

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

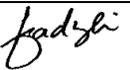
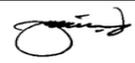
CERTIFICATION AUDIT REPORT

Part 3 : General Principles for Oil Palm Plantations and Organized Smallholders

SinLek Development Sdn Bhd [Estates]

-Group Certification-

MAIN ASSESSMENT AUDIT
12th June 2019 – 14th June 2019

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	09/07/19	Issued as Draft Report	Mohd Fadzli Bin Bistamam	Lead Auditor	
A	23/07/19	Peer Review 1 Comments	Mohamad Fitri bin Mustafa	Peer Reviewer 1	
A	23/07/19	Peer Review 2 Comments	Muhammad Syafiq bin Abu Bakar	Peer Reviewer 2	
B	12/08/19	Issued as Final Report	Mohd Fadzli Bin Bistamam	Lead Auditor	
B	13/08/19	Final Report Approved	Muhammad Syafiq bin Abd Razak	Certifier	

Acknowledgment by SinLek Development Sdn Bhd					
Rev	Date	Description	Management Representative	Role	Signature
B	13/08/19	Acceptance of the contents	Mr. Daniel Tiew	Managing Director	

Declaration

The auditor(s) has (had) no personal, business or other ties to the client and the assessment is carried out objectively and independently.

WITH INTEGRITY WE SERVE



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Note: Section II of this report contain confidential information and been protected from public disclosure.

SECTION I : PUBLIC SUMMARY REPORT

1.1 Certification Scope

Global Gateway Certifications Sdn. Bhd. (GGC) has conducted the Certification Assessment of **SinLek Development Sdn Bhd [Estates]**. During this **Main Assessment Audit (Stage 2)**, the audit team were briefed by person in charge, of the supply base disposition. The group consists of 4 estates.

This assessment was conducted onsite on **12th June 2019 to 14th June 2019** to assess the compliance of the certification unit against the "**MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholder**". The scope of certification is "**Management of Sustainable Oil Palm Plantations from Cultivation, Planting and Production of Fresh Fruit Bunches**".

1.2 Company details and Contact information

Company Name	SinLek Development Sdn Bhd
Business Address	Suite 19-10, Centro, 8 Jalan Batu Tiga Lama, 41300 Klang, Selangor.
Contact Person	Mr. Daniel Tiew / Ms. Sara Tiew
Office Telephone	03 3359 3451
E-Mail	Sinlek@outlook.my

1.3 Certification Unit

Name of the Certification Unit

No	Name of the Certification Unit	Site Address	GPS Reference of the site office	
			Longitude	Latitude
1.	Nasip Kita Estate	Balung, Tawau, Sabah	E 118°8'26.16"	N 4°22'17.4"
2.	Sungai Barung Estate	Sungai Barung, Tawau, Sabah	E 118°11'48.12"	N 4°22'17.58"
3.	Pegagau Estate	District Semporna, Sabah	E 118°30'36.36"	N 4°22'57.72"
4.	Long Heng Palm Oil Estate Sdn Bhd	District Semporna, Sabah	E 118°20'51"	N 4°26' 20.4"

MPOB License Information

No	Name of the Site	LICENCE NUMBER	EXPIRY DATE	SCOPE ACTIVITY
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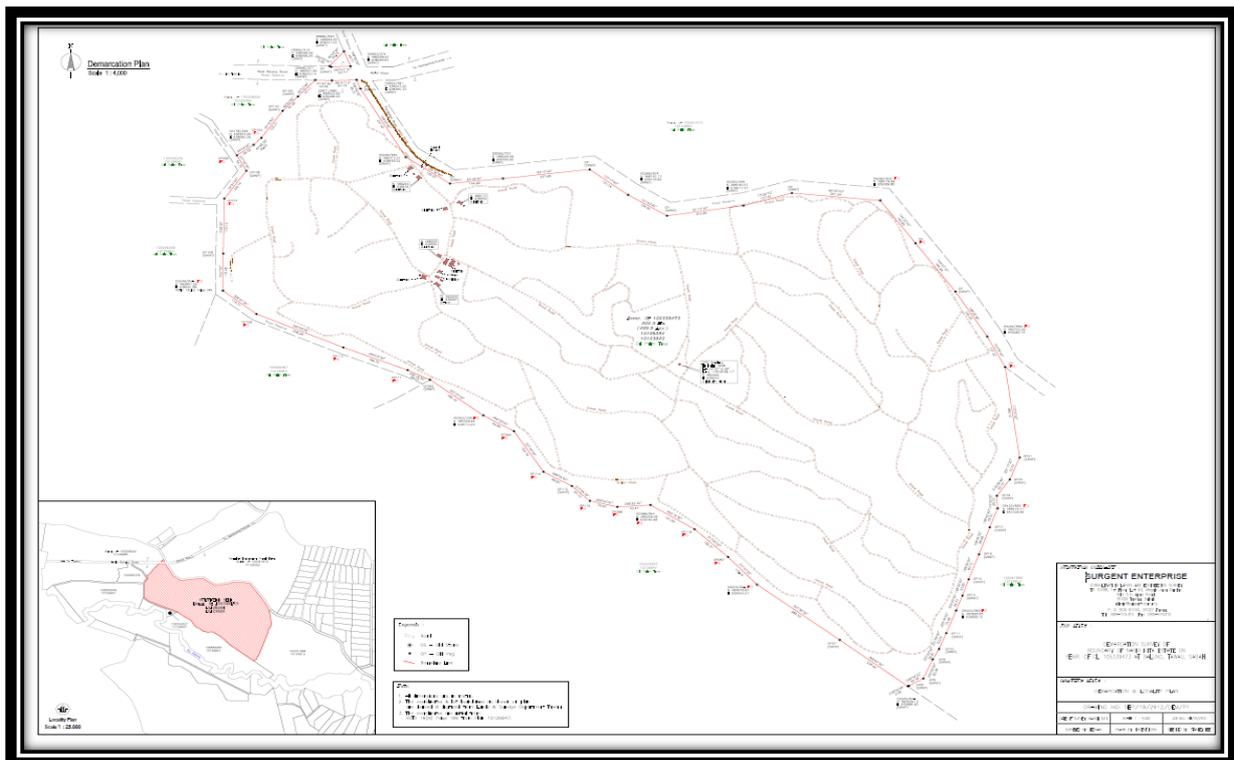
1.	SinLek Development Sdn Bhd	503781902000	31/10/2019	Menjual dan Mengalih FFB
2.	Long Heng Palm Oil Estate Sdn Bhd	526102002000	31/01/2020	Menjual dan Mengalih FFB

Others Sustainability Certification

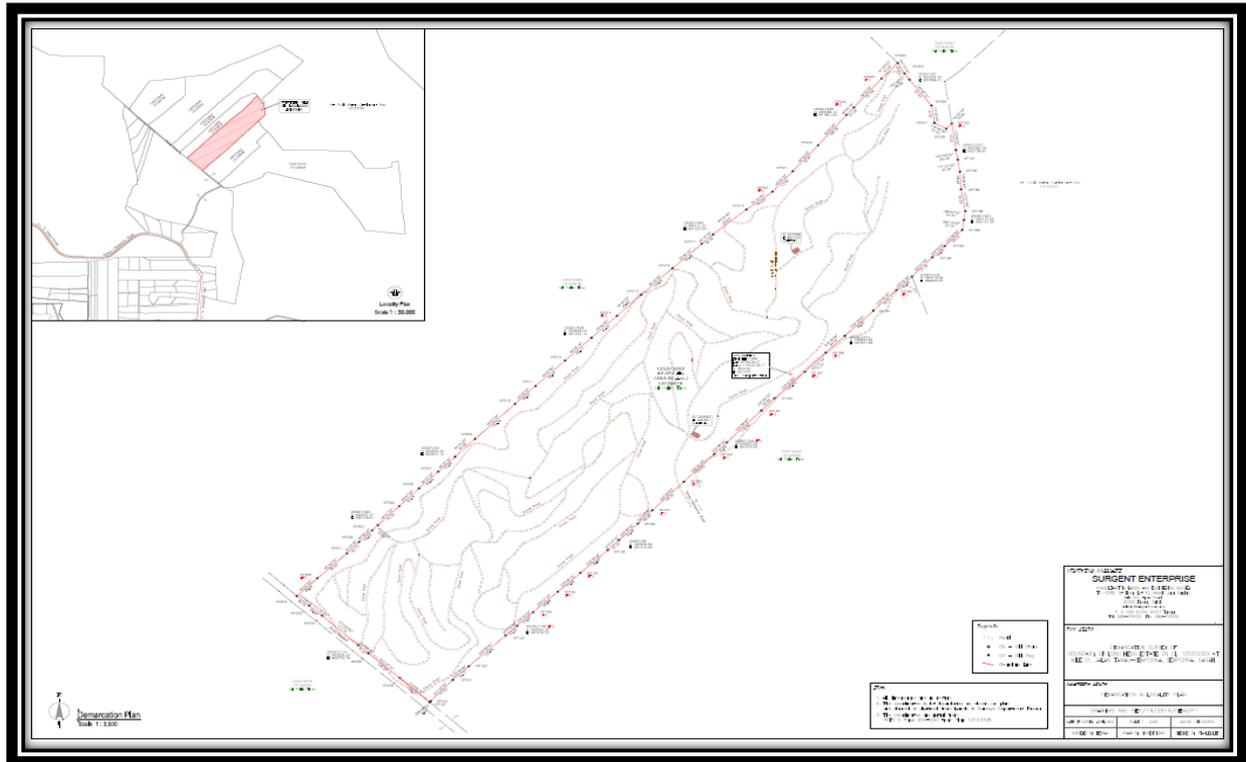
No	Name Of The Site	Others Sustainability Certifications
1.	Nasip Kita Estate	NIL
2.	Sungai Barung Estate	NIL
3.	Pegagau Estate	NIL
4.	Long Heng Palm Oil Estate Sdn Bhd	NIL

1.4 Map Showing Geographical Location

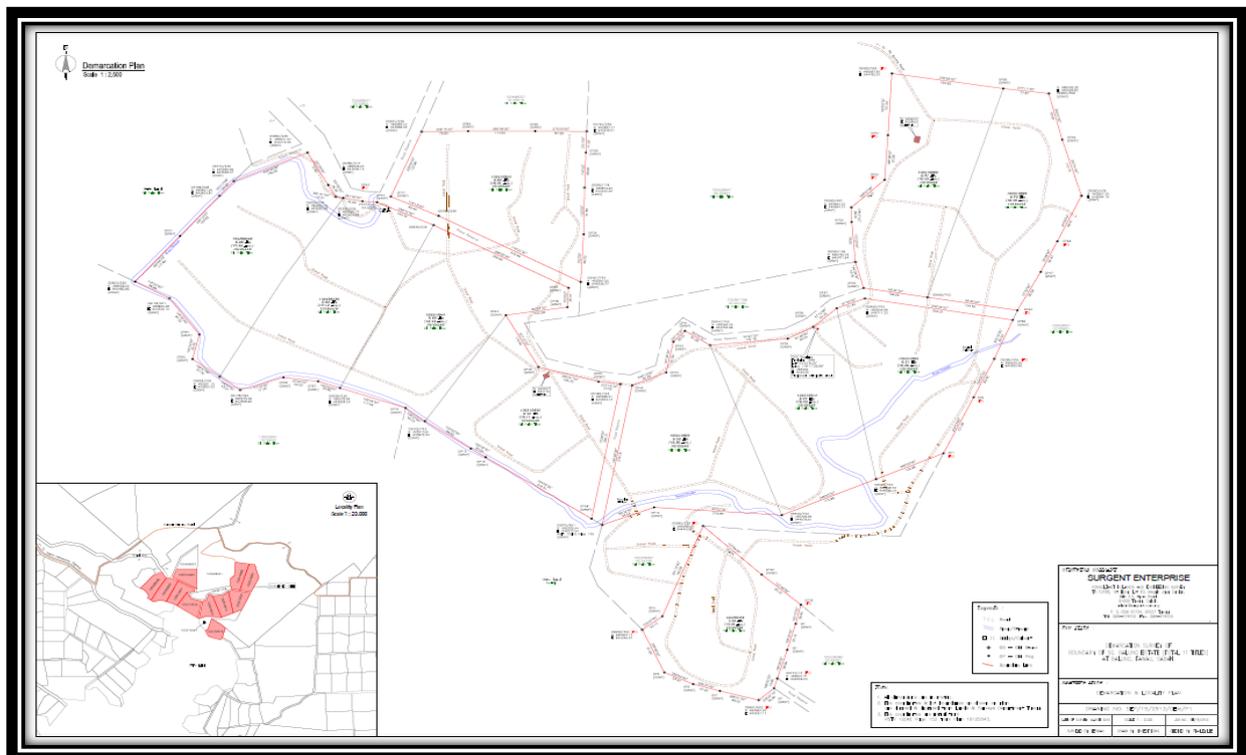
1) Nasip Kita Estate



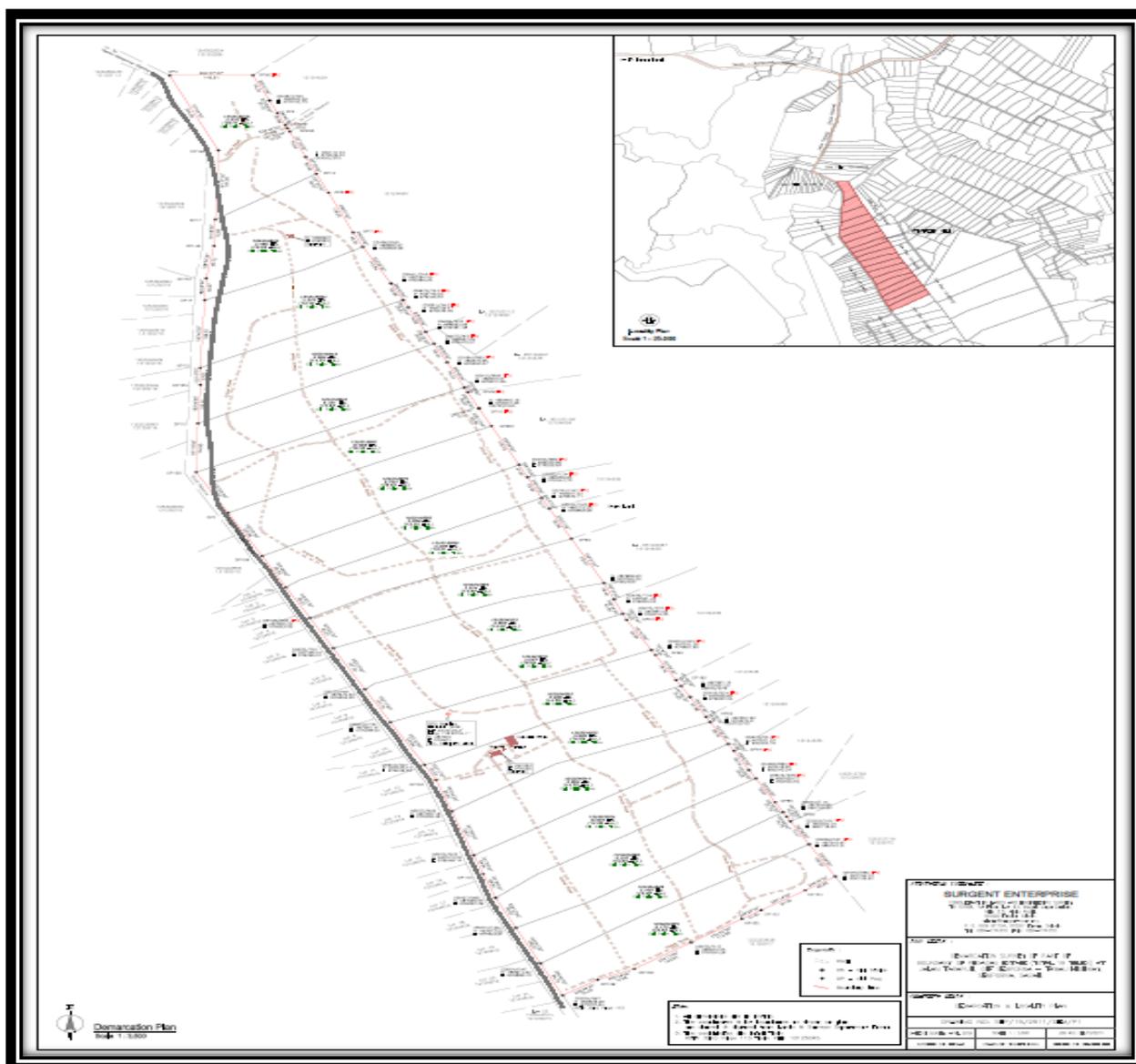
2) Long Heng Estate



3) Sungai Burong Estate



4) Pegagau Estate



1.5 Production Area, Actual and Projected FFB Production (MT)

Name of the Certification Unit	Area Summary (HA)		
	Certified Area (per Land Title)	Planted	Mature
Nasip Kita Estate	202.67	176.21	155.61
Sungai Barung Estate	72.09	68.79	32.37
Pegagau Estate	111.84	102.43	102.43
Long Heng Palm Oil Estate Sdn Bhd	82.27	78.91	63.13
Total	468.87	426.34	353.54

Name Of The Supply Base	Area Summary (HA)		
	Conservation Area	HCV	Others
Nasip Kita Estate	-	-	-
Sungai Barung Estate	-	-	-
Pegagau Estate	-	-	-
Long Heng Palm Oil Estate Sdn Bhd	-	-	-
Total	NIL	NIL	NIL

Name of the Certification Unit	FFB Summary (MT)		
	Projected from last audit	Actual Production for 12 Months [Jun 2018-May 2019]	Projected Production for next 12 Months [Jun 2019-May 2020]
Nasip Kita Estate	NIL	3,132.19	3,450
Sungai Barung Estate	NIL	549.51	600
Pegagau Estate	NIL	1,416.16	1,200
Long Heng Palm Oil Estate Sdn Bhd	NIL	1,082.99	1,800
Total	NIL	6,180.85	7,050.00

1.6 Certificate Details

Certification body

Global Gateway Certifications Sdn. Bhd.,
No. 10 Jalan Rasmi 7, Taman Rasmi Jaya,
68000 Ampang,
Selangor Darul Ehsan, Malaysia.
Tel.: +603 4256 2689; Fax: +603 4256 2687
Website: www.ggc.my

Assessment standard

(MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders

Certificate number

GGC-SLD001-MSPO-00-2019

Initial certificate issued date

13th August 2019

Certificate expiry date

12th August 2024

Stage 1 assessment date	28 th March 2019
Stage 2 / Main Assessment	12 th June 2019 – 14 th June 2019
Annual Surveillance 1 [ASA 1]	April 2020
Annual Surveillance 2 [ASA 2]	April 2021
Annual Surveillance 3 [ASA 3]	April 2022
Annual Surveillance 4 [ASA 4]	April 2023

1.7 Qualification of the Lead Assessor and Assessment Team

Lead Auditor

Name: Mohd Fadzli bin Bistamam

Post graduate qualification in Agricultural Engineering with more than 7 years working experience in Oil Palm Plantation Industry. More than 7 years of working experience in Oil Palm Plantation Industry with skills in Good Agricultural Practices (GAP) and Integrated Pest Management (IPM). Experience in managing estate workers, handling of mineral and peat soil and knowledgeable in chemical control of weeds and Pest & Diseases in Oil Palm Plantation Sector.

Fully trained in similar agriculture certification programs such as RSPO, MSPO and ISCC. Completed and certified in ISO 9001:2015, RSPO Lead Auditor Course, MSPO Training and ISCC Basic Training. Thus, became qualified Lead Auditor for the above programs.

Involved in Oil Palm Sustainability Audit since year 2016. Involved in audits conducted in Malaysia, Indonesia, Papua New Guinea, Ivory Coast, India and Singapore. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of Management Commitment & Responsibility, Transparency, Legal, Safety and Health, Social, Stakeholder's Consultation, Workers Welfare, Environment, Best Practices and etc. Able to speak and understand Bahasa Malaysia and English.

Auditor

Name: Hj. Ahmad bin Sukiman

He holds MSc Plantation Management from Universiti Putra Malaysia (UPM). Above 30 years of working experiences with various plantation companies and skills in Best Agriculture Practices (GAP) for plantation. Fully trained in MSPO and qualified as Lead Auditor/Auditor for MSPO. Involved in MSPO assessment since 2015. Completed and certified MSPO Auditor course in 2015 held by DQS Certification (M) Sdn Bhd and ISO 9001:2015 lead auditor course by TOMC. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of Legal, Stakeholder's Consultation, Workers Welfare and Environment. Able to speak and understand Bahasa Malaysia and English.

Auditor

Name: Mohd Rizal bin Md Kassim

Graduate in Forestry with more than 5 years working experience in manufacturing and forestry. Fully trained in similar agriculture certification programmes such as RSPO SCCS, ISCC, INS. Involved in RSPO & ISCC assessment since July 2012. Completed ISO 9001:2008 lead auditor course in January 2013 and MSPO Lead auditor by Sirim in 2017.

Involved in audits conducted in Malaysia and Indonesia since July 2012 in more 10 different companies in Malaysia and Indonesia. Member of GGC MSPO audit team. Able to write and speak in Bahasa Malaysia and English.

During this assessment, he assessed on the aspect of Transparency, Safety and Health, Employment Condition, Social and Community Engagements, Stakeholder's Consultation and Workers Welfare. Able to speak and understand Bahasa Malaysia and English.

1.8 Audit Methodology

The audit was conducted based on sampling following the method as specified in the MSPO requirements (MSPO-Questionnaire Self-Assessment – RA). In the case of this certification unit, sampling calculation was based on total number of estates (4) with medium risk factor (1.5). Total estates selected for this audit were three (3).

The assessment activities include of documents review and site inspection. The documents that had been reviewed among others were company policy, internal procedures, management system procedures, waste management procedures, legal documents etc. Significant issues that would impact to the environmental and social were also been verified.

The methodology for collection of objective evidence was established during physical site inspections, observation of tasks and processes, interviews of stakeholders, interview of officers, review of documents and data. Checklists and questionnaires were used to guide the collection of information and the comments made by external stakeholders were also been taken into consideration in this assessment.

Appendix A (Audit Plan) details the actual assessment plan. Stakeholders were consulted randomly during the assessment to obtain feedback on the management compliance and performance (Appendix C) of MSPO.

1.9 Audit Plan Information

Audit Date	12 th June 2019 14 th June 2019
Name of site(s) visited	<ol style="list-style-type: none"> 1. Nasip Kita Estate 2. Sungai Burong Estate 3. Long Heng Estate
Total number of man-days spent	9 man-days

1.10 Audit Result Summary Findings

Category	Numbers	Status (Closed/Open/Not Applicable/No Action Requires)
Major Nonconformities	0	No action requires
Minor Nonconformities	0	No action requires
Area of Concern	0	No action requires
Noteworthy /Positive Comments	6	No action requires

1.11 Stakeholder Consultation

As per ACB-Malaysian Sustainable Palm Oil (MSPO); ACB-OPMC4; Issue 1, 01st August 2017; Stakeholder Consultation Requirements For Certification Bodies Operating Oil Palm Management Certification Under Malaysian Sustainable Palm Oil (MSPO) Certification Scheme. The consultation during the audit will be carried out during the stage 2 and recertification audit of the management unit. The CB shall carry out stakeholder consultation to ensure continued compliance with the requirements of the certification standards. However, stakeholders' consultation during surveillance audit may be limited to those stakeholders who have raised concerns, complaints or disputes prior to the audit.

GGC has published the public notification on 10th May 2019 and as to accommodate a stakeholders' consultation meeting for all estate. Therefore, it was conducted on 13th June 2019 in SinLek Development Sdn Bhd - Nasip Kita Estate to gather information from the local communities in accordance to Certification Scheme and Stakeholder Consultation requirements.

During this Main Assessment (Stage 2) audit, the audit team has conducted stakeholder consultations involving both internal and external stakeholders as to understand the practices in relation to environmental, social performance and their performance with respect to the MSPO requirements. The meeting was conducted without the present of estate management.

At the start of meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholders before discussions continued. The auditor recorded comments made by stakeholders and verified with the estate management before incorporating into the assessment findings. There was no negative complaint or feedback received during the audit or during the field assessment when interviewing with the external and internal stakeholders. The details is as per table below:

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	Stakeholders A (Contractors)	<ul style="list-style-type: none"> They have good understanding about MSPO. He is clear that if he employs a worker, he has to officially inform estate management. He also 	No action requires	Positive findings

		<p>knows the working hours, minimum salary, Socso & EPF (for local workers) that has to be paid as he has been briefed in the Stakeholders meeting.</p> <ul style="list-style-type: none"> • They informed that the payments were made promptly without any delay. Contract agreement were signed prior commencement of work. • They were aware that any complaints or suggestions could be forwarded to the estate management. • He is very happy with the management and hopes to continue his contract for a long time. • The company has good relation with supplier and there is no issue with company's performance. 		
2.	Stakeholders B (Contractors)	<ul style="list-style-type: none"> • Most of the stakeholders attended the meeting are aware about the MSPO. • Positive aspects of the company (SINLEK) can be observed after initiating the MSPO certification process. 	No action requires	No action requires
3.	Stakeholder C (Neighbouring Estate)	<ul style="list-style-type: none"> • They have good relationship with the management. • There is no conflict ever happened with the company 	No action requires	Positive findings
4.	Stakeholder D (Estate workers)	<ul style="list-style-type: none"> • MSPO awareness, company policy and SOP are briefed among workers during muster call. • Personal Protective Equipment are distributed free of charged by management. • They have good understanding about complaint and grievance mechanism. • They are very happy with the management and hopes 	No action requires	Positive findings

		<p>to continue their contract for a long time.</p> <ul style="list-style-type: none"> • Company well managing the welfare, health and safety of their workers. • Housing facilities is provided with water and electrical supply. • They have been treated equally without any discrimination. Their salary was according to Minimum Wage Order 2018. 		
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1.12 Recommendation

The company has established sustainability policy, objectives and procedures that define an effective system for the administration and control of sustainability management system throughout all operation activities of Sinlek Development Sdn Bhd. The Estate Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual.

The management is committed to comply with MSPO system by giving awareness training to all personnel involved in this standard to make them understand the procedures and implementation of the standard. The employees are aware of the requirements of MSPO. There was no complaint or feedback received during this Main Assessment (Stage 2) Audit.

This report will be internally reviewed prior to certification decision by GGC and externally peer reviewed by independents panel reviewers (qualified and trained by MPOCC). During this Main Assessment (Stage 2) Audit, based on MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO)] Part 3: General Principles for Oil Palm Plantations and Organized Smallholders), there were no non-conformities raised to the facility that being audited.

Since the audit objectives as mentioned in the audit plan have been achieved and assessment resulted was no major non-conformity findings. Therefore, the Lead Auditor recommends a certificate of compliance **"MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders"** is awarded to SinLek Development Sdn Bhd.

1.13 Date of Next Surveillance Audit

The first annual surveillance assessment visit will be scheduled after 12 months of the MSPO Certificate being issued.

1.14 Confidentiality

GGC auditors will not discuss or reveal any of the confidential information seen during the audit to any third party. Any public summary of the main assessment will be approved by the client prior to publication.

1.15 Abbreviations Used

BOD	Biological Oxygen Demand
CHRA	Chemical Health & Risk Assessment
CIP	Continuous Improvement Plan
COD	Chemical Oxygen Demand
CoP	Code of Practise
CSPO	Certified Sustainable Palm Oil
CPO	Crude Palm Oil
CSPK	Certified Sustainable Palm Kernel
DOE	Department of Environmental
DOSH	Department of Occupational Safety and Health Malaysia
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FFB	Fresh Fruit Bunch
FGS	Finished Good Stock
GAP	Good Agriculture Practise
GHG	Greenhouse Gas
GGC	Global Gateway Certifications Sdn Bhd
HIRARC	Hazard Identification, Risk Assessment and Risk Control
ISCC	International Sustainability & Carbon Certification
IPM	Integrated Pest Management
MPOB	Malaysian Palm Oil Board
MPOCC	Malaysian Palm Oil Certification Council
MSPO	Malaysian Sustainable Palm Oil
NCR	Non-Conformance Report
NGO	Non-Government Organization
OHS	Occupational Health & Safety
OHSAS	Occupational Health and Safety Assessment Series
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social Environmental Impact Assessment
SOP	Standard Operating
SPO	Sludge Palm Oil

SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA

2.1 Principle 1 : Management commitment and responsibility

Criterion 1 Malaysian Sustainable Palm Oil (MSPO) Policy

Indicator 1 A policy for the implementation of MSPO shall be established.

Summary Policy available title "Sustainable Palm Oil Policy" for MSPO implementation based on 7 principles in MS 2530: 2013 standards. Policy is approved by company MD, Mr. Daniel Tiew on 2nd Jan 2019.

Policy also emphasized on continuous improvement, ensure protection and preservation of RTE species and high biodiversity values.

Briefing on this policy to workers and stakeholders in Awareness Training: Policy on 18th – 21st Jan 2019. The policy and other MSPO matters also has been explained during stakeholder meeting conducted on 12th March 2019 (Reference to: Stakeholder Meeting Minute, Ref. No: 01/2019). Attendance list is available and verified during the audit.

In Compliance **Yes** No Not Applicable

Indicator 2 The policy shall also emphasize commitment to continual improvement.

Summary The management has established a Sustainability Policy which stating their commitment to implanting the following sustainable practices. The policy was signed by MD, Mr. Daniel Tiew on 2nd Jan 2019.

In Compliance **Yes** No Not Applicable

Criterion 2 Internal audit

Indicator 1 Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.

Summary SinLek Development Sdn Bhd has established MSPO Procedure Title: Internal Audit, Doc No: MSPO-SDSB-P1-MCR-02, Rev 0, Date 07th January 2019. Prepared by Mr. Nick (Supervisor) and approved by Mr. Daniel Tiew (Managing Director).

Based on the Annual Internal Audit Plan, the management has planned to conduct internal audit annually which will be held on March every year for all 4 estates.

In Compliance **Yes** No Not Applicable

Indicator 2 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.



Summary Internal audit procedure Doc No: MSPO-SDSB-P1-MCR-02, Rev 0, Date 07th January 2019 available and includes audit result reporting template.

Latest internal audit was conducted on 20th March 2019 by Mr. Nick. Total of 3 NCs were raised by the internal auditor.

NC raise during internal audit is subject to identification of the root cause and corrective actions taken to close the nonconformity. These processes well explained in Section 5. Procedure Explanation (workflow). Sighted NC reports (NCR No: IA-2019-01) and the proposed actions by the Management.

In Compliance **Yes** No Not Applicable

Indicator 3 Report shall be made available to the management for their review.

Summary Doc No: MSPO-SDSB-P1-MCR-02, Rev 0, Date 07th January 2019 well explained on the Management Review Procedure.

Among the issue shall be discuss during Management Review meeting is result of internal/external audit.

Last MR meeting on 20th March 2019 seen internal audit result is discussed by the management.

In Compliance **Yes** No Not Applicable

Criterion 3 Management review

Indicator 1 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.

Summary Sighted MR meeting minutes record 2019 (dated 20.03.2019) shown review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.

In Compliance **Yes** No Not Applicable

Criterion 4 Continual improvement

Indicator 1 The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.

Summary The action plan for continual improvement was incorporating environment and social impact such workers housing plan for 10 units completed by end of this year. On environment side, company has continuously maintained the zero-burning policy, waste management and maintaining good agriculture practices.

In Compliance **Yes** No Not Applicable



Indicator 2 The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology, where applicable, that are available and feasible for adoption

Summary The company disseminate the new information and techniques or new industry standards and technologies through the training.

There is new investment in Sg. Burong Estate to generate the electricity by solar panel. Sighted quotation No: QU/SLEP18-068 for purchasing of solar panels and other related equipment to be installed in Sg. Burong Estate.

In Compliance **Yes** No Not Applicable

Indicator 3 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.

Summary There is new investment in Sg. Burong Estate to generate the electricity by solar panel. Sighted quotation No: QU/SLEP18-068 (From Sam Lin Electrical Parts Agency) for purchasing of solar panels and other related equipment to be installed in Sg. Burong Estate.

In Compliance **Yes** No Not Applicable

2.2 Principle 2 : Transparency

Criterion 1 Transparency of information and documents relevant to MSPO requirements

Indicator 1 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.

Summary Procedures has been established as documented in "MSPO Procedure Title: Stakeholder Communication & Consultation", dated 07.01.2019.

Record and request information book sighted available during the audit. Records have been updated by Admin Ms. Hermina. Record book for the time being reported as no request information available. Only related to the Complaint and Grievance.

Two complaint as follow:

1. Date 12.03.2018-Labour Department
Issue-Minimum pay contract agreement and workers housing.
2. Date 12.03.2019-SB POM
Issue-Delivery more FFB.

In Compliance **Yes** No Not Applicable

Indicator 2 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.

Summary SOP has been established as per "SOP for Transparency & Public Documents" version 1.0 dated 15.11.2018.

List of publicly available document sighted, in document List of Document and classification example as follow:

1. HIRRAC
2. Social impact assessment
3. Environmental impact assessment
4. Business Plan

All these documents were sighted in the estate office. Requests for official documents through the estate office will have to go through the estate manager/assistant in charge, whom will make the decision as to whether the information can be shared to or viewed by the person requesting the information or document.

In Compliance **Yes** No Not Applicable

Criterion 2 Transparent method of communication and consultation

Indicator 1 Procedures shall be established for consultation and communication with the relevant stakeholders.

Summary Procedures established as documented in "MSPO Procedure Title: Stakeholder Communication & Consultation", dated 07.01.2019.

Based on the SOP meeting with stakeholder will, Conducted every six months. First meeting is date on 12th March 2019.

Based on stakeholder meeting on 12th March 2019 there are no negative issue has been raised.

In Compliance **Yes** No Not Applicable

Indicator 2 A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.

Summary Letter of appointment steering committee for social stakeholder grievance Mr. Kong Date 01.01.2019

Based on the SOP meeting with stakeholder will, Conducted every six months. First meeting is date on 12th March 2019. Action plan has been develop based on the requirement.

Example sighted:

MPOB has suggested to SinLek Development for give awareness MSPO to smallholder,



Action taken: Awareness will be given before next Stakeholder meeting.

In Compliance **Yes** No Not Applicable

Indicator 3 List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.

Summary List of stakeholders are available and has been divided into Internal external stakeholder. The group that presented at list of stakeholders such as follow.

1. Government agency
 - Malaysian palm oil board
 - Labour Department
 - KPDN KK
2. Contractor
 - SV Sdn Bhd
 - CNY Sdn, bhd.

Interview with stakeholder by company has been done date on 12.03.2019. There are no complaint or request are sighted for the time being.

In Compliance **Yes** No Not Applicable

Criterion 3 Traceability

Indicator 1 The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).

Summary SOP Traceability sighted (MSPO Procedure FFB Traceability. date 07.01.2019. MSPO 04. The SOP has mentioned company traceability based on the field and block number and also Gang Number.

Record of sales FFB are sighted available based on sighted every month.

1. May 2019-205.33mt
2. April 2019-188.82mt
3. Mac 2019-200.27mt
4. Feb 2019-172.96mt
5. Jan 2019-208.85mt

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall conduct regular inspections on compliance with the established traceability system.

Summary There are sighted, Internal audit is the has been applied for regular inspection for traceability. Company has conducted internal audit date on 20.3.2019.

In Compliance **Yes** No Not Applicable

Indicator 3 The management should identify and assign suitable employees to implement and maintain the traceability system.

Summary The person in charge for traceability agenda is Ms. Hermina, appointed on 01st January 2019 by the Estate Manager. Appointment letter sighted during the audit.

In Compliance **Yes** No Not Applicable

Indicator 4 Records of sales, delivery or transportation of FFB shall be maintained.

Summary Sighted sales of delivery FFB to mill available as sample.

- Mill Sungai Burong-478501
- Weight-.3.610mt
- 04.05.2019.
- KLK Kepong 188099
- Weight.4,06mt
- Date 04.05.2019

In Compliance **Yes** No Not Applicable

2.3 Principle 3 : Compliance to legal requirements

Criterion 1 Regulatory requirements

Indicator 1 All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.

Summary The Company has established and updated list of applicable laws and regulations that are applicable for the estate in the Plantation Quality Management System (PQMS) register.

Sighted permits/licenses being monitored and updated includes;

1. Lesen Berniaga 2019 Ref No. T250861 expiry 31.12.2019 (Alamat premis: SinLek Development Sdn Bhd, TB1283, Jalan Dominic, 91000 Tawau, Sabah)
2. MPOB License for SinLek Development Sdn Bhd, No. 503781902000 (202.75ha) expiry 31.10.2019
3. MPOB License for Long Heng Palm Oil Estate Sdn Bhd, No. 526102002000 (for CL125310303) expiry 31.01.2020
4. Sighted Fire extinguisher record comprises of 11 units (Nasip Kita Estate), 2 unit (Sg Burong Esttae), 2 unit (Long Heng Estate) and 2 unit (Pegagau Estate) with expiry date of 07.01.2020 and 09.01.2020.
5. Sighted "Permohonan Baru Lesen Buruh" to Jabatan Tenaga Kerja Tawau through Agensi Pekerjaan JVI Global Sdn Bhd dated 01.02.2019 for 30 Indonesian workers Indonesian workers.

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall list all laws applicable to their operations in a legal requirement register.

Summary The Company has maintained the list of all laws applicable to their operations in a legal requirement in PQMS register.

Sighted the Summary of Compliance which includes the following:

1. Occupational Safety and Health Act 1994, (Act 514)
2. Factories and Machineries Act 1967 (Act 139)
3. Uniform Building By Law, 1986 (Act 133)
4. Pesticides Act 1974 (Act 149)
5. Petroleum (Safety Measures) Act, 1984 (Act 302)
6. Electricity Supply Act, 1990 (Act 447)
7. Fire Service Act, 1984 (Act 341)
8. Environmental Quality Act 1974 (Act 127)
9. Local Government Act, 1976 (Act 171)
10. Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446)
11. Akta Kerja 1955 (Act 265)
12. Employee Provident Fund Act 1991 (Act 452)
13. Employees Social Security Act 1969/2016 (Act 4)
14. Akta Kesatuan Sekerja, 1959
15. Minimum Retirement Age Act, 2012 (Act 753)
16. National Wage Consultative Council Act 2011, Minimum Wages Order 2018 (Act 732)
17. Weights and Measures Regulations, 1981
18. Control of Supplies Act 1961/Control of Supplies Regulation, 1974
19. Trade Licensing Ordinance, 1948 (Sabah)
20. Sabah Labour Ordinance (Sabah Cap.67)
21. MPOB, 1998 (Act 582)

In Compliance **Yes** No Not Applicable

Indicator 3 The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.

Summary Any changes to legal requirements are tracked by means of periodic review and evaluation on the Laws & regulations list to ensure that any new/addition as well as changes and amendment are captured and update, through the following manner:

1. HQ
2. Enquiring the laws books publisher
3. Communication with law/enforcement officers

In Compliance **Yes** No Not Applicable

Indicator 4 The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.

Summary Sighted appointment letter of the responsible person for updating the applicable legal requirements handled by Mr. Tiew Hooi Kee, signed by Mr. Daniel Tiew, the Managing Director cum MSPO Steering Committee Chairman dated 01.01.2019.

In Compliance **Yes** No Not Applicable

Criterion 2 Land use rights

Indicator 1 The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.

Summary Estate land titles are available and well maintained. The estate has land titles as follow;

Nasip Kita Estate:

No	Lot No	Hectare	Ownership
1	CL105339473	202.67	SinLek Dev. Sdn Bhd

Sungai Burong Estate:

No	Lot No	Hectare	Ownership
1	CL105510914	6.57	SinLek Dev. Sdn Bhd
2	CL105510889	6.70	SinLek Dev. Sdn Bhd
3	CL105510898	6.71	SinLek Dev. Sdn Bhd
4	CL105510923	6.58	SinLek Dev. Sdn Bhd
5	CL105510941	6.69	SinLek Dev. Sdn Bhd
6	CL105510905	6.51	SinLek Dev. Sdn Bhd
7	CL105510932	6.52	SinLek Dev. Sdn Bhd
8	CL105510950	6.60	SinLek Dev. Sdn Bhd
9	CL105498548	6.88	SinLek Dev. Sdn Bhd
10	CL105376476	5.40	SinLek Dev. Sdn Bhd
11	CL105498539	6.93	SinLek Dev. Sdn Bhd
	Total	72.09	

Long Heng Estate:

No	Lot No	Hectare	Ownership
1	CL125310303	82.27	Long Heng Cocoa Estate Sdn Bhd

Note : Long Heng Cocoa Estate Sdn Bhd is wholly owned by SinLek Development Sdn Bhd.

Pegagau Estate:

No	Lot No	Hectare	Ownership
1	CL125318925	5.496	Kiam Seng
2	CL125318961	6.483	Kiam Seng
3	CL125318943	5.965	Kiam Seng

4	CL125318952	6.321	Kiam Seng
5	CL125318916	5.305	Kiam Seng
6	CL125318998	5.588	Kiam Seng
7	CL125318970	6.734	Kiam Seng
8	CL125318934	5.843	Kiam Seng
9	CL125318989	4.999	Kiam Seng
10	CL125324969	5.814	Kiam Seng
11	CL125324950	5.867	Kiam Seng
12	CL125324941	5.647	Kiam Seng
13	CL125324932	5.983	Kiam Seng
14	CL125324923	5.926	Kiam Seng
15	CL125324914	5.964	Kiam Seng
16	CL125324905	6.023	Kiam Seng
17	CL125324898	6.307	Kiam Seng
18	CL125324889	5.409	Kiam Seng
19	CL125324870	6.170	Kiam Seng
	TOTAL	111.844	

Note : Sighted Memorandum of Transfer from Kiam Seng (NRIC No. 351016-10-5056) to SinLek Development Sdn Bhd (Co. No. 164968-K) dated 26.12.2018. Sample taken for Title No. 125318925 under State of Sabah, Land Ordinance Cap. 68, Section 104, Schedule XIII.

Sighted Locality Plan (a scale of 1:25,000) and Demarcation Plan (a scale of 1:4,000) for each of the 4 estates as per the following drawing Ref No.;

1. SEP/19/2912/DEM/P1 – Nasip Kita Estate
2. SEP/19/2913/DEM/P1 – Sungai Burong Estate
3. SEP/19/2914/DEM/P1 – Long Heng Estate
4. SEP/19/2911/DEM/P1 – Pegagau Estate

Sighted evidence of annual payment of Quit Rent and Land Cess for Nasip Kita and Sungai Burong in 2019 paid to the following agencies;

No	Estate	Quit Rent to Pemungut Hasil Tanah, Tawau (RM)	Land Cess to Majlis Perbandaran Tawau (RM)
1	Nasip Kita	3,290.50	547.55
2	Sungai Burong	786.00	130.70

Sighted evidence of annual payment of Quit Rent and Land Cess for Peaggau and Long Heng in 2019 paid to the following agencies;

No	Estate	Quit Rent to Pemungut Hasil Tanah,	Land Cess to Majlis Daerah Semporna (RM)
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		Semporna (RM)	
1	Pegagau	1,663.00	85.21
2	Long Heng	1,220.00	60.99

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.

Summary Described the following Syarat-syarat Nyata:

Nasip Kita Estate:

No	Lot No	Hectare	Syarat-syarat Nyata
1	CL105339473	202.67	Cultivation of Oil palm and Cocoa

Sungai Burong Estate:

No	Lot No	Hectare	Syarat-syarat Nyata
1	CL105510914	6.57	Cultivation of Oil Palm and/or an agricultural crop of economic value
2	CL105510889	6.70	-as above-
3	CL105510898	6.71	-as above-
4	CL105510923	6.58	-as above-
5	CL105510941	6.69	-as above-
6	CL105510905	6.51	-as above-
7	CL105510932	6.52	-as above-
8	CL105510950	6.60	-as above-
9	CL105498548	6.88	-as above-
10	CL105498539	6.93	-as above-
11	CL105376476	5.40	Cultivation of Oil Palm
	Total	72.09	

Long Heng Estate:

No	Lot No	Hectare	Syarat-syarat Nyata
1	CL125310303	82.27	Oil Palm

Pegagau Estate:

No	Lot No	Hectare	Syarat-syarat Nyata
1	CL125318925	5.496	Cultivation of Oil Palm
2	CL125318961	6.483	Cultivation of Oil Palm
3	CL125318943	5.965	Cultivation of Oil Palm

4	CL125318952	6.321	Cultivation of Oil Palm
5	CL125318916	5.305	Cultivation of Oil Palm
6	CL125318998	5.588	Cultivation of Oil Palm
7	CL125318970	6.734	Cultivation of Oil Palm
8	CL125318934	5.843	Cultivation of Oil Palm
9	CL125318989	4.999	Cultivation of Oil Palm
10	CL125324969	5.814	Cultivation of Oil Palm
11	CL125324950	5.867	Cultivation of Oil Palm
12	CL125324941	5.647	Cultivation of Oil Palm
13	CL125324932	5.983	Cultivation of Oil Palm
14	CL125324923	5.926	Cultivation of Oil Palm
15	CL125324914	5.964	Cultivation of Oil Palm
16	CL125324905	6.023	Cultivation of Oil Palm
17	CL125324898	6.307	Cultivation of Oil Palm
18	CL125324889	5.409	Cultivation of Oil Palm
19	CL125324870	6.170	Cultivation of Oil Palm
	TOTAL	111.844	

The breakdown of the area statement as follow;

Description	Nasip Kita	Sg Burong	Long Heng	Pegagau	Total
Mature area	155.61	32.37	63.13	102.43	365.21
Immature	20.60	36.42	15.78	0	73.24
Unplanted	26.46	3.30	3.36	9.40	25.72
Total Area, Ha	202.67	72.09	82.27	111.83	468.860
Titled Ha	202.67	72.09	82.27	111.844	468.874

There is discrepancies of 0.014ha between total area statements for all estates against the titled hectare.

In Compliance **Yes** No Not Applicable

Indicator 3 Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.

Summary

- Sighted 20 boundary stones furnished with GPS Coordinates at Nasip Kita Estate as per samples of the following;
 - Point OS664/467 : N486646.42, E938331.05
 - Point OS290/944 : N486163.57, E939417.57
 - Point OS178/326 : N486353.96, E938085.26
- Sighted 32 boundary stones furnished with GPS Coordinates at Sungai Burong Estate as per samples of the following;
 - Point OS280/583 : N486097.67, E944762.97
 - Point OS670/951 : N485209.44, E944272.24
 - Point OS903/236 : N485688.05, E943480.96
 - Point OS451/743 : N485687.52, E944235.77



- e. Point OS280/460 : N485834.23, E944694.27
- 3. Sighted 41 boundary stones furnished with GPS Coordinates at Pegagau Estate as per samples of the following;
 - a. Point OS467/750 : N489300.28, E979180.79
 - b. Point OS613/858 : N488507.01, E979531.36
 - c. Point OS673/270 : N487681.14, E979921.21
 - d. Point OS672/613 : N486972.55, E979939.28
 - e. Point OS673/607 : N487463.17, E979459.52
 - f. Point OS428/565 : N487869.65, E979253.65
- 4. Sighted 13 boundary stones furnished with GPS Coordinates at Long Heng Estate as per samples of the following;
 - a. Point OS267/148 : N493062.32, E961076.53
 - b. Point OS267/404 : N494171.02, E962127.36
 - c. Point OS267/363 : N493337.47, E960749.61

During field visit, auditors also check a few physical boundary stones and verify it on the ground. The identification number checked by GGC auditors are matched to the data that prepared by the estate.

In Compliance **Yes** No Not Applicable

Indicator 4 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).

Summary There is no evidence of conflict present in this estate. There is no violence in instigated violence in maintaining peace because company has a clear procedure for land conflict.

During interview with stakeholders, no issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders reported.

In Compliance **Yes** No Not Applicable

Criterion 3 Customary rights

Indicator 1 Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.

Summary There is no customary land in or surrounding the estate. There are also no land disputes or claims involving this estate. The company has proper legal land tile for the land ownership.

In Compliance **Yes** No Not Applicable

Indicator 2 Maps of an appropriate scale showing extent of recognized customary rights shall be made available.



Summary There is no customary land in or surrounding the estate. There are also no land disputes or claims involving this estate. The company has proper legal land tile for the land ownership. Therefore, no maps for recognized customary rights is available.

In Compliance **Yes** No Not Applicable

Indicator 3 Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.

Summary There is no customary land in or surrounding the estate. There are also no land disputes or claims involving this estate. The company has proper legal land tile for the land ownership.

In Compliance **Yes** No Not Applicable

2.4 Principle 4 : Social responsibility, health, safety and employment condition

Criterion 1 Social impact assessment (SIA)

Indicator 1 Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.

Summary Social impact assessment has been conducted, Date 12.03.2019 by Estate executive and approve by the Danial Tiew. Based on the SIA Internal stakeholder and external stakeholder as sample below:

- Workers: 10
- Government agency :3
- Local Resident :1
- Contractor :2
- Customer :4

Based on SIA report there are 12 criteria has been asses as per below:

1. MSPO Awareness
2. Relationship with estate
3. Communication with Estate
4. Job Opportunity
5. Pollution activities
6. Housing activities
7. Religious Prayer facilities
8. Health facilities
9. Educational facilities
10. Transportation feasibility's
11. Equal rights.

Based on the SIA has been concluded that there are no Major Issue or Major social problem has been addressed by the stakeholder.

Action plan has been developed and categorized by Low and medium. For medium risk action plan has been sighted with is ongoing basis.

In Compliance **Yes** No Not Applicable

Criterion 2 Complaints and grievances

Indicator 1 A system for dealing with complaints and grievances shall be established and documented.

Summary There is SOP for Complaint and Grievance version 1 date on 15/11/2018. The system is able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.

In Compliance **Yes** No Not Applicable

Indicator 2 The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.

Summary There is complaints record in "Complaint and Grievance Book" and "Complaint Form" which has completed taken resolution action however there is no acknowledgement evidence that the complainant has been inform on the corrective action taken by SinLek Development Sdn Bhd.

In Compliance **Yes** No Not Applicable

Indicator 3 A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.

Summary Complaint Form seen for External and Internal Stakeholders. All internal employee and external stakeholders' can deliver their complaints and grievances directly to the management through filling the complaints form and place into the Drop Box outside the Office.

In Compliance **Yes** No Not Applicable

Indicator 4 Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.

Summary Form is in place at the complaint box located at office. Workers and stakeholder is been brief on the procedure during stakeholder meeting.

In Compliance **Yes** No Not Applicable

Indicator 5 Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.

Summary Complaint for record sighted available. There are 2 complaint and it has been resolved accordingly.

In Compliance **Yes** **No** **Not Applicable**

Criterion 3 Commitment to contribute to local sustainable development

Indicator 1 Growers should contribute to local development in consultation with the local communities.

Summary There are sighted company has contributed as CSR activities as follow:

- Festival contribution: Kampung Mangga
- Date 22.05.2019
- Amount: RM 200.00

In Compliance **Yes** **No** **Not Applicable**

Criterion 4 Employees safety and health

Indicator 1 An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.

Summary OSH Policy date on 02.01.2019 by Daniel Tiew and has been displayed on office Notice Board.

In Compliance **Yes** **No** **Not Applicable**

Indicator 2 The occupational safety and health plan shall cover the following:

- a) A safety and health policy, which is communicated and implemented.
- b) The risks of all operations shall be assessed and documented.
- 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; and
 - ii) all precautions attached to products shall be properly observed and applied.
- d) The management shall provide the appropriate personal protective equipment (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).
- 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.
- 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.
- 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.
- h) Accident and emergency procedures shall exist and instructions shall be clearly



understood by all employees.
 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.
 j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.

Summary OSH Policy date on 02.01.2019 by Daniel Tiew and has been displayed on office Notice Board.

OSH Plan sighted available in document OSH Management plan 2019 that has been include as follow:

Compliance to Legal

1. 100% implementation of all the Legal requirement.
2. Establish health and safety documentation system
3. Establish HIRAC
4. Annual safety and health plan
5. Establish CHRA.

Health and safety activity

1. Safety committee
2. Emergency response team
3. Fire Drill and Emergency evacuation
4. Promote health and safety
5. 5S Practice
6. Awareness on Chemical safety

Personal protective equipment found to be effectively used by all the estate workers. Distribution record of the PPE being used, sighted during the audit. PPE such as hard hat, rubber glove, spraying apron and mask are among the PPE issued by the estate management to its workers without any charges and can be replaced when damaged.

JKKP 8 Form sighted there are no accident happen last 2018. Internal audit has been for MSPO has been include safety and health date on 20.03.2019.

Certified first Aider presence in the estate. Ms. Hermina binti Abdul Hashim has been trained on 24.04.2019 as her certificate sighted during the audit.

In Compliance **Yes** No Not Applicable

Criterion 5	Employment conditions
Indicator 1	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.

Summary Commitment for compliance with Good Social practice are available sign by CEO Mr. Daniel Tiew.

In social policy sighted company commitment as follow



1. Compliance with Labour Law and Land Title workers Housing
2. Prohibit employing workers by Coercion or Children or Your Person
3. Respect and protect human Rights and workers' rights
4. Freely of discrimination and prejudice against Gender Race religion
5. Provide harmonies work Environment
6. Provide workplace free for sexual harassment whether indirectly or directly

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.

Summary There is sighted equal opportunity policy are available sign by CEO Mr. Daniel Thiew date 01.01.2019.

No evidence of discrimination based on race, skin color, religion, gender, national origin, ancestry, disability, marital status, and sexual orientation was found in the estate. All workers enjoy the same scale of pay.

In Compliance **Yes** No Not Applicable

Indicator 3 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.

Summary Pay and conditions are documented in the workers' Contract Agreement and wage payment records / pay slip. The salary is according to 'Guidelines on the Implementation on the Minimum Wages'. National Wages Consultative Council Act 2018 (Act 732) Malaysian minimum salary is RM1,100.00 as stated in the guidelines.

Interview with both Estate staff and workers and with both male and female confirmed that they understand the terms and conditions of their employment.

In Compliance **Yes** No Not Applicable

Indicator 4 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.

Summary No hiring of contractor by the estate management.

In Compliance **Yes** No Not Applicable

Indicator 5 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.

Summary Based on the company record sighted that, total workers are 32 workers. Listed as follow:

- Nasip Kita-15 Workers
- Long Heng-7 Workers
- Sungai Burong-1
- Pegagau-5 Workers

In Compliance **Yes** No Not Applicable

Indicator 6 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.

Summary Sighted, Employment Contract between SinLek Development Sdn Bhd and the workers. The Agreement stated all the term and conditions according to Malaysian Law. The contract is in Bahasa Malaysia. There are sighted, sample workers sighted as below:

1. Ms Harmena
2. Mr Adib
3. Mr Sabiri.

In Compliance **Yes** No Not Applicable

Indicator 7 The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.

Summary Working hours is 8 hours. From Monday to Saturday. The overtime maximum is 104 hours according to Malaysian Law.

Daily attendance recorded during muster call. Estate has used pocket check-roll as a working time recording system.

In Compliance **Yes** No Not Applicable

Indicator 8 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.

Summary The working hour and break time has been clearly stated in the Employment Contract. Sighted in the Contract Agreement the rate of overtime which agreed by both parties.

There is no complaint received regarding payment or forced to work on overtime during site interview.

In Compliance **Yes** No Not Applicable

Indicator 9 Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.

Summary Pay Slip and Employment Contracts of each workers sighted. Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made.

Documented payslip was distributed to individual workers on the day of payment. Payment being made through cash and seen the letter of consent from workers to the Management. Example as follow:

Summary Geng NK Geng B1

- Two workers with salary RM 1,225.00 each worker

In Compliance **Yes** No Not Applicable

Indicator 10 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.

Summary All workers have been provided with medical and accident insurance. With regards to local workers, staffs and executives, all of them are covered under EPF & SOCSO as required by the Malaysian Laws and Regulations.

For Indonesian workers, will be covered under SOCSO upon expiring the Foreign Workers Compensation Scheme. Example Harvester has been provided with medical care date on 07.05.2019.

In Compliance **Yes** No Not Applicable

Indicator 11 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.

Summary Based on site visit, sighted all living condition good condition. Water for drinking coming from Government water. For Washing, Bathing Coming from rain.

In Compliance **Yes** No Not Applicable

Indicator 12 The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.

Summary Policy for preventing sexual harassment sighted during the audit.

In Compliance **Yes** No Not Applicable

Indicator 13 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.

Summary Freedom of to join Trade Union are sighted date on 02.01.2019.

In Compliance **Yes** No Not Applicable

Indicator 14 Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions.

Summary There are no children below ages of 18 working in the Estate and this was proven through checking the list of employees. The workers were clear that no one below 18 years old should be employed.

In Compliance **Yes** No Not Applicable

Criterion 6 Training and competency

Indicator 1 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.

Summary Training program sighted available as below record:

1. FFB Transporter Training. attended by two persons
2. Harvester Training 18.01.2019-Attended by 15 persons
3. Sprayer Training Date on 19.01.2019

In Compliance **Yes** No Not Applicable

Indicator 2 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.

Summary Yearly training plan is created based on Training Needs Analysis for workers involved in the operations.

Sighted the Training Need Analysis of all workers, staffs and Management which are based on their competencies and job description.

In Compliance **Yes** No Not Applicable

Indicator 3 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.

Summary All workers involved in the operations have been adequately trained in safe working practice. The estate has a comprehensive Training Needs Analysis for staffs and workers and this was sighted in the training records file.

Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training.

In Compliance **Yes** **No** **Not Applicable**

2.5 Principle 5 : Environment, natural resources, biodiversity, and ecosystem services

Criterion 1 Environmental management plan

Indicator 1 An environmental policy and management plan which shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.

Summary Environmental Policy for SinLek Development Sdn Bhd has been established and signed by the Managing Director, Mr. Daniel Tiew dated 02.01.2019.

SinLek Development Sdn Bhd is committed in complying to the Malaysian Environmental Quality Act, 1974 to reduce the impact from its estate operations to Environment.

The Company is committed towards implementing the following practices:

- All estate operations are in accordance with the established statutory and regulatory requirements especially those relating to environmental quality.
- To practice a "Zero Burning" policy on new planting, replanting except in specific situations.
- To ensure the estates activities follow the guidelines of the current industry practice.
- To plan, implement, monitor and measure predetermined activities to mitigate environmental impacts and greenhouse effect.
- To promote and provide awareness of environmental conservation through training to all employees and stakeholders and
- Ensure awareness of the environmental policy is communicated, understood and practiced by all relevant employees and stakeholders.

In Compliance **Yes** **No** **Not Applicable**

Indicator 2 The environmental management plan shall cover the following:
a) An environmental policy and objectives;
b) The aspects and impacts analysis of all operations.

Summary The Company has established the MSPO Procedure with a title: Environmental Management Plan (EMP) Ref No. MSPO-06 Rev: 1.0 Date: 07.01.2019 initially released on the same date.

The purpose of the procedure is to provide the relevant guidelines in the preparation and implementation of the Environmental Management Plan (EMP). It provides a framework and direction for the estate management.

The aspect and impact analysis have been documented in “Environmental Aspect Impact Assessment Guidance for Estate” dated 01.02.2019. The assessment covers 13 aspect of environmental such as;

1. Site clearing, construction of roads and establishment of base camp.
2. Use of petrochemical (petrol, diesel, etc.) for transportation activities.
3. Human sewage waste generated from workers base camp.
4. Human sewage waste generated from workers line site and office site.
5. Domestic waste from workers line site and office site.
6. Oil leakage from lorries.
7. Disposal of non-biodegradable wastes
8. Schedule waste generation and spillage
9. Disposal of polybags and fertilizer bags
10. Emission of greenhouse gaseous from nitrogen fertilizer usage
11. Chemical residues washed into water course
12. Transportation of FFB to Mill
13. Generation of empty chemical containers.

In Compliance **Yes** No Not Applicable

Indicator 3 An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.

Summary Sighted a document of “Environment Management & Improvement Plan” with the objective to comply with the following acts and regulations includes;

1. Environmental Quality Act, 1974
2. Environmental Quality (Scheduled Wastes) Regulations, 2005
3. Practice conservation of natural resources
4. Promote environmental awareness among all employees & third parties for better working environment.

The plan consists column of the following;

1. Objective
2. Target
3. Action plan
4. Environmental aspect
5. Environmental impact
6. Mitigation
7. Promotion
8. Proposed started and completion date
9. Proposed budget
10. Person-in-charge
11. Status/ verification

In Compliance **Yes** No Not Applicable

Indicator 4 A programme to promote the positive impacts should be included in the continual improvement plan.



Summary Sighted continual improvement plan in the “Environment Management & Improvement Plan” includes:

Action Plan	Mitigation
Comply to zero burning policy	Training and regular monitoring at the housing area
Save water campaign	Install water tank at every house to collect rainwater
Outdoor beautification activities	Provision of rubbish bin for every house. Regular rubbish collection.

In Compliance **Yes** No Not Applicable

Indicator 5 An awareness and training programme shall be established and implemented to ensure that all employees understand the policy, objectives of the environmental management and improvement management plans and are working towards achieving the objectives.

Summary Sighted training needs matrix guidance as per Appendix 2 “MSPO Procedure Title: Environmental Management Plan (EMP)” dated 07.01.2019.

The table listed training programme on environmental includes;

1. Schedule waste handling triple rinse
2. Recycle waste awareness
3. Environmental responsibility
4. High conservation identification.

Sighted the Environmental Training Implementation for the year 2019 covers the following;

No	Training Programme	Target audience	No. of Audience	Completion date
1	No open burning	Worker	26	18 – 21.01.2019
2	No hunting	Worker	26	18 – 21.01.2019
3	No fishing	worker	26	18 – 21.01.2019
4	Domestic waste	worker	26	18 – 21.01.2019
5	Schedule waste	worker	26	18 – 21.01.2019

In Compliance **Yes** No Not Applicable

Indicator 6 Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.

Summary Sighted latest meeting conducted on 21.01.2019 as documented in “Mesyuarat Jawatankuasa Keselamatan dan Kesihatan, Sosial Serta Alam Sekitar No-01” attended by 6 executives and staff. One of the agenda is on “penerangan dan penjelasan polisis syarikat serta perlaksanaannya terhadap para pekerja serta kakitangan syarikat”.

In Compliance **Yes** No Not Applicable

Criterion 2 Efficiency of energy use and use of renewable energy

Indicator 1 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.

Summary Monitoring record for diesel and electricity usage available. Sighted monitoring diesel use per ton of FFB by 2019 – Actual, updated up to May 2019.

Todate diesel	Todate FFB	Fuel Efficiency	Baseline value (3-yr average)
Liter	Ton	Liter/ton FFB	
8,076.19	2,456.42	3.29	2.88

Sighted monitoring electricity usage per ton of FFB in 2019 – Actual, updated up to May 2019.

Todate Generated	Todate FFB	Electricity Efficiency	Baseline value (3-yr average)
kWh	Ton	kWh/ton FFB	
9,678	2,456.42	3.94	3.10

In Compliance **Yes** No Not Applicable

Indicator 2 The oil palm premises shall estimate the direct usage of nonrenewable 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.

Summary Estate annual budget as per document “SinLek Development Sdn Bhd: Business Plan”. Sighted annual estimate of non-renewable energy being established for the year 2019 as follow;

Estimated diesel	Estimated FFB	Fuel Efficiency
Liter	Ton	Liter/ton FFB
38,532	6,800.00	5.67

Sighted annual estimate of electricity consumption being established for the year 2019 as follow;



Estimated kWh	Estimated FFB	Fuel Efficiency
kWh	Ton	kWh/ton FFB
24,000	6,800.00	3.53

In Compliance **Yes** No Not Applicable

Indicator 3 The use of renewable energy should be applied where possible.

Summary The company is using one unit Solar Panel at Sg. Burong Estate for domestic use (Workers Housing), where electricity from National Grid (SESB) is not available.

In Compliance **Yes** No Not Applicable

Criterion 3 Waste management and disposal

Indicator 1 All waste products and sources of pollution shall be identified and documented.

Summary Identification of waste sighted in" List of waste identified" for all 4 estates (Nasip Kita, Sg. Burong, Pegagau and Long Heng). Waste identified are;

1. Domestic waste (Organic)
2. Domestic waste (Inorganic)
3. Schedule waste – SW409 (spillage of pesticide and fertilizer)
4. Schedule waste – SW410 (used PPEs)

Sighted inventory of scheduled waste established by the estate;

Code	Source	Date of 1 st generated	Balance as at 31.05.2019
SW409	Fertilizer bag	09.03.2019	2,690pcs
SW409	Herbicide containers 20L	02.01.2019	49pcs
SW409	Herbicide containers 4L	02.02.2019	9pcs
SW409	Herbicide containers 1L	06.01.2019	1pc
SW409	Herbicide containers 250gm	02.01.2019	29pcs

Sighted e-SWIS – Registration Approval Information, DOE File No: ASSH/TWU(B)11/123/000/030 dated 28.01.2019.

In Compliance **Yes** No Not Applicable

Indicator 2 A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for:

- a) Identifying and monitoring sources of waste and pollution.
- b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.

Summary Procedure established as per “MSPO Procedure Title: Waste Management” dated 07.01.2019.

The waste management plan included measures as follows;

1. Sources of waste and pollution are being identified and monitored.
2. Efficiency of resource utilization and recycling of potential wastes are being improved through awareness training and providing the recycle bins at the line site and office site.

In Compliance **Yes** No Not Applicable

Indicator 3 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.

Summary Sighted Waste Management Plan on scheduled waste dated 24.02.2019 as follow;

1. SW305 – spent lubricant oil
2. SW306 - spent hydraulic oil
3. SW408 – contaminated soil, debris or matter resulting
4. SW409 – dispose containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled waste.
5. SW410 – used personal protective equipment (PPEs)

In Compliance **Yes** No Not Applicable

Indicator 4 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.

Summary Record of empty pesticide container sighted as per “Fifth Schedule: Inventory of Scheduled Wastes”. Records available for January 2019 to May 2019.

The empty pesticides containers will be triple rinsed and to be disposed through appointed contractor, M/S Wawasan Oil Recycle Sdn Bhd.

In Compliance **Yes** No Not Applicable

Indicator 5 Domestic waste should be disposed as such to minimise the risk of contamination of the environment and watercourse.

Summary Sighted Waste Management Plan on domestic waste dated 24.02.2019 as follow;

1. Domestic waste from housing quarters.

Domestic waste generated are disposed at dedicated landfill area.

In Compliance **Yes** No Not Applicable

Criterion 4 Reduction of pollution and emission including greenhouse gas

Indicator 1 An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.

Summary Document sighted in “Environmental Aspect Impact Assessment Guidance for Estate” dated 01.02.2019. The document covers for all estates.

Emission sources identified as per document “GHG Management Plan – 2019”.

Source of GHG	Impacts	Monitoring
Emission of GHG from nitrogen fertilizer usage	Air pollution – global warming	Application of fertilizer shall follow agronomist recommendation
Smoke emission of heavy vehicle such as trucks and genset	Air pollution	Ensure regular maintenance
Transportation of FFB to mill	Air, noise pollution and GHG	Ensure regular maintenance
Open burning of domestic waste	Air pollution and GHG	Enforce no open burning policy, enforcement of disposal at landfill

In Compliance **Yes** No Not Applicable

Indicator 2 An action plan to reduce identified significant pollutants and emissions shall be established and implemented.

Summary Mitigation measures for the identified pollutions documented in Environmental Management & Improvement Plan.

Sighted action plan to reduce pollution;

No	Type of Pollution	Prevention Plan
1	Air pollution – open burning	Installation of Advanced Cyclone System
2	Soil pollution – domestic and scheduled waste	To reduce generation, 3R Campaign, penalties, re-training to PICs and proper dumping system
3	Water pollution	Reduce domestic water consumption and control use of fertilizer and pesticide

In Compliance **Yes** No Not Applicable

Criterion 5 Natural water resources

Indicator 1 The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:

- a) Assessment of water usage and sources of supply.
- b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate’s current activities.
- c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).
- d) Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.
- e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.
- f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.

Summary Procedure sighted in “MSPO Procedure Title: Water Management Plan”.

Source of water has been identified. Rainwater are being harvested using water tank at each houses for washing and bathing only. Treated water are supplied regularly to each worker’s houses for drinking and cooking.

In Compliance **Yes** No Not Applicable

Indicator 2 No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.

Summary During site visit, no construction of bunds, weirs and dams across main rivers or waterways passing through an estate.

In Compliance **Yes** No Not Applicable

Indicator 3 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).

Summary Water harvesting practices are being implemented at constructed planting terrace and along roadside of Nasip Kita, Sungai Burong and Long Heng Estates. Two unit of water tank to harvest rainwater has been supplied to each unit of worker’s houses.

In Compliance **Yes** No Not Applicable

Criterion 6 Status of rare, threatened, or endangered species and high biodiversity value area

Indicator 1 Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:

- a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.



b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.

Summary Assessment on High Biodiversity Value (HBV) has been conducted dated 25.03.2019. No species of RTE found in all estates.

Monthly monitoring of wildlife identified common species such as Long-tailed macaque, Pig-tailed macaque, wild boar and jungle fowl.

In Compliance **Yes** No Not Applicable

Indicator 2 If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:
a) Ensuring that any legal requirements relating to the protection of the species are met.
b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts.

Summary Assessment on High Biodiversity Value (HBV) has been conducted dated 25.03.2019. No species of RTE found in all estates.

In Compliance **Yes** No Not Applicable

Indicator 3 A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.

Summary Sighted monthly wildlife sighting record to monitor the existence of any wildlife animals in the estates.

In Compliance **Yes** No Not Applicable

Criterion 7 Zero burning practices

Indicator 1 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.

Summary Sighted evidence of Zero burning practices being implemented by the Company during its replanting works as demonstrated on the ground at Block 4 of Nasip Kita and Block C of Long Heng Estate.

In Compliance **Yes** No Not Applicable

Indicator 2 A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.

Summary As per interview with Estate Manager, no special approval needed to do open burning. All replanting activities are using the felling method. The practice is observed during field assessment.

In Compliance **Yes** No Not Applicable

Indicator 3 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.

Summary No open burning allowed in the estate.
Sighted evidence of Zero burning practices being implemented by the Company during its replanting works as demonstrated on the ground at Block 4 of Nasip Kita and Block C of Long Heng Estate.

In Compliance **Yes** No Not Applicable

Indicator 4 Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.

Summary During replanting process, the old palm to be felled, chipped and stacked at every alternate avenue. The residue is then be naturally decomposed on site.

In Compliance **Yes** No Not Applicable

2.6 Principle 6 : Best practices

Criterion 1 Site management

Indicator 1 Standard operating procedures shall be appropriately documented and consistently implemented and monitored.

Summary SOP for estate operations sighted. Total of 47 SOPs established by the Management (Version 1.0, dated 15.11.2018). Example:

1. IPM Plan
2. SOP for chemical handling
3. SOP for SW Management
4. SOP for Riparian Management Procedure
5. SOP for Water Quality Monitoring
6. SOP for Fertilizer Application
7. SOP for Culvert Placement
8. SOP for Road Construction and Maintenance
9. SOP for Water Use Monitoring
10. SOP for Complaint and Grievance

In Compliance **Yes** No Not Applicable

Indicator 2 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.

Summary Procedure for planting on slope as per "SOP for Oil Palm Replanting, Version 1.0 dated 15.11.2018.

During site visit conducted at Block 4 (Planting Year 2018), terrace planting sighted in this hilly area. Planting of cover crop also has been done in the replanting area to give significant and economically higher yield compared to palms natural covers.

No planting on steep slope (>25°) sighted during site visit to the field with the Management team.

In Compliance **Yes** No Not Applicable

Indicator 3 A visual identification or reference system shall be established for each field.

Summary Estate blocks markings are sighted during estate site visit conducted with the estate management. The management is using cement blocks with letters painted showing the block / field numbers.

In Compliance **Yes** No Not Applicable

Criterion 2 Economic and financial viability plan

Indicator 1 A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.

Summary Business plan for SinLek Development Sdn Bhd available during the audit. Data sighted:

ITEMS	2019	2020
FFB (MT)	6,800	7,050
Monthly Price	RM 425	RM 450
Chemical & Fertilizers (RM)	350,000	356,650
Contract workers	164,925	166,574
Harvesting FFB	271,567	274,283
Salary	302,500	302,500
Road upkeep	25,000	25,475
Upkeep Quarters	50,000	150,000
Others	262,709	178,326

In Compliance **Yes** No Not Applicable

Indicator 2 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.



Summary Replanting program documented in Business plan for SinLek Development Sdn Bhd. Program sighted for the company:

Estate	2021	2022	2023	2024	2025
NK	-	Blk 5 (28ac) or Blk 1 (52ac)	-	-	-
SB	-	-	-	-	-
LHE	Blk B (20ac) or Blk D (58ac)	-	-	-	-
PG	-	-	-	-	Blk J,K,L (40ac)

In Compliance **Yes** No Not Applicable

Indicator 3 The business or management plan may contain:
 a) Attention to quality of planting materials and FFB.
 b) Crop projection: site yield potential, age profile, FFB yield trends.
 c) Cost of production: cost per tonne of FFB.
 d) Price forecast.
 e) Financial indicators: cost benefit, discounted cash flow, return on investment.

Summary Business plan for SinLek Development Sdn Bhd available during the audit.

In Compliance **Yes** No Not Applicable

Indicator 4 The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.

Summary Business plan for SinLek Development Sdn Bhd available during the audit. The document is issued on monthly basis for the company to demonstrate their commitment to sustainability, by actively participating in local communities and integrating sustainable business practices wherever possible.

In Compliance **Yes** No Not Applicable

Criterion 3 Transparent and fair price dealing

Indicator 1 Pricing mechanisms for the products and other services shall be documented and effectively implemented.

Summary Agreement for FFB sales to Balung Palm Oil Mill Sdn Bhd sighted during the audit. The agreement was dated 10th January 2019, valid for 24 months.

Contracts agreement between contractors and estate management sighted during the audit. Example for Nasip Kita Estate:



Group Name: Geng B1
Name of workers: Azmir Bin Hamin, Rizmal Bin Hamin

Salary Agreement:
Harvesting Blk 1: RM29.00 x 1 MT
Harvesting Blk C: RM28.00 x 1 MT
LF Seed: RM1.00 x Bag (20kg)
Manuring: RM1.30/Bag
Other Job: RM5.29/hour

In Compliance **Yes** No Not Applicable

Indicator 2 All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.

Summary Employment contract between Estate Management and the employee available during the audit. Payslips to workers sighted. All payments made to the contractors evident during the audit.

In Compliance **Yes** No Not Applicable

Criterion 4 Contractor

Indicator 1 Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.

Summary MSPO requirement has been included in latest contract agreement signed by both parties, under clause "Keperluan MSPO".

Training on MSPO to estate workers and contractors evident during the audit as per training record dated 18.01.2019.

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall provide evidence of agreed contracts with the contractor.

Summary Contracts agreement between contractors and estate management sighted during the audit. Example for Nasip Kita Estate with contractor:

1. Geng B1
2. Geng A2
3. Absari / Zenaida (Temporary Employment/Sementara)

In Compliance **Yes** No Not Applicable

Indicator 3 The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.

Summary The management agreed and approved with the MSPO auditor by accepting the audit plan which was sent to the person in charge on 03rd June 2019.

In Compliance **Yes** No Not Applicable

Indicator 4 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.

Summary Monitoring of FFB harvested by contractors / gangs are done on daily basis. Sighted daily record of FFB Logbook. Records are based on FFB delivery notes to respective palm oil mills. Example record sighted:

- Month: May 2019
- Contractor: Gang C
- Total FFB: 74.95 MT
- Total LF: 270.50 bags

In Compliance **Yes** No Not Applicable

2.7 Principle 7 : Development of new planting

Criterion 1 Oil palm shall not be planted on land with a high biodiversity value

Indicator 1 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.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Indicator 2 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.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Criterion 2 Peat land

Indicator 1 New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**



Criterion 3 Social and Environmental Impact Assessment (SEIA)

Indicator 1 A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Indicator 2 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.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Indicator 3 The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Indicator 4 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.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Criterion 4 Soil and topographic information

Indicator 1 Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Indicator 2 Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.



Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Criterion 5 Planting on steep terrain, marginal and fragile soils
Indicator 1 Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Indicator 2 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.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Indicator 3 Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Criterion 6 Customary land
Indicator 1 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.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Indicator 2 Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**



Indicator 3 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.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Indicator 4 The owner of recognized customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Indicator 5 Identification and assessment of legal and recognised customary rights shall be documented.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Indicator 6 A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Indicator 7 The process and outcome of any compensation claims shall be documented and made publicly available.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**

Indicator 8 Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for SinLek Development Sdn Bhd.

In Compliance Yes No **Not Applicable**



2.8 Details of Audit Findings

Details Non-Conformity

- See Appendix B -

Details of Area of Concern

- See Appendix B -

Details of Noteworthy / Positive Findings

- 1) Top management continuously establishes directions for the middle and upper management to execute in ways to comply with the MSPO management system in future.
- 2) The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
- 3) The estate management has demonstrated fully commitment during the entire audit process.
- 4) Signages throughout office, chemical area and in the field sites, effectively maintained and appropriate to the needs of the process.
- 5) Good relationship being maintained with surrounding smallholders and villages.
- 6) Good positive feedback received from internal and external stakeholders.

Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
11 th June 2019	TBA	➤ Travelling from KUL – Tawau, Sabah.	MFB	AS/MR
12 th June 2019	08:00 – 09:00	➤ Centralize Opening Meeting at Long Heng Palm Oil Estate Sdn Bhd: <ul style="list-style-type: none"> • Presentation by the manager/coordinator • Presentation by Lead Auditor ➤ Confirmation of assessment scope and finalize Audit plan	MFB	AS/MR
	09:00 – 13:00	Long Heng Palm Oil Estate Sdn Bhd <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MFB	AS/MR
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Estate inspection: <ul style="list-style-type: none"> • Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MFB	AS/MR
	13:00 – 14:00	➤ Lunch/Rest	MFB	AS/MR
	14:00 – 16:00	<ul style="list-style-type: none"> ➤ Continue document review <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MFB	AS/MR
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day.	MFB	AS/MR

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
13 th June 2019	08:00 – 13:00	Sungai Barung Estate <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and 	MFB	AS/MR



		records, payment records, complaint records, workers records, training records, permits, CIP, etc.		
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Estate inspection: <ul style="list-style-type: none"> • Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MFB	AS/MR
		➤ Centralize Stakeholder Consultation	MFB	AS/MR
	13:00 – 14:00	➤ Lunch/Rest	MFB	AS/MR
	14:00 – 16:00	<ul style="list-style-type: none"> ➤ Continue document review <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MFB	AS/MR
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 2.	MFB	AS/MR

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
14 th June 2019	09:00 – 13:00	Nasip Kita Estate <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MFB	AS/MR
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Estate inspection: <ul style="list-style-type: none"> • Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MFB	AS/MR
	13:00 – 14:00	➤ Lunch/Rest	MFB	AS/MR
	14:00 – 15:00	<ul style="list-style-type: none"> ➤ Continue document review <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint 	MFB	AS/MR



		records, workers records, training records, permits, CIP, etc.		
	15:00 – 16:00	➤ Verify any outstanding issues and auditor discussion.	MFB	AS/MR
	16:00 – 17:00	<ul style="list-style-type: none"> ➤ Centralize Closing Meeting at Nasip Kita Estate: ➤ Chaired by the audit Lead Auditor • Welcome and introduction by the Lead Auditor • Presentation of findings by the audit team • Questions & answers and Final summary by Lead Auditor ➤ End of assessment 	MFB	AS/MR
15 th June 2019	TBA	➤ Travelling from Tawau, Sabah to Kuala Lumpur	MFB	AS/MR



Appendix B : Non-Conformity details

Non-Conformities Identified During This Audit	
Major Nonconformities:	Non-were raised during this audit.
Minor Nonconformities:	Non-were raised during this audit.
Area of Concern:	Non-were raised during this audit.



Appendix C : List of Stakeholders Contacted

Attendance List

Internal Stakeholders

- 1) SinLek Development management team and staff
- 2) Gender Committee Representatives
- 3) Male and Female workers
- 4) Workers Representatives
- 5) Foreign Workers Representatives

External Stakeholders

- 1) MPOB Tawau
- 2) Pn. Noraini Asakil - DOSH Tawau
- 3) Pejabat Tenaga Kerja Tawau
- 4) Jabatan Alam Sekitar, Cawangan Tawau
- 5) Balai Bomba & Penyelamat Tawau
- 6) Sekolah Menengah Kebangsaan Balung, Tawau
- 7) Klinik Soo, Samporna Sabah
- 8) Agensi Pekerjaan Seri Balung
- 9) Mohd Nizam Bin Ghazali – Balung Palm Oil Mill
- 10) Mr. Edward Chin – Pinangah Palm Oil Mill (Koong Shing Sdb Bhd)
- 11) Ms. Sally – Sungai Burung Industrial SB (Teck Guan)
- 12) Mr. Lee Thai How – CNY BioScience (M) Sdn Bhd
- 13) Mr. Nicholas Chong – SV Jaya Sdn Bhd
- 14) CYC Holding Sdn Bhd
- 15) Highland Estate
- 16) Mr. Ahmad – Kampung Mangga
- 17) Kpl. Rizuan – Balai Polis Balung