li>1. Beneficial to environment</li> <li>2. Natural resources depletion</li> <li>3. Global warming</li> <li>4. Soil erosion</li> <li>5. Air pollution</li> <li>6. Water pollution</li> <li>7. Wildlife conflict</li> </ol> <p>Mitigation plan for negative impact included in the Environment Management Plan. Example:</p> <ol style="list-style-type: none"> <li>1. To minimise chemical release to the soil, water source while doing chemical mixing and washing empty chemical containers. The action taken by the management was to recycle water from chemical mixing activity, to construct sum at premix area, to utilise tray as second containment for chemical substance.</li> </ol>
I4	A programme to promote the positive impacts should be included in the continual improvement plan.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sighted "Pelan Penambahbaikan Berterusan" which included environmental aspect. Listed in the plan as below:</p> <ol style="list-style-type: none"> <li>1. Installation of Zero Burning signage</li> <li>2. To practice water harvesting</li> </ol>



I5	An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Refer 4.4.6.1
I6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	OBS Environmental aspect was discussed in MRM dated 21/10/19. However, the meeting only attended by the management and not including the contract workers

P5C2 Efficiency of energy use and use of renewable energy

Indicator	Requirement	Compliance	Findings
I1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	OBS Diesel usage is being recorded for every machinery on monthly basis. However they only started recording since May 2019. Hence the baseline value could not be established due to lack of data. The baseline value can only be established once they have a complete year data. The trends and baseline value establishment will be verified in the next audit.  No electricity in the estate.
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	The estimation of diesel consumption is 91.75 liter/month. The diesel is estimated for water pump and tractor.
I3	The use of renewable energy should be applied where possible.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	as far as renewable energy. The estate had a solar panel installed at resting area in the estate.

P5C3 Waste management and disposal

Indicator	Requirement	Compliance	Findings
I1	All waste products and sources of pollution shall be identified and documented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Waste identification and sources done together with Pelan pengurusan Sisa. Among identified waste such as Sisa Berjadual, Sisa Domestik and Sisa Industri
I2	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:  a) Identifying and monitoring sources of waste and pollution  b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Waste management plan available namely Pelan Pengurusan Sisa V1.1. The plan incorporated together with type of waste, source location, action to be taken and PIC to handle. Sample as below:  a) Sisa Domestik (Sampah) from rest area, office and store.  b) Action to be taken by the management is to collect all rubbish and send to designated landfill and to cultivate recycling practice.

I3	<p>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.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>SW handling procedure has been established namely Prosedu Sisa Berjadual USG-SOP-07 dated 16/10/19. The SOP specifies on SW Notification, Storage, Labelling and Inventory. The estates do not produce SW as all potential SWs come from Contractors.</p> <p>The estate does have a temporary store to store chemicals such as pesticide and fertilizer. Since the application of pesticide and fertilizer is being done almost immediately by the appointed contractor, the contractor will bring out the excess chemical containers out as soon as the application had been done.</p> <p>The estate does not have workshop. Hence eliminate the potential of having used lubricant in the estate</p>
I4	<p>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.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Upon visiting the site, noted no excess pesticide container. Pesticide containers are being reused for chemical mixing activity.</p>
I5	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sighted "Sisa Domestic" procedure USG-SOP-28 dated 15/5/29. The procedure specifies on the process flow of domestic waste handling starting from waste segregation from estate facilities up to landfill management.</p> <p>Upon visiting the landfill, noticed that there were insignificant amount of domestic waste dumped into the landfill due to the estate does not provide in site accommodation while the office is rarely used. Hence the insignificant amount.</p>

P5C4 Reduction of pollution and emission			
Indicator	Requirement	Compliance	Findings
I1	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Same 4.5.1.2 and 4.5.1.3
I2	<p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sighted "Pelan Pengurusan Air V1.0" for 2019.</p> <p>a) Water extracted from field drain and harvested rain water being used only for chemical mixing purpose. Since the company is new to MSPO, they had only started to record water usage since October 19.</p> <p>b) The estate does have a field drain flowing out from the estate. 2 water sampling points have been identified which is for upstream and downstream. Last test results were made available to the auditor and observed the results were in compliance with national regulation. The estate even established an SOP for irrigation monitoring namely "Pemantauan Air Sungai atau Saliran (Pensampelan Air)" USG-SOP-27 dated 15.5.19</p> <p>c) The estate practices rain water harvesting for chemical mixing activity and also recycles excess water from the activity for future chemical mixing activity.</p> <p>d) No river flowing in the estate only samll field drain. However, appropriate buffer zone has been established. Upon visiting the site, observed a signage and paint markings were available on site to demarcate the buffer area.</p> <p>e) During site visit observed the vegetation within the buffer zone was left untouched. No sign or trace of chemical activity in the area.</p> <p>f) No bore well</p>
I2	<p>No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	NA
I3	<p>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).</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The estate practices rain water harvesting for chemical mixing activity and also recycles excess water from the activity for future chemical mixing activity.</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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sighted Biodiversity Assessment Report. The assessment was conducted on 3/5/19 by assessors appointed by SRZ Corp Services.</p> <p>a) identification and findings were included in the biodiversity report. The report mentioned that biodiversity value in the estate could be significantly affected if the estate was to have land opening or replanting activities.</p> <p>b) 15 types of mammals, reptilians, amphibians and 39 types of avifauna were detected during the assessment. Out of 54 species 2 are classified as EN and 1 VU under IUCN.</p>

I2	<p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>a) Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The estate has taken few steps in discouraging illegal hunting and ensuring species protection.</p> <ol style="list-style-type: none"> <li>1. No hunting signage erected at the estate entrance.</li> <li>2. The estate management regularly contact with Perhilitan if there is any wild animal encroachment.</li> <li>3. Training on conservation to the workers. Conducted on 26/10/19.</li> <li>4. Electric fence installed in certain area of the estate</li> </ol>
I3	<p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sighted Pelan Tindakan Penilaian Biodiversiti. Sampled actions taken as below :</p> <ol style="list-style-type: none"> <li>1. Mengambil tindakan mengenai kehadiran gajah - Management had installed electric fence. Verified during site visit.</li> <li>2. Tidak Membenarkan pemburuan haram - The management installed no hunting signage and secured the entrance of the estate with boom gate. Verified during site visit.</li> <li>3. Mengurangkan penggunaan racun - Instead of minimising pesticide usagae, the management only using approved pesticide to enure the impact is minimum towards wild life.</li> </ol>

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 <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Upon visiting the site observed no trace of open burning being practiced</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 <input type="checkbox"/> No <input type="checkbox"/> OFI	NA
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	NA
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 <input type="checkbox"/> No <input type="checkbox"/> OFI	NA

P6: Best Practices

P6C1 Site management

Indicator	Requirement	Compliance	Findings
I1	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Manual sighted only focused on safety element instead of operation element.</p> <p>Random examples verified:</p> <ol style="list-style-type: none"> <li>1. The Harvesting SOP does not specify ripe, under ripe, unripe, overripe etc.</li> <li>2. Spraying SOP does not specify on pesticide dosage/ pump, pesticide application/palm etc.</li> <li>3. Fertilizing SOP does not specify on dosage/palm</li> </ol>

I2	Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The estate occupied on a low lying land area.
I3	A visual identification or reference system shall be established for each field.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Available. Observed sample from Block A and Block B markings in the field.

P6C2 Economic and financial viability plan

Indicator	Requirement	Compliance	Findings
I1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The business plan has been established. The company's plan could be viewed from its Estimated P&L Account for the year 2019 - 2021 and Estimation FFB Report for year 2019 to 2021.
I2	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The management does not plan to do replanting activity for the next few years. Further direction will be given by the top management if otherwise.
I3	<p>The business or management plan may contain:</p> <p>a) Attention to quality of planting materials and FFB</p> <p>b) Crop projection: site yield potential, age profile, FFB yield trends</p> <p>c) Cost of production : cost per tonne of FFB</p> <p>d) Price forecast</p> <p>e) Financial indicators : cost benefit, discounted cash flow, return on investment</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The business plan has been established. The company's plan could be viewed from its Estimated P&amp;L Account for the year 2019 - 2021 and Estimation FFB Report for year 2019 to 2021.</p> <p>From the viewed related documents, these were observed.</p> <ol style="list-style-type: none"> <li>Sales of FFB</li> <li>Direct expenditure</li> <li>Gross profit</li> <li>Administrative and General Expenses</li> <li>Estimated yield</li> <li>Estimated OER</li> <li>Estimated FFB price</li> <li>Profit before taxation</li> </ol>
I4	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>At the point of audit, the company all review the comparisons of actual company performance among years.</p> <p>The actual achievement against budgeted/estimation from from the business plan was also reviewed accordingly.</p>

P6C3 Transparent and fair price dealing

Indicator	Requirement	Compliance	Findings
I1	Pricing mechanisms for the products and other services shall be documented and effectively implemented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Pricing mechanism is documented into contract agreement between the company and contractors. Sampled contract agreements as below :</p> <ol style="list-style-type: none"> <li>Lim Meng Zhean (General Workers) dated 1/7/19</li> <li>Santex Ent SB (FFB Transport and FFB buyer) dated 1/11/19</li> </ol>
I2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The contracts reviewed were signed by both parties the company and the contractors. Leng &amp; Co was appointed as advocate and solicitor of the agreement process.</p> <p>Payment evidence to Contractor Lim Meng Zhean for October 2019 can be seen from payment voucher PV-191010.</p>

P6C4 Contractor			
Indicator	Requirement	Compliance	Findings
I1	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The contractors engaged had been briefed by the company on the MSPO requirement during stakeholder engagement done by the company.</p> <p>In sampled contract agreement between the company and contractor Lim Meng Zhean, also notice a clause saying "The Contractor shall at all times comply with MSPO Standards as well as the regulations and procedures set/imposed/by the MPOCC and/or other regulating bodies/authorities."</p> <p>Representative from Santex Ent SB was interviewed during the audit and no obstruction and good cooperation were given.</p>
I2	The management shall provide evidence of agreed contracts with the contractor.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Sighted contract agreements as below: 1. Lim Meng Zhean (General Workers) dated 1/7/19 2. Santex Ent SB (FFB Transport and FFB buyer) dated 1/11/19
I3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Representative from Santex Ent SB was interviewed during the audit and no obstruction and good cooperation were given.
I4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	In the contract agreements reviewed noted set of conditions and terms were stipulated in ensuring the outsource services are being delivered as required.

P7: Development of new plantings

P7C1 High biodiversity value			
Indicator	Requirement	Compliance	Findings
I1	Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The whole Principle 7 of the standard is not applicable as the organisation does not have new planting activity in place.
I2	No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	NA

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

P7C3 Social and Environmental Impact Assessment (SEIA)			
Indicator	Requirement	Compliance	Findings
I1	A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	NA

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

P7C4 Soil and topographic information

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

P7C5 Planting on steep terrain, marginal and fragile soils

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

P7C6 Customary land

Indicator	Requirement	Compliance	Findings
I1	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	NA

I2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	NA
I3	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	NA
I4	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	NA
I5	Identification and assessment of legal and recognised customary rights shall be documented.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	NA
I6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	NA
I7	The process and outcome of any compensation claims shall be documented and made publicly available.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	NA
I8	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	NA



Section I Appendix



Figure 1: USG Industries Sdn Bhd Estate Layout