

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

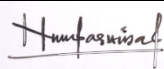

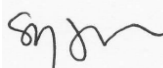
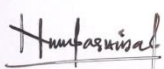
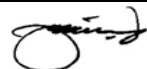
CERTIFICATION AUDIT REPORT


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

Dusun Kahang Jaya Sdn Bhd

-Individual Certification-

MAIN ASSESSMENT AUDIT
11th February 2020 & 13th February 2020

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	15/03/2020	Issued as Draft Report	Nurulashida bt Mohd Saad	Lead Auditor	
A	25/03/2020	Peer Review 1 Comments	Mohd Zuhaili bin Mukri	Peer Reviewer 1	
A	25/03/2020	Peer Review 2 Comments	Muhammad Syafiq bin Abu Bakar	Peer Reviewer 2	
B	27/03/2020	Issued as Final Report	Nurulashida bt Mohd Saad	Lead Auditor	
B	31/03/2020	Final Report Approved	Muhammad Syafiq bin Abd Razak	Certifier	

Acknowledgment by Dusun Kahang Jaya Sdn Bhd					
Rev	Date	Description	Management Representative	Role	Signature
B	31/03/2020	Acceptance of the contents	Mr. Pang Cheng Kee	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 **Dusun Kahang Jaya Sdn Bhd.** During this **Main Assessment Audit (Stage 2)**, the audit team were briefed by the Company representative, of the supply base disposition.

This assessment was conducted onsite on **11th February 2020 and 13th February 2020** 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	Dusun Kahang Jaya Sdn Bhd
Business Address	Lot 60316, Industrial Ringan Prima Kota 3, Sektor 3, Bandar Indera Mahkota, 25200 Kuantan, Pahang Darul Makmur.
Contact Person	Mr Pang Cheng Kee
Office Telephone	09-5729030 / 09-5730395
E-Mail	dusunkahang@hotmail.com

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.	Dusun Kahang Jaya Sdn Bhd	PTD 4827, Mukim Kahang 86700 Kluang, Johor.	E 103° 34' 31"	N 2° 20' 55"

MPOB License Information

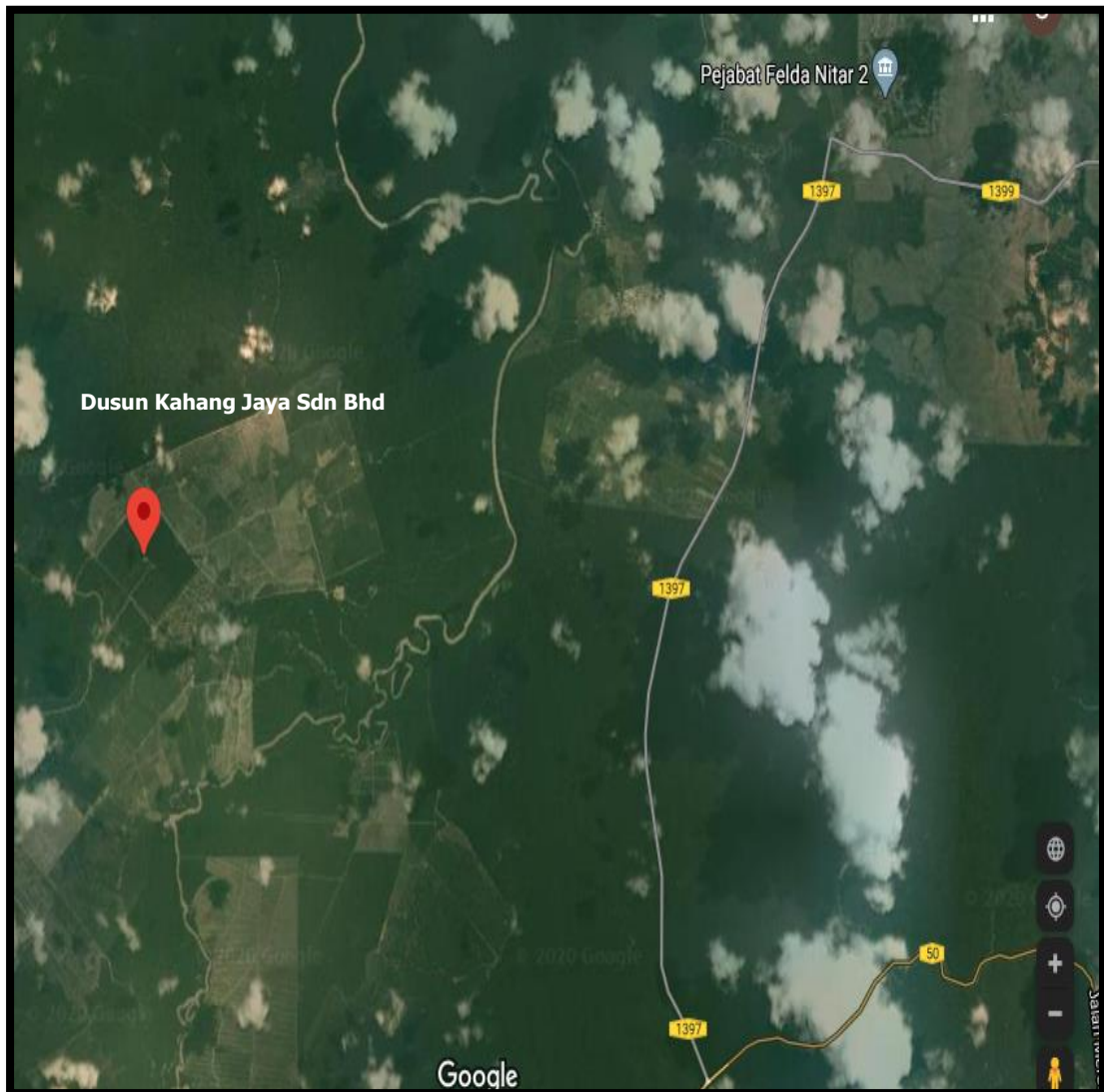
No	Name of the Site	LICENCE NUMBER	EXPIRY DATE	SCOPE ACTIVITY
1	Dusun Kahang Jaya Sdn Bhd	504111502000	28/02/2021	Menjual dan Mengalih (FFB)

Others Sustainability Certification

No	Name Of The Site	Others Sustainability Certifications
1.	Dusun Kahang Jaya Sdn Bhd	NIL

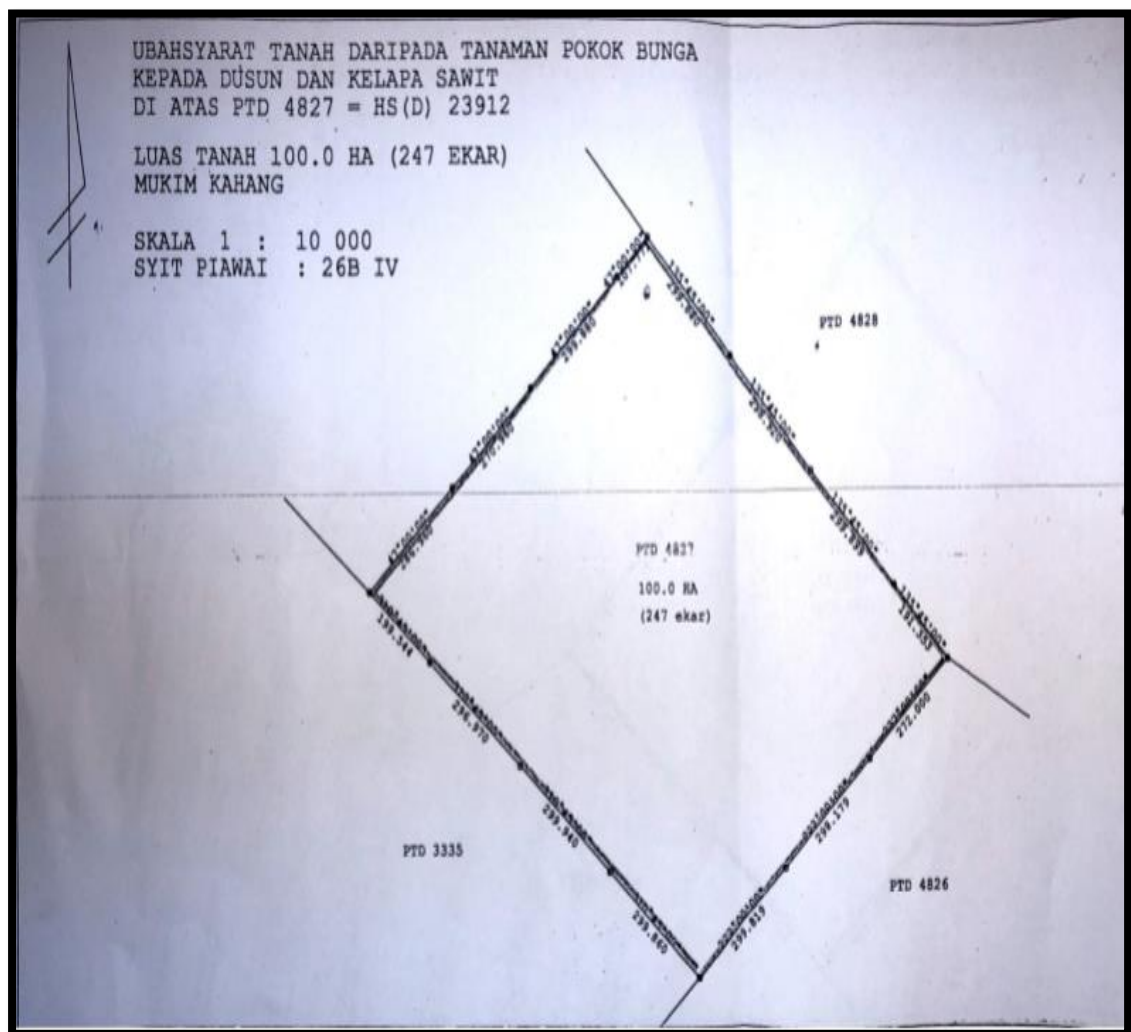
1.4 Map Showing Geographical Location

1) Dusun Kahang Jaya Sdn Bhd location map



Source: Google map

2) Dusun Kahang Jaya Sdn Bhd estate map



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
Dusun Kahang Jaya Sdn Bhd	100.00	97.00	97.00
Total	100.00	97.00	97.00

Name Of The Supply Base	Area Summary (HA)		
	Conservation Area	HCV	Others (Road/Workers quarters/ office complex)
Dusun Kahang Jaya Sdn Bhd	N/A	N/A	3.00
Total	N/A	N/A	3.00

Name of the Certification Unit	FFB Summary (MT)		
	Projected from last audit	Actual Production for 12 Months [Feb 2019-Jan 2020]	Projected Production for next 12 Months [Feb 2020-Jan 2021]
Dusun Kahang Jaya Sdn Bhd	NIL	2,400.00	2,550.00
Total	NIL	2,400.00	2,550.00

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-DKJ001-MSPO-00-2020
Initial certificate issued date	31 st March 2020
Certificate expiry date	30 th March 2025
Stage 1 assessment date	12 th November 2019
Stage 2 / Main Assessment	11 th February 2020 and 13 th February 2020
Annual Surveillance 1 [ASA 1]	January 2021
Annual Surveillance 2 [ASA 2]	January 2022
Annual Surveillance 3 [ASA 3]	January 2023
Annual Surveillance 4 [ASA 4]	January 2024

1.7 Qualification of the Lead Assessor and Assessment Team

Lead Auditor

Name: Nurulashida binti Mohd Saad

Graduated in Conservation and Management of Biodiversity with working in Sustainability Department for more than 12 years which involves in certification and compliance affairs. Fully trained in agriculture certification programme such as RSPO, MSPO, SCCS, Biodiversity / HCV, ISCC, ISO and etc.

Certified as Lead Auditor/Auditor for RSPO and MSPO Certification. Member of GGC MSPO audit team. Able to speak and understand Bahasa Malaysia and English.

Auditor

Name: Mohd Azmi Samynathan bin Abdullah

He holds Master's in Business Administration. More than 20 years working experience several industries mostly on HR Management. Have experience in second- and third-party auditing system. Fully trained in ISO9001:2008 (Quality Management System) Lead Auditor Course and successfully completed Malaysian Sustainable Palm Oil (MSPO) Auditor Training course (MPOCC endorsed).

Able to write and speak in Bahasa Malaysia and English. Member of GGC MSPO audit team. Able to speak and understand Bahasa Malaysia and English.

1.8 Audit Methodology

There is only one estate is assessed during the assessment as no sampling is required. 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	11 th and 13 th February 2020
Name of site(s) visited	Dusun Kahang Jaya Sdn Bhd
Total number of man-days spent	3 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	2	No action requires
Noteworthy /Positive Comments	3	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, the stakeholder consultation shall be carried out in stage 2 and recertification audit cycle 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 4th November 2019 and as to accommodate a stakeholders' consultation meeting for the estate. Therefore, it was conducted on 11th February 2020 at Dusun Kahang Jaya Sdn Bhd 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.

The aim of stakeholder consultation is to ensure that the MSPO requirements are continuously implemented and adhere to, as well as other aspects that they considered could be improved. However, in surveillance audit, the consultation may be limited to those stakeholders who have raised concerns, complaints or disputes prior to the audit. The auditor begin consultation with brief explained on the purpose of the audit, interviewed and record comments made by the stakeholders. The comments were verified with the estate management before incorporating into the assessment findings. 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 (Smallholder)	<ul style="list-style-type: none"> Have good understanding about MSPO. The company has good relationship with the smallholders and there is no issue with the company. No issues on the boundaries. 	No action requires	Positive findings
2.	Stakeholders B (Dealer)	<ul style="list-style-type: none"> Understood the agreement with the company. The dealer has good relationship and there is no issue with the company. There are some contribution were provided by the company on ad-hoc basis. 	No action requires	Positive findings
3.	Stakeholder C (Workers)	<ul style="list-style-type: none"> Have good understanding about MSPO. The company has good relationship with the workers and there is no issue with the company. PPE are provided by the company. 	No action requires	Positive findings

1.12 Recommendation

Dusun Kahang Jaya Sdn Bhd [estate] are located at Kahang, Johor. The company's headquarters is located in Kuantan, Pahang. 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 Dusun Kahang Jaya 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". Therefore, the Lead Auditor recommends a certificate of compliance **"MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders"** is awarded to Dusun Kahang Jaya 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
GAP	Good Agriculture Practise
GHG	Greenhouse Gas
GGC	Global Gateway Certifications Sdn Bhd
HIRARC	Hazard Identification, Risk Assessment and Risk Control
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
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

MSPO Sustainability Policy has been established for Dusun Kahang Jaya Sdn Bhd as signed by Mr Pang Yean Keon (Director) dated 22nd October 2019. The policy is committed to implement the following sustainable practices;

- To operate sustainability management based on the principles and criteria contained in the MSPO standard as:
 1. Principle 1: Management commitment and responsibility
 2. Principle 2: Transparency
 3. Principle 3: Compliance to legal requirements
 4. Principle 4: Social responsibility, health, safety and employment condition
 5. Principle 5: Environment, natural resources, biodiversity and ecosystem services
 6. Principle 6: Best practices
 7. Principle 7: Development of new plantings
- To continuously improve the operations in line with social, environmental and economic aspects.
- Ensure protection and conservation for High Biodiversity Value and High Carbon Stock areas;
- Ensure protection and preservation of rare, threatened or endangered species
- To ensure this sustainability policy is distributed and understood by all the employees and stakeholders.

As evidence, Dusun Kahang Jaya Sdn. Bhd. Malaysian Sustainable Palm Oil (MSPO) Policy is displayed and sighted at the office notice board. Briefing records on the policy is made available at site. Briefing has been conducted during the "Penerangan MSPO" session on 25th October 2019 by Mr Yau Shu Seng, Estate Mandore. Site visit has verified that the workers understands the policy.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

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

Summary

The established MSPO Sustainability Policy has emphasized or committed to conducting sustainable palm oil management covering palm oil estates and its supply chain towards continuous improvement as stated in the objectives of:

- To operate sustainability management based on the principles and criteria contained in the MSPO standard.
- To continuously improve the operations in line with social, environmental and economic aspects.
- Ensure protection and conservation for High Biodiversity Value and High Carbon Stock areas.

- Ensure protection and preservation of rare, threatened or endangered species.
- To ensure this sustainability policy is distributed and understood by all the employees and stakeholders.

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 The Company has established a Standard Operating Procedures on the Internal Audit as referred to: MSPO Manual, P1-01: Internal Audit Procedure dated 1st July 2019. As stated in the SOP, the frequency of the internal audit should be done annually by the sustainability team who are appointed as Internal Auditors.

The Management had drawn an Internal Audit Plan for Year 2019 and 2020 which will be carried out once a year at the Estate as prepared by Ms Chew Mee Mee. The latest Internal audit dated 25th and 26th November 2019 was conducted by Mr Subra.

The purpose of the Internal Audit exercise covers the following areas;

- To determine plantations operations are effectively implementes to comply with the MSPO standard.

Details of the Internal Audit Findings as follows: -

Estate	No of Non – Conformities		Date Audit	Date of NCR closure
	NC	AOC		
Dusun Kahang Jaya Sdn Bhd	2	0	25-26/11/19	28/11/19

The Internal audit being responded to the internal auditor within the stipulated timeframe.

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 The Company has established a Standard Operating Procedures on the Internal Audit as referred to: MSPO Manual, P1-01: Internal Audit Procedure dated 1st July 2019.

The internal audit work flow diagram includes:

- Preparation of all audit plan
- Submission of audit plan
- Conduct audit
- Audit wrap-up
- Follow up audit
- Audit report input to management review

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

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

Summary The internal audit report is documented and made available for management review. As evidence, all findings from internal audit was responded by the Estate Management within the acceptable timeframe.

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 The MSPO Management Review meeting has been conducted on 28th November 2019 at the HQ. The meeting is attended by Mr Pang Cheng Kee (Director), Ms Chew Mee Mee (MSPO coordinator), Mrs Norfatiha, CS Yau and Ms Anida.

- Among the agenda discussed during the meeting are;
1. MSPO Implementation & Documentation Procedures
 2. MSPO Policies
 3. Internal Audit Results
 4. Continual Improvement
 5. Stakeholder consultation
 6. Safety & Health
 7. Employment condition
 8. Waste Management
 9. HBV
 10. Housing Condition
 11. Conclusion

Records on Minutes of meeting is made available at the time of audit.

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 management has established a Continual Improvement Plan (CIP) for the year: 2019-2020 dated 26/11/2019. The plan describes on the improvement activity scheduled on:

Improvement aspect/subject	Status
PPE issuance system & record	Identified necessary PPE required & given to the workers
Reduction on Scheduled waste generation	Identified sources of SW
Reduction on domestic waste	Segregation done
Stakeholder consultation	Preparation for survey
Road repair and maintenance	Site audit completed to identify area for repair.

The plan is prepared by Ms Chew Mee Mee (MSPO coordinator).

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 As per interview with the Estate staff, the estate maintained with the current implementation and no new information or techniques is being implemented as at current. This has been crossed checked during the site visit at the 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 are no new technology/Systems were implemented or adopted, as such there is no planning for new practices was observed during this audit. Management maintained with the current implementation.

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

Dusun Kahang Jaya Sdn Bhd has established Standard Operations Procedure for Consultation and Grievances Communication for Internal/External stakeholders dated 11/11/2019 in the form of Flow Chart prepared by Ms Chiew Mee Mee and approved by Mr Pang Yean Keon, Director.

Sighted internal stakeholders meeting minutes dated 25th October 2019 to disseminate the information on MSPO Sustainability Compliance. The said Internal Stakeholders meeting are as follows:

Date: 25/10/2019

Venue: Dusun Kahang Jaya Estate's Office.

Attendance: 6 internal stakeholders

Internal Stakeholders who attended the briefing

NO	NAME	DESIGNATION
1	Yau Chu Seng	Mandore
2	Aep Supriatna	Team Leader
3	Dedi Mulyadi Rahman	General Worker
4	Jejen	General Worker
5	Islam Miya	General Worker
6	Regen Bangsawan	General Worker

Sighted the Invitation Letters with feedback from the External Stakeholders. As a proactive measure Mr Yau Chu Seng has met the stakeholders to explain on MSPO sustainable compliance. Sampled stakeholders met are:

NO	NAME	COMPANY
1	En Mohd Afzam bin Muda	Fomema
2	En Noor Mohamad Zailani	FFB Transporter
3	En Noor Mohamad Zairani	FFB Transporter
4	Mr Tan Kim Kah	Estate's Neighbour
5	Ms Ong Kiat Weih	Estate's Neighbour

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

Dusun Kahang Jaya Sdn Bhd has established the list of documents which are publicly (non-confidential) and not publicly available (confidential) dated 26/11/2019 prepared by Ms Chew Mee Mee and approved by Mr Pang Cheng Kee (Director). The company has listed 30 documents in total where 27 are Non-Confidential and 3 confidential documents. Sampled documents are:

CONFIDENTIAL DOCUMENTS

NO	DOCUMENT	STATUS
1	Return on Investment	Confidential
2	Profit & Loss Account	Confidential
3	Financial Date	Confidential

NON-CONFIDENTIAL DOCUMENTS

NO	DOCUMENT	STATUS
1	Continual Improvement Plan	Non-Confidential
2	Complaints Records	Non-Confidential
3	MSPO Sustainability Policy	Non-Confidential

Sampled of Non-confidential documents are sighted at the estate notice board as such Policies and complaint form.

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

Dusun Kahang Jaya Sdn Bhd has established Standard Operations Procedure for Consultation and Grievances Communication for Internal/External stakeholders dated 11/11/2019 in the form of FLOW CHART prepared by Ms Chiew Mee Mee and approved by Mr Pang Yean Keon (Director). Sighted internal stakeholders meeting minutes dated 25th October 2019 to disseminate the information on MSPO Sustainability Compliance.

Sighted the Invitation Letters with feedback from the External Stakeholders. As a proactive measure Mr Yau Chu Seng has met the stakeholders to explain on MSPO sustainable compliance. Sampled stakeholders met are:

NO	NAME	COMPANY
1	Ms Ong Kiat Weih	Estate's Neighbour
2	Mr Twe Siow Chian	Estate's Neighbour
3	Ms Teo Boon Hoon (Hup Aik Oil Palm Sdn Bhd)	FFB Buyer

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 The management has appointed Pn Norfatiha, Account Clerk as the person in-charge of consultation and communication with the relevant stakeholders. vide letter dated 2nd November 2019 approved by Mr Pang Cheng Kee (Director).

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 Dusun Kahang Jaya Sdn Bhd has established the internal and external stakeholders list dated 20/12/2019 prepared by Ms Chew Mee Mee and approved by Mr Pang Cheng Kee (Director).

The stakeholders list has been divided into 3 categories namely

1. Government Bodies
2. Service Providers/Contractors/Suppliers
3. Neighbouring Community /Plantation / Smallholders

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 Dusun Kahang Jaya Sdn Bhd has established Standard Operating Procedure on Traceability document Number P2-03 dated 1st July 2019 approved by Mr Pang Yean Keon, Director.

Sighted the FFB Traceability SOP Process Flow Chart, to facilitate the traceability process.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

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

Summary Random check conducted in order to inspect on compliance with the traceability system in the estate. respective Estate manager and the Field Supervisor will conduct daily inspections on compliance with the established Standard Operating Procedure on Traceability.

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 management has appointed Mr Yau Chu Seng, Mandore as the person in-charge of Traceability vide letter dated 2nd November 2019 approved by Mr Pang Cheng Kee (Director).

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

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

Summary Sighted the sales, delivery and transportation record of FFB is made available.

1. Field FFB record book

- Harvested FFB from each block by the respective Harvester

2. Weigh Bridge Slip from Palm Oil Mill

- Shows FFB transported to POM which is the actual weight.
- Internal weigh bridge FFB weight and FFB weight from POM will be compared and variance recorded into the Monthly Palm Oil Record

3. Sales of FFB Statement

- Shows the FFB harvested, FFB price
- Shows Sales records

4. FFB Transportation Tracker

- This document records the following
 - a. Date
 - b. Lorry Number
 - c. Weight
 - d. Weigh Bridge ticket number

Sighted sample of Lorry transporting FFB to Palm oil Mill:

Weighbridge Ticket No: 196674

Company Name: Hup Aik Oil Palm Sdn Bhd

Lorry Registration No: JKQ 2036

Date: 31/10/2019

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 Sighted and verified legally required permits, license and applicable local, state, national and ratified international laws and regulations applicable to Dusun Kahang Jaya Sdn Bhd.

Given below are the licenses:

No	License Type	License No	Expiry
1	Lesen MPOB	504111502000	28/2/2021
2	Suruhanjaya Syarikat Malaysia	Dusun Kahang Jaya Sdn Bhd Company No: 171700-V	No expiry date

In Compliance ☒ Yes ☐ No ☐ Not Applicable

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

Summary Dusun Kahang Jaya Sdn Bhd has established Legal Register of applicable laws dated 10th November 2019 prepared by Ms Chew Mee Mee and approved by Mr Pang Cheng Kee (Director).

There are 76 laws/Act which are applicable to Dusun Kahang Jaya Sdn Bhd. sampled Laws/Acts applicable are:

1. Employment Act 1955
2. Industrial Relations Act 1967
3. Occupational Safety & Health Act 1994
4. Malaysian Palm Oil Board Act 1998
5. Pesticide Act 1974
6. Environmental Quality Act 1974 (Act 127)
7. National Land Code (Amendment) Act 385
8. Holiday Act 1951

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 in the Legal Requirements will be updated by Mr Ciew Mee Mee with reference made to the respective agency's website and in consultation with company's consultants. Dusun Kahang Jaya Sdn Bhd has established a procedure named "Management of Legal Compliance" to ensure all legal and other regulatory requirements which are directly applicable with the oil palm plantation activities, products, and services are identified, compiled, implemented and maintained consistently.

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 The management has appointed Ms Chiew Mee Mee as the person responsible to monitor compliance and to track and update the changes with regards to regulatory requirements vide letter dated 2nd November 2019. The appointment was approved by Mr Phang Cheng Kee (Director).

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 has a valid land title indicating correct land title terms which specifies the syarat - syarat nyata. Estate land titles are available and maintained and no land use rights issues has been lodged as to date.

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 Sighted land title showing legal ownership of land belonging to Dusun Kahang Jaya Sdn. Bhd.

NO PTD	NO HAKMILIK	LUAS LOT	NO FAIL
4827	23912	100 Ha	P.T.G. 2365/15

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 During field visit, the Legal perimeter are clearly demarcated and visibly maintained on the ground with trenches, boundary markers and boundary stone.

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. No disputes have been recorded in the estate area. The land title has been legally acquired by the estate.

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.

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

Dusun Kahang Jaya Sdn Bhd has conducted Social Impact Assessment dated 26th November 2019 by Mr Subramaniam (Consultant) verified by Ms Chiew Mee Mee and approved by Mr Phang Cheng Kee, Director.

The purpose of this study is to measure and to understand both positive and negative social impact of the estate operations towards the workforce. The Social Impact Assessment have identified the positive impacts and outlined the Management Plan to promote and maintain the positive impacts. No negative impact identified. Sampled positive impacts identified from the Social Impact Assessment are:

DISKRIPSI	PELAN PENGURUSAN	TARIKH SASARAN	PIC
Awareness and knowledge on MSPO	To plan annual awareness programme	On going	Ms Chew En Azhar
Welfare and Goodwill (CSR)	To allocate budget and contribute to good causes	On going	Ms Chew En Azhar
Environmental Care (Pollution Activities)	To dispose schedule waste as per the DOE requirement	On going	Ms Chew En Azhar
Commercial & Economic uplifting - Job Opportunity	To advertise job vacancy to local residents and publicize in newspaper	On going	Ms Chew En Azhar

Sighted "Borang Soal Selidik" used for the Social Impact Assessment.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 2	Complaints and grievances
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Indicator 1	A system for dealing with complaints and grievances shall be established and documented.
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Summary

Dusun Kahang Jaya Sdn Bhd has established a Standard Operations Procedure for Consultation and Grievances Communication for Internal/External stakeholders dated 11/11/2019 in the form of FLOW CHART prepared by Ms Chiew Mee Mee and approved by Mr Pang Yean Keon, Director.

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.
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Summary As per interview with Ms Chew and En Azhar all disputes, complaints and grievance can be resolved in an effective, timely and appropriate manner that is accepted by all parties with the existing Standard Operation Procedures for Consultation and Grievances Communication – Internal/External. As the complaints/grievance which could not be resolves on time, the management will seek advice from related authorities. No complaint/grievance lodged as to-date.

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 Sighted the complaint and Grievance Form named "Borang Aduan, Konsultasi dan Permintaan" placed at the Estate's Office main entrance.

The said forms can be obtained from office main entrance (Peti Cadangan) to make any complaints/requests. Upon completing the forms shall be deposited into the suggestion box for further action. The completed forms will be collected by Mr Yau Chu Seng (Mandore) and forwarded to Mr Pang Cheng Kee to be discussed and resolve the issues raised by the stakeholders.

Sighted the Invitation Letters with feedback from the External Stakeholders. As a proactive measure Mr Yau Chu Seng has met the stakeholders to explain on the procedure.

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 Dusun Kahang Jaya Sdn Bhd has established Standard Operations Procedure for Consultation and Grievances Communication for Internal/External stakeholders dated 11/11/2019 in the form of FLOW CHART prepared by Ms Chiew Mee Mee and approved by Mr Pang Yean Keon, Director.

Sighted internal stakeholders meeting minutes dated 25th October 2019 to disseminate the information on MSPO Sustainability Compliance. Employees were made aware that complaints or suggestions can be made any time.

Sighted a "Borang soal selidik" has been distributed as a proactive measure by Mr Yau Chu Seng has met them to explain on the MSPO sustainable compliance. The surrounding communities was made aware that complaints or suggestions can be made any time.

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 As the company has just embarked on the MSPO Certification there is no complaints and resolutions for the last 24 months were documented.

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 Dusun Kahang Jaya Sdn Bhd has made some contribution to the employees and local communities with records of the contribution is made available during the audit.

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 Dusun Kahang Jaya Sdn Bhd has established Safety and Health Policy Document No: MSPO-P3-03 dated 22nd October 2019 approved by Mr Phang Yean Keon, Director.

Sighted internal stakeholders meeting minutes dated 25th October 2019 to disseminate the information on MSPO Sustainability Compliance which includes all MSPO Policies.

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

Dusun Kahang Jaya Sdn Bhd has established Safety and Health Policy Document No: MSPO-P3-03 dated 22nd October 2019 approved by Mr Phang Yean Keon, Director.

Sighted HIRARC covering all activities and operations. Dusun Kahang Jaya has identified HIRARC for 10 main areas. These 10 main areas are further divided into 32 sub areas. Given below are some sampled main HIRARC activities identified.

1. Harvesting
2. Driving Tractors
3. Chemical Preparation
4. Spraying
5. Manuring
6. Replanting Activities
7. Bridge and culvert maintenance
8. Transporting FFB to Mill
9. Road Repairs
10. Chemical Issuance

Sighted Training Needs Analysis and Annual Training Plan dated 26th Nov 2019 covering safe working practices for the Staffs and Contract Workers. The training programme covers MSPO Awareness, Occupational Safety & Health, Manuring, Weeding, Spraying, First Aid Awareness, Environment and Company Policies and Objectives.

Sighted PPE Issuance and replacement record for Management and workers being established and documented. PPE issuance record are maintained for each worker.

Sighted Chemical Health Risk Assessment Report (CHRA) Report Ref No: HQ/08/ASS/00/250-2019/051 conducted by Mr Sivakumar a/l Chinnasamy, JKPP REG. NO HQ/08/ASS/00/250 dated 6th December 2019. As per the CHRA report, workers exposed to Chemicals i.e. Sprayers and manuring need not carryout medical surveillance.

Sighted, Standard Operating Procedure on Handling of Chemicals Handling and Chemical Storag dated 1st July 2019 approved by Mr Pang Cheng Kee, Director.

The management has appointed Mr Yau Chu Seng, Mandore as the person responsible for MSPO Health, Safety and Employment Conditions vide letter dated 2nd November 2019 approved by Mr Pang Cheng Kee, Director.

Dusun Kahang Jaya Sdn Bhd has only 5 employees as such it has established a Safety Team to communicate and discussed openly with their employees on issues affecting

their business such as employee's health, safety and welfare. Sighted latest Safety Team Meeting:

Date: 26/11/2019.

Venue: Dusun Kahang Office, Kuantan

Dusun Kahang Jaya Sdn Bhd has established Pelan Tindakan Kecemasan Kebakaran, Tumpahan Kimia, dated 11/11/2019 approved by Mr Pang Yean Keon, Director.

Sighted First Aid Training (Kursus Pertolongan Cemas Dan Cardiopulmonary Resuscitation (CPR) attended by En Azahar bin Mat Nor conducted by Persatuan Bulan Sabit, Negeri Pahang dated 30th September to 1st October 2019. En Azahar, has trained the employees on the 2nd December 2019 on First Aid Training. Attendance list sighted. Sighted photographs of First Aid Training Session.

Sighted JKKP 8 submitted to DOSH on annual basis. Latest submission of JKKP 8 is on 14/11/2019.

No rujukkan: JKKP 8/40170/2018

No accident recorded

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 Dusun Kahang Jaya Sdn Bhd has established Social and Human Rights Policy dated 22nd October 2019 approved by Mr Pang Yean Keon, Director.

Sighted internal stakeholders meeting minutes dated 25th October 2019 to disseminate the information on MSPO Sustainability Compliance. Employees were made aware on the policy.

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.
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Summary Dusun Kahang Jaya Sdn Bhd has established Social and Human Rights Policy dated 22nd October 2019 approved by Mr Pang Yean Keon, Director.

The policy states that it will seek to ensure all employees for employment should receive fair treatment and free of discrimination and prejudice against gender, race, religion, nationality and political views. There is no evidence to show that Dusun Kahang Jaya Sdn Bhd is engaged in or in support of discriminatory practices with regards to race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics as there is no complaint lodge as to-date.

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 Dusun Kahang Jaya Sdn Bhd employee's salary/wages conditions meets the minimum Wage Order (Amendment) 2018/industry minimum standards. Sighted the pay slips of the said estate's employees. Sampled pay slips for the employee is:

Position: General Worker
Status of Employment: Daily rated worker

December 2019		
No of days worked	21 days	
Rate per day	RM43.00	
Salary	21days X RM43	RM903.00
Top up due to less than 24 days work provided by employer	3 days 3days X RM43	RM129.00
Net Salary		RM1032.00

Dusun Kahang Jaya Sdn Bhd was only able to provide work for 21 days to En Ade Suprianto (Daily Rated General Worker) because there is less FFB to be harvested for that particular month due to drop in yield. However, the management is aware that as per the Employment Act 1955, any daily rated worker in an Agriculture undertaking shall be given a minimum of 24 days work in a month. As such the company has paid the remaining 3 days to top up his salary. Sighted the payment receipt of additional payment during the audit.

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

Employees of contractor (Hup Aik Oil Palm Sdn Bhd) for Dusun Kahang Jaya Sdn Bhd meets the minimum Wage Order (Amendment) 2018/industry minimum standards. Sighted the pay slips of the said contractor's employee.

Position: Driver

Salary thru Maybank

October 2019		
Basis Salary	26 days work	RM2509.75
Overtime		-
Telephone Allowance		RM10.00
Gross Salary		RM2519.75
Deduction:		
EPF Employee		RM278.00
SOCSSO EIS		RM5.10
SOCSSO Employee		RM12.75
Total Deductions		-
Net Salary		RM2223.90

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

Sighted employees register of Dusun Kahang Jaya Sdn Bhd that provides an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.

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

Dusun Kahang Jaya Sdn Bhd has provided a fair contract of employment to all employees that have been signed and understood by both employee and employer. A copy of the employment contract is available for each employee indicated in the employment records/register. Sighted some sampled employment contracts of the employees

1. Name: Islam Miya Kawari
Nationality: Indonesian
Passport No: 08957023
Work Permit Expiry: 14 Oct 2020
Position: General Worker

2. Name: Islam Miya Kawari
Nationality: Indonesian
Passport No: 08957023
Work Permit Expiry: 14 Oct 2020
Position: General Worker

The employment contract consists details such as work type, salary offered, working hours, rest day, paid holiday and etc.

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 Attendance recording for workers is recorded during master call and recorded into the Attendance Record book.

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 Working hours for the workers is stated in their Contract of Service which has been given to each employee. Working Hour of Employees in Dusun Kahang Jaya Sdn. Bhd. are:

Office Staff

8.00am – 5.30pm

Lunch Break – 12.00pm – 1.00pm

Workers

7.30am – 4.30pm

Lunch Break 12.00pm – 1.00pm

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 Attendance will be recorded by the Estate Manager as a basis for time recording in the Estate and Employment Contracts of employees are sighted. Pay slips of workers were sighted and it complies to legal requirements.

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 Benefits are provided as agreed in the contract agreement. Sampled benefit provided includes:

- i. Food subsidy during Festive season
- ii. Medical Benefits / Hospitalization (insurance)
- iii. Ex gratia payment during festive season

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 Workers living quarters are provided for employees and these quarters are in habitable conditions and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446). This has been verified during site visit.

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 Dusun Kahang Jaya Sdn Bhd has established Social and Human Rights Policy dated 22nd October 2019 approved by Mr Pang Yean Keon (Director) to provide guidelines to prevent all forms of sexual harassment in the company. This is clearly stated in Para 11 of the said policy. The objective is committed to provide a safe, flexible and respectable work environment for its employees and clients free from all forms of sexual harassment.

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 Dusun Kahang Jaya Sdn Bhd has established Social and Human Rights Policy dated 22nd October 2019 which was approved by Mr Pang Yean Keon (Director) to respect the right of all employees and give freedom to employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. This clearly stated in *para 3 and 8* of the said policy. During the interview, the workers have shown a good understanding on their rights and briefed essence of the Policy.

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 Dusun Kahang Jaya Sdn Bhd has established Social and Human Rights Policy dated 22nd October 2019 which was approved by Mr Pang Yean Keon (Director) to prevent employment and exploitation of Children and young persons in the company. This is clearly stated in Para 6 of the said policy.

As per interview with Ms Chew Mee Mee and En Azahar, 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 Sighted Training Needs Analysis dated 26th Nov 2019, prepared by Ms Chew Mee Mee and approved by Mr Pang Yean Keon (Director). The training is targeted to the following group of workers namely:

1. Staff
2. Harvesters
3. Sprayers
4. General Workers
5. Mandore

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 Sighted annual training plan for Dusun Kahang Jaya Sdn Bhd dated 2nd October 2019 prepared Ms Chew Mee Mee and approved by Mr Pang Cheng Kee (Director). Given below are some sampled trainings planned by Dusun Kahang Sdn Bhd:

1. MSPO Awareness
2. PPE Usage
3. Waste Management
4. Safety Reporting
5. Documentation

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 Sighted an Annual Training Program being established for employees in the Estate. Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training. Sighted annual training programme and training records for Dusun Kahang Sdn Bhd dated 2nd October 2019 approved by Mr Pang Cheng Kee, Director.

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 The management has established an Environmental Policy, dated 22nd October 2019 as approved by the Director, Mr. Pang Yean Keon.

Sighted the policy been communicated by Mr Yau Shu Seng, Estate Mandore during the "Penerangan MSPO" session on 25th October 2019 and sighted the training attendance among others for;

1. Jejen
2. Dedi Mulyadi Rahman
3. Ade Supriatna
4. Aep Saipuddin

The management plan is made available in the Environment Management & Improvement Plan 2019-2020 as prepared by Ms Chew Mee Mee (MSPO coordinator) dated 10/11/2019.

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 Sighted the management plan is made available in the Environment Management & Improvement Plan 2019-2020 as prepared by Ms Chew Mee Mee (MSPO coordinator) dated 10/11/2019.

The management plan is derived from the Environmental Aspect Impact Assessment – 4.5.1 which has been prepared by Mr Yau Chu Seng dated 10/11/2019. The assessment

was conducted based on the estate operation available such as harvesting, spraying and manuring. Sampled management plan includes:

Environmental Impact	Action Plan	Dateline
Awareness program to residents / workers	Briefing to workers about "zero burning" policy	March 2020
Ensuring proper management & handling of waste	Shortlist of all waste & SW monthly	March 2020
Domestic waste disposal into bins, will be collected to be disposed into rubbish pit	3R campaign, reuse, reduce and recycle.	March 2020

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 the management plan is made available in the Environment Management & Improvement Plan 2019-2020 as prepared by Ms Chew Mee Mee (MSPO coordinator) dated 10/11/2019.

The management plan is derived from the Environmental Aspect Impact Assessment where the positive and negative impact were well identified.

The management plan is derived from the Environmental Aspect Impact Assessment – 4.5.1 which has been prepared by Mr Yau Chu Seng dated 10/11/2019. The assessment includes:

1. Environmental aspect
2. Environmental Impact
3. Environmental Impact analysis
4. Mitigation Measure
5. Monitoring program

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 (CIP) – 2019-2020 related to environmental available as dated 26th November 2019 prepared by Ms Chew Mee Mee.

Improvement Aspect	Planned activities
Reduction on SW generation	1. Identify source 2. Storage & recording 3. eSwiss
Reduction on Domestic waste	1. Awareness to workers 2. Signage 3. Landfill
Zero burning	1. signage 2. weekly inspection on linesite
Road repair and maintenance	1. identify area to be improved 2. budget allocation 3. schedule repair

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 the training on policy and objectives of the environmental plans has been conducted by Mr Yau Shu Seng, Estate Mandore during the "Penerangan MSPO" session on 25th October 2019 and sighted the training attendance among others for;

1. Jejen
2. Dedi Mulyadi Rahman
3. Ade Supriatna
4. Aep Saipuddin

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 Concerns about the environmental quality issues are being addressed in the Quarterly Environment Meeting. Latest meeting was conducted on the 26th November 2019 at Dusun Kahang Jaya Sdn Bhd HQ.

The objectives of the meeting are:

1. Sharing information on the Environmental performance
2. Giving employees a reasonable opportunity to express their views.
3. Provide a briefing on the MSPO Environmental Policy.

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

The estate management has established a record for non-renewal energy consumption. Estate only using diesel for their operation. The baseline value of diesel/mt of ffb were established and recorded. Sighted summary record for year 2017, 2018 and 2019 as prepared by Ms Chew Mee Mee.

The baseline value recorded:

Year	2017	2018	2019
Diesel/Mt	6.14	6.69	7.42
Baseline (average for 3 years)			6.75

Increment of diesel usage are due to the purchasing of larger lorry (3 tonne lorry) for FFB evacuation.

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

The estate recorded monthly usage of diesel in the Dusun Kahang Jaya Sdn Bhd, Diesel consumption on FFB (MT) records. The estimate for the direct usage of non-renewable energy for their operations, to determine energy efficiency of their operations inclusive of fuel use by internal transport and machinery operations is available in the estate.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 3

The use of renewable energy should be applied where possible.

Summary

Not available. Currently, no possible application on use of renewable energy at the estate.

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

The Company has established a Standard Operating Procedures (SOP) on the waste management as referred to: MSPO Manual, P5-09: Waste Management Procedure dated 1st July 2019.

All wastes product been identified together in the List of waste identified dated 2nd October 19 following the available SOP. The wastes listed are scheduled waste and domestic waste from the line sites and estate operation.

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 The Company has established a Standard Operating Procedures (SOP) on the waste management as referred to: MSPO Manual, P5-09: Waste Management Procedure dated 1st July 2019.

All wastes product been identified together in the List of waste identified dated 2nd October 19 following the available SOP. The wastes listed are scheduled waste and domestic waste from the line sites and estate operation. As sampled, used chemicals containers were triple rinsed and punctured and dispose accordingly.

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 The management has established Standard Operating Procedure safe of use chemicals procedure in the Plantation & Safety Procedures dated 1st July 2019 as referred to SP-01 Chemical handling and SP-02 Chemical storage.

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 During site visit, the empty chemical container are stored at the store prior to the disposal. The containers were collected by Indah Agro Sdn Bhd for disposal. Sighted records on the disposal of 6 pieces used containers collected by Indah Agro Sdn Bhd dated 7/2/2020.

Sighted a letter from DOE on the allowance for Indah Agro Sdn Bhd to collect and dispose off the used chemical container which has been triple-rinsed dated 29th July 2019.

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 Domestic wastes form linesite was disposed by landfill system in the estate and sighted the rubbish pit far from workers habitation or water source area during the site verification.

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 An assessment of all polluting activities is recorded in the GHG Management Plan 2019 – 4.5.4 as prepared by Ms Chew Mee Mee dated 2nd December 2019. Sampled activities are:

Source of pollution	Environmental impact	Action taken
Smoke emission of heavy vehicles	Air pollution	Ensure regular maintenance
Transportation of FFB to the mill	Air pollution Noise pollution	Ensure vehicle engine switch off if idle for 30 mins
Open burning of domestic waste	Air pollution	Enforce No Burning policy and enforce 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 The action plan is made available in the Waste Management Plan – 2019-2020 dated 2nd October 2019 as prepared by Ms Chew Mee Mee (MSPO coordinator). Sampled waste management plan includes:

Category	Control Measures	Monitoring
Spent lubricating oil	Done by external workshop	Records in the SW record book
Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled waste	Empty pesticide container- triple rinse using clean water and puncture at least three times	Disposal by contractors for recycling

The implementation has been verified during the site visit.

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:

- Assessment of water usage and sources of supply.
- Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.
- 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.).
- 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.
- Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.
- Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.

Summary The Company has established a Standard Operating Procedures (SOP) on the water management as referred to: MSPO Manual, P5-10: Water Management Plan dated 1st July 2019.

An assessment of water usage and source of supply is made available in the identification of water source dated 24th October 2019 as prepared by Mr Yau Chu Seng. Sampled identification includes:

- No river identified crossing the estate as there are only streams is available.
- Washing, bathing and sanitary purpose are using well water.

Sighted Certificate of Analysis (COA) conducted by Central Laboratory of Universiti Malaysia Pahang (accredited by Standard Malaysia) with sample lab no: 2019/526 dated 19/12/19 on the water analysis. The results shown:

Parameter	Results	Unit
pH	7.1	-
Turbidity	2	NTU
Colour	2	CU
Total coliform count	n.d	MPN/100ml
Total Escherichia coli count	n.d	MPN/100ml

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 as there is no river crossing the estate and no bore well identified.

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 implemented in the Estate as the Silt pits and roadside drains are constructed.

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 The Company has established a Standard Operating Procedures (SOP) on the HBV value as referred to: MSPO Manual, P5-011: Rare, Threatened and Endangered Species & High Biodiversity Value Procedure dated 1st July 2019.

Sighted an Identification of high biodiversity was made as recorded in a form of "Identification of High Biodiversity Value Habitat Area" dated 20th October 2019 by Mr Azhar (Estate staff). The assessment observes absence of HBV areas within the estate landholdings.

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 No rare, threatened or endangered species or high biodiversity appropriate present. However, the estate continuously monitor the existence of animal in logbook " Biodiversity Monitoring Sheet (2019-2020) – MSPO 4.5.6".

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	<p>Identification of high biodiversity was made as recorded in a form of "Identification of High Biodiversity Value Habitat Area" dated 20th October 2019 by Mr Azhar (Estate staff). No rare, threatened or endangered species or high biodiversity appropriate present.</p> <p>However, a management plan is made available as referred to High Biodiversity Management Plan – 2019. Sampled monitoring and indicators includes:</p> <ol style="list-style-type: none"> 1. Record of security 2. Signage on illegal hunting 3. Briefing on HBV to the workers 4. Prevent unauthorized entry 5. Signage of No Hunting 6. Visual monitoring by workers.
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 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	<p>Sighted evidence of Zero burning practices being implemented by the Company. The "zero burning" policy has been spelled out in the Environmental Policy as signed by Mr Pang Yean Keon (Director) dated 22nd October 2019, <i>para 2</i>.</p>
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 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	<p>Not applicable as there is no replanting works carried out by the estate. No out-break of pest and diseases reported in the estate. Thus, no special approval needed to carry out the open burning.</p>
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 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	<p>Not applicable as there is no open burning allowed in the estate. No replanting activities at the time of audit. Next replanting programmed is in 2027.</p>
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable

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

Summary Not Applicable as the replanting program is not due yet and no replanting activity is conducted during the audit. Should there is any replanting activity, the old palm to be felled, chipped and stacked at every alternate avenue. The residue is then be naturally decomposed on site.

Plantation & Safety Procedures on replanting is made available in the PP-01: Oil Palm Replanting document dated 1st July 2019.

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 The Company has implemented good practices as guided in the Plantation & Safety Procedures dated 1st July 2019 as signed by Mr Pang Yean Keon (Director).

Sighted that the SOP includes the purpose, scope, suggestion and recommendation. The SOP available are listed base on the operation activities in the estate such as:

1. Oil Palm Replanting
2. Terrace and Platform construction
3. Fertilizer application
4. Frond Staking
5. Maintenance of mature areas
6. FFB Harvesting
7. Chemical handling
8. Chemical storage
9. Accident investigation and reporting

The estate operation is monitored by Mr Yau Chu Seng (estate mandore).

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 Based on the field visit at the estate, sighted no river passing through the estate and no contamination of surface water sighted. The field soil erosion had been minimized through the method grass cutting and grass cutting on the path of harvesting. Thus, maintaining the soft grasses.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

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

Summary The estate has a visual reference system to identify each field or block. During site visit, each field has a with block number/year of planting and stand per field.

Sampled block sighted during the site visit are:

- Block C
- 25 Ha
- 2001

- Block A
- 25 Ha
- 2010

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 Estate has an annual budget for the financial year 2019 and 2020 is made available in the Dusun Kahang Jaya Sdn Bhd Annual Budget – 2019 & 2020. The budget includes the general income / expenses of Yield, Diesel, Fertiliser, Worker payment, Maintenance, Price forecast , Cost of production, ROI and planting Material.

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 is made available dated 20/12/19 as prepared by Ms Chew Mee Mee (MSPO Coordinator).

Year				
2020	2021	2022	2023	2024
Nil	Nil	Nil	Nil	Nil

Proposed next replanting is in 2027 and the planting material for current crops are D X P.

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 Sighted the Business Management Plan is made available for 2019 and 2020 that includes:

Budget Year	2019	2020
FFB projection	2400mt	2550mt
Cost of production (RM/MT)	RM115.80/mt	RM111.35/mt
FFB Price (Forecasted)	RM400.00/mt	RM350.00/mt
Material	DXP	DXP

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 A yearly reporting on the annual report is made available as there are details of the management plan monitoring is documented. Latest annual reporting is recorded for Financial Year ended 31st December 2018.

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 The agreed pricing for the products and other services provided to the estate are documented in the contract agreement.

Sampled contract agreement is made available between the Management of Dusun Kahang Jaya Sdn Bhd and Hup Aik Trading (contractor) is made available dated 1st January 2019. Terms of payment are include in the para: *Purchases FFB and Including transport*.

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 All the contractors engaged by the Estates are having fair, legal and transparent Contract which agreed by both parties. Sighted, all the payment made are in timely manner. Sampled payment made for FFB month of December 2019.

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 The agreements with the contractors include an understanding of the MSPO requirement as referred to clause 10.

The contractors have been informed that the estate is undergoing the MSPO certification process during the meeting with stakeholder dated 02/12/19. Sighted the evidence on briefing to the contractor by the estate management to comply with the MSPO standard requirements.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

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

Summary Sighted in the above contract where the Contractor accepted and agreed with the requirements stated in the Notice of Understanding of Malaysian Sustainable Palm Oil (MSPO) Requirements for Hup Aik Oil Palm Sdn Bhd (contractor) dated 2nd December 2019.

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 Estate management accepted the audit by Global Gateway Certifications Sdn Bhd as per the audit plan dated MSPO auditor on 2nd February 2020 (3rd Revision).

All the auditors are qualified MSPO auditor. As per agreed, the Estate accept the GGC MSPO Auditors to verify assessment of contractors by physical inspection if required for audit purpose.

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 Estate supervisor will verify the work done by the contractors prior to the payment paid to the contractors.

"Rekod Pungutan Buah Sawit" and "Rekod ke Kilang" books are made available as a mechanism to record on the progress monitoring of the contractors' sampled. The records are monitored by the estate mandore.

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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya Sdn Bhd.

In Compliance ☐ Yes ☐ No ☒ **Not Applicable**

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

Summary There are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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 are no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Dusun Kahang Jaya 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) The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
- 2) The estate management has demonstrated fully commitment during the entire audit process.
- 3) Good positive feedback received from the internal and external stakeholders.
- 4) No complaint has been lodged against Dusun Kahang Jaya Sdn Bhd at the time of audit.

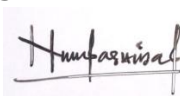

Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
11 th February 2020 (Tuesday)	08:00 – 09:00	<ul style="list-style-type: none"> ➤ Opening Meeting at Dusun Kahang Jaya Sdn Bhd: ➤ Presentation by the manager/coordinator ➤ Presentation by Lead Auditor. ➤ Confirmation of assessment scope and finalize Audit plan. 	NMS	AS
	09:30 – 13:00	<ul style="list-style-type: none"> • Document Audit: • 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. 	NMS	AS
	10:30 -12:30	➤ Stakeholder Consultation	NMS	AS
	13:00 – 14:00	➤ Lunch	NMS	AS
	14:00 – 16:00	<ul style="list-style-type: none"> ➤ Continue document audit: ➤ 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. 	NMS	AS
	16:00 – 17:00	➤ Verify any outstanding issues and auditor discussion.	NMS	AS
13 th February 2020 (Thursday)	08:00 – 13:00	<ul style="list-style-type: none"> ➤ Dusun Kahang Jaya Sdn Bhd (estate): ➤ Field Inspection / Interview: ➤ 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. 	NMS	AS
	09:30 – 13:00	<ul style="list-style-type: none"> • Document Audit: • 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. 	NMS	AS
	13:00 – 14:00	➤ Lunch	NMS	AS



	14:00 – 15:00	<ul style="list-style-type: none"> ➤ Continue document audit: ➤ 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. 	NMS	AS
	15:00 – 16:00	<ul style="list-style-type: none"> ➤ Verify any outstanding issues and auditor discussion. 	NMS	AS
	16:00 – 17:00	<ul style="list-style-type: none"> ➤ Closing Meeting at Dusun Kahang Jaya Sdn Bhd: • Presentation of findings by the audit team • Questions & answers and Final summary by Lead Auditor ➤ End of assessment 	NMS	AS

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:	The following AOC's were raised for this audit.		
Company Name	Dusun Kahang Jaya Sdn Bhd		
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2
	Surveillance	<input type="checkbox"/>	Recertification
Audited Standard	MSPO Part 3: General Principles for Oil Palm Plantations and Organized Smallholders		
Client Number	GGC-BH1-MSPO-2020		
NC No. / Ref.	BH1/MSPO/AOC/ 01	Date Detected	13 th February 2020
Site(s) concern	Dusun Kahang Jaya Sdn Bhd	Target Completion	-
Normative Reference and Requirement	4.5.3.2 A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products		
NC Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern		
Description of Non-Conformity	No evidence sighted at the time of audit.		
NC Objective Evidence: The company is in progress of the registration of e-swiss registration as stated in the continuous improvement plan for Dusun Kahang Jaya Sdn Bhd. dated 26 th November 2019. However, there is no scheduled waste available yet in the estate at the time of audit. Estate is yet to establish the fifth schedule upon the availability of the Scheduled Waste as stated in the waste management plan dated 2nd October 2019.			
Lead Auditor Signature:		Client Signature:	
			

Company Name	Dusun Kahang Jaya Sdn Bhd		
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2
	Surveillance	<input type="checkbox"/>	Recertification
Audited Standard	MSPO Part 3: General Principles for Oil Palm Plantations and Organized Smallholders		
Client Number	GGC-BH1-MSPO-2020		
NC No. / Ref.	BH1/MSPO/AOC/02	Date Detected	13 th February 2020
Site(s) concern	Dusun Kahang Jaya Sdn Bhd	Target Completion	-
Normative Reference and Requirement	<p>4.5.6.1 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:</p> <p>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p> <p>Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.</p>		
NC Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern		
Description of Non-Conformity	No evidence sighted at the time of audit.		
NC Objective Evidence: <p>Sighted an Identification of high biodiversity was made as recorded in a form of "Identification of High Biodiversity Value Habitat Area" dated 20th October 2019 by Mr Azhar (Estate staff). The assessment observes absence of HBV areas within the estate landholdings.</p> <p>However, there is no identification of existence on elephant is included in the list. The traces of elephant dung were found during the site visit.</p>			
Lead Auditor Signature:		Client Signature:	
			

Appendix C : List of Stakeholders Contacted

Attendance List

Internal Stakeholders

- 1) Chew Mee Mee, MSPO Coordinator
- 2) Norfatiha binti Abdul Halim, Clerk
- 3) Anida Ahmad, Clerk
- 4) Nazri Baharom, Supervisor
- 5) Mohd Azhar Mat Nor, Supervisor
- 6) Yao Chu Seng, Estate Manager

External Stakeholders

- 1) Ong Kiat Weih, (neighboring smallholder)
- 2) Twe Siow Chan (neighboring smallholder)
- 3) Ng Kin Seng (neighboring smallholder)