

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

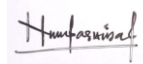
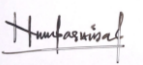

CERTIFICATION AUDIT REPORT


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

SPS Estate (PK) Sdn. Bhd.
[Batu Kurau Estate]

-Individual Certification-

ANNUAL SURVEILLANCE AUDIT (ASA01)
30th November 2020

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	16/12/2020	Issued as Draft Report	Nurulashida Mohd Saad	Lead Auditor	
B	20/12/2020	Issued as Final Report	Nurulashida Mohd Saad	Lead Auditor	
B	20/12/2020	Final Report Approved	Muhd Jamalul Arif	Certifier	

Acknowledgment by SPS Estate (PK) Sdn. Bhd.					
Rev	Date	Description	Management Representative	Role	Signature
B	20/12/20	Acceptance of the contents	Mr. Goh Chong Tuan	Managing Director	

Declaration

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

WITH INTEGRITY WE SERVE



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

SECTION I : PUBLIC SUMMARY REPORT

1.1 Certification Scope

Global Gateway Certifications Sdn. Bhd. (GGC) has conducted the Certification Assessment of SPS Estate (PK) Sdn. Bhd. During this Annual Surveillance Audit (ASA 1), the audit team briefed by the Director, Mr Goh Chong Tuan of the supply base disposition of the unit audited namely, **Batu Kurau Estate**.

This assessment was conducted onsite on **30th November 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	SPS Estate (PK) Sdn. Bhd. - Batu Kurau Estate
Business Address	Lot 4268, 5321, 5322, 5441 & 5547, Batu 23, Jalan Batu Kurau, 34520 Batu Kurau, Perak.
Contact Person	Mr Goh Chong Tuan
Office Telephone	05 - 2545230
E-Mail	spscompany71@gmail.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.	Batu Kurau Estate	Batu 23, Jalan Batu Kurau, 34520 Batu Kurau, Perak.	5.0611111	100.787222222

MPOB License Information

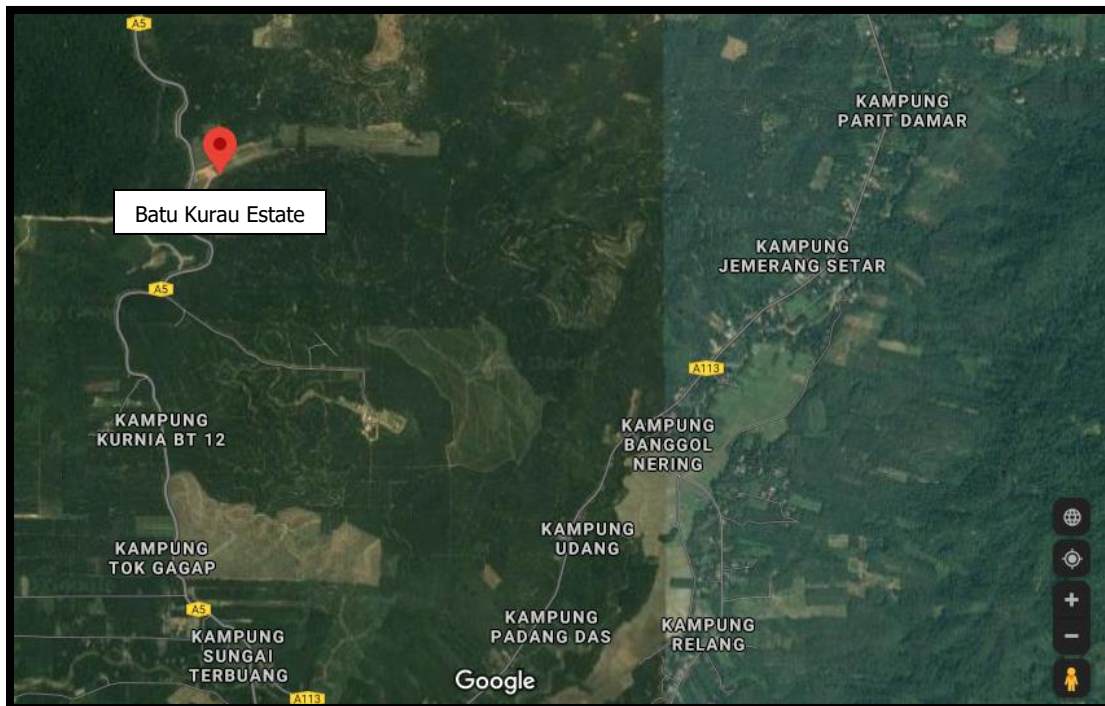
No	Name of the Site	LICENCE NUMBER	EXPIRY DATE	SCOPE ACTIVITY
1.	Batu Kurau Estate	548629002000	31/03/2021	Menjual dan Mengalih

Others Sustainability Certification

No	Name of the Site	Others Sustainability Certification
1.	Batu Kurau Estate	Nil

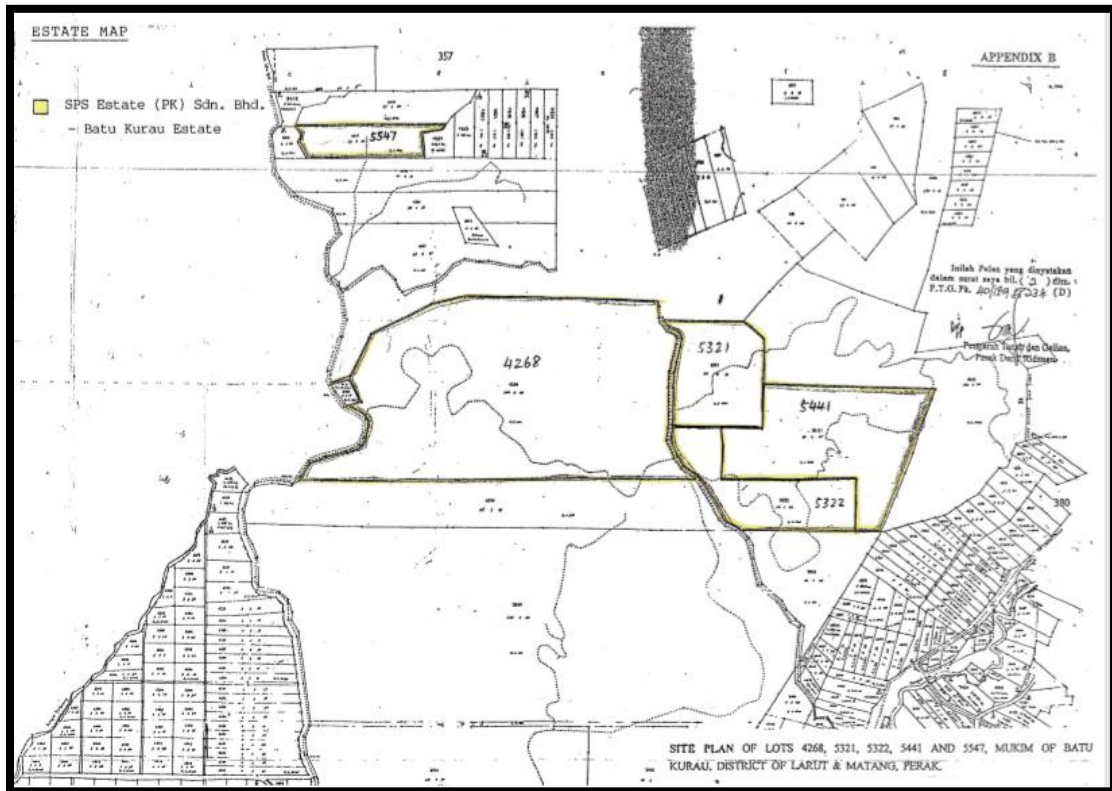
1.4 Map Showing Geographical Location

1) SPS Estate (PK) Sdn. Bhd. location map:



Source: Google Map

2) Batu Kurau Estate Map



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

Name Of The Supply Base	Area Summary (HA)		
	Land Title	Planted	Mature
Batu Kurau Estate	215.3178	209.60	209.60

Name Of The Supply Base	Area Summary (HA)		
	Conservation Area	HCV	Others (roads, drains, buildings etc)
Batu Kurau Estate	-	-	5.7178

Name of the Certification Unit	FFB Summary (MT)		
	Projected from last audit	Actual Production for 12 Months [November 2019-October 2020]	Projected Production for next 12 Months [November 2020-October 2021]
Batu Kurau Estate	3,650.00	3,427.27	3,650.00

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-SPS001-MSPO-01-2019
Initial certificate issued date	31 st December 2019
Certificate expiry date	30 th December 2024
Stage 1 assessment date	25 th October 2019
Stage 2 / Main Assessment	2 nd December 2019
Annual Surveillance 1 [ASA 1]	30 th November 2020
Annual Surveillance 2 [ASA 2]	October 2021
Annual Surveillance 3 [ASA 3]	October 2022
Annual Surveillance 4 [ASA 4]	October 2023

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 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. Auditing on matters in relation to Management commitment and responsibility, Best Practices and Development of New Planting.

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. Auditing on matters in relation to Transparency and Social responsibility, health, safety and employment condition.

Auditor

Name: Sesumaran Subramaniam

Sesumaran's Academic Experience are BSc (Hons) Computer Studies, University of Sunderland (UK) Year 2006) and obtain Bachelors in Total Quality Management Year-2011. He has gained his vast experience in quality management and auditing while working in various certification bodies as a Quality Manager and auditor since 2013. Fully trained in similar agriculture certification programs such as RSPO, SCCS, MSPO and etc. Qualified as Auditor in several certification programme. Member of GGC MSPO audit team.

Able to speak and understand Bahasa Malaysia and English. Auditing on matters in relation to Traceability and Environment, natural resources, biodiversity, and ecosystem services

1.8 Audit Methodology

The audit was conducted based on sampling following the method as specified in the MSPO requirements (MSPO-Questionnaire Self-Assessment – RA). The sampling was calculated and determined prior to the audit assessment. In the case of this certification unit, sampling calculation does not apply. Therefore, total numbers of supply based assessed in the audit is 1 estate. 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.

The Prime Minister, Tan Sri Muhyiddin Yassin has declared a Conditional Movement Control Order (CMCO) ended on the 6th December 2020. With reference to the Federal Government Gazette (9th June 2020), Prevention and Control of Infectious Diseases (Measures Within Infected Local Areas) (No. 7) Regulations 2020, Certification for Agri Commodities was not included in prohibited activities. Majlis Keselamatan Negara (MKN) had issued a Standard Operating Procedure for "Persijilan bagi Agrokomoditi" dated 12th June 2020 which need to be complied during the audit process by both parties, the Certification Body and clients.

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	30 th November 2020
Name of site(s) visited	SPS Estate (PK) 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	0	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 Under Malaysian Sustainable Palm Oil (MSPO) Certification Scheme. The consultation during the audit will be carried out during the stage 2 and recertification audit of the management unit. The CB shall carry out stakeholder consultation to ensure continued compliance with the requirements of the certification standards. However, stakeholders' consultation during surveillance audit may be limited to those stakeholders who have raised concerns, complaints or disputes prior to the audit.

During this Annual Surveillance Audit (ASA 1), the audit team has conducted stakeholder consultations involving internal stakeholders as to understand the practices in relation to environmental, social performance and their performance with respect to the MSPO requirements. The meeting was conducted without the present of estate management.

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

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	Stakeholder A (workers)	<ul style="list-style-type: none"> Workers are having good understanding on MSPO requirement, safety requirement, PPE and road safety. They have good understanding about complaint and grievance mechanism. PPE given by the company The provided workers quarters are in habitable conditions. 	No action requires	Positive findings

1.12 Recommendation

The company has established sustainability policy, objectives and procedures that define an effective system for the administration and control of sustainability management system throughout all operation activities of Chansun Estate 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 Annual Surveillance Audit (ASA01).

This report will be internally reviewed for certification decision by GGC and external peer review by independent reviewers (Qualified by MPOCC) is not required. During Annual Surveillance Audit (ASA 1), based on MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders, there is no nonconformity is raised to the facility that being audited.

The audit objectives as mentioned in the audit plan have been achieved and assessment resulted of no nonconformity was raised. Therefore, the Lead Auditor recommends a continuity on certificate of compliance **"MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders"** is awarded to SPS Estate (PK) Sdn. Bhd.

1.13 Date of Next Surveillance Audit

The second annual surveillance assessment visit will be scheduled after 12 months of the first surveillance Audit.

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
CMCO	Conditional Movement Control Order
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
ISCC	International Sustainability & Carbon Certification
IPM	Integrated Pest Management
MCO	Movement Control Order
MPOB	Malaysian Palm Oil Board
MSPO	Malaysian Sustainable Palm Oil
NCR	Non-Conformance Report
NGO	Non-Government Organization
OHS	Occupational Health & Safety
OHSAS	Occupational Health and Safety Assessment Series
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social Environmental Impact Assessment
SOP	Standard Operating Procedure

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 Policy has been established for SPS Estate (PK) Sdn Bhd as signed by Mr Goh Chong Tuan (Managing Director) dated 28th May 2018. The policy is committed to the following key principles of MSPO includes;

1. Management commitment and responsibility
2. Transparency
3. Compliance to legal requirements
4. Social responsibility, health, safety and employment condition
5. Environment, natural resources, biodiversity and ecosystem services
6. Best practices
7. Development of new plantings

As sighted during the site visit, SPS Estate (PK) Sdn. Bhd. Malaysian Sustainable Palm Oil (MSPO) Policy is displayed and sighted on the notice board.

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

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

Summary The established MSPO Policy has emphasized or committed to maintain an open and dynamic approach towards continuous improvement as stated in the objectives of:

- Comply with the applicable laws and regulations
- Promote continuous improvement in respect of, environment protection, best practices and economic development.
- Support traceability within the supply chain as an important step towards production of sustainable palm oil products.

Implementation of the continuous improvement plan is verified at site.

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: SOP 19 – Internal Audit dated 01.10.2018. As stated in the SOP, the frequency of the internal audit should be at least once a year to implement and maintain the respective standard requirements effectively.

The Management had drawn an Internal Audit Plan and it being carried out once a year to the Estate. The Internal audit conducted by Mr Lee Kian Wei. The Internal Audit exercise covers the following areas;

- i. Part A: Documentations – SOP for sustainability
- ii. Part B: Compliance with traceability Procedure
- iii. Part C: Site Visit

Sighted an MSPO Internal Audit Summary has been prepared by Mr Lee Kian Wei. Latest internal audit was conducted on 5th November 2020. No Major nor Minor non-conformance were raised during the Internal Audit.

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: SOP 19 – Internal Audit dated 01.10.2018.

The internal audit flow diagram includes:

- i. Establish Audit Schedule
 - Frequency of an audit should be at least once a year.
- ii. Selection of Audit Team
 - The audit team shall be selected and determined by the lead auditor.
- iii. Prepare Audit Plan
 - To confirm the date, time and any other arrangements
 - Review, examine the activities, procedures, complaints, histories, previous audit result plus any other documents related to the scope of audit
- iv. Conduct Audit
 - Shall exercise the concept of interview, observe and examine during this process
 - to verify records & procedure against specified requirements and relevant Standard requirements.
 - Record findings and objective evidence (s) should always be sought during the audit
- v. Audit Reporting
 - Discuss and analyze findings and objective evidence (s) obtained
 - To compile all necessary reports with regards to the element audited, including observation and non-conformance, if there's any
- vi. Post Audit Meeting
 - To elaborate and finalize any issues, observations, non-conformances, and recommendations pertaining to the audit
 - Agree on the correction and corrective action proposals as well as the proposed deadline
 - Timeframe to resolve any issues pertaining to observation shall be before the next audit visit
- vii. Follow-up Audit
 - *If deemed necessary*
- viii. Audit Verification
 - All audit results & findings shall be reviewed during Management Review meeting

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

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

Summary The internal audit report was documented and made available for management review. Documents are recorded in the file no. 19.

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 2020 meeting has been conducted on 13th November 2020 at the HQ, Perak Bumi Office. The meeting is attended by Mr Lam Fak Choy (estate manager at site), Mr Goh Choy Tuan (Director) and Mr Chow Kim Ming (estate manager (HQ)). Among the agenda discussed during the meeting are;

1. Legal Compliance
 - a. To updates all permits
 - b. To track any changes of law
2. Environment Impact Assessment (EIA)
 - a. EIA has been revised on 1st November 2020
3. Social Impact Assessment (SIA)
 - a. SIA has been revised on 1st November 2020
4. Stakeholder Communication and Consultation
 - a. Physical stakeholder meeting has been called-off due to the Covid-19 pandemic
 - b. To revise the list of stakeholders
 - c. To explain to the workers on the complaint & grievance procedure
5. Occupational Safety and Health (OSH)
 - a. Submission on JKPP8
 - b. To provide PPE to all workers
6. Trainings
 - a. Training is ongoing as per programmed
7. Internal Audit findings
 - a. All internal audit findings has been addressed
8. External Audit findings
 - a. The observation raised has been adhered to
9. Continuous improvement
 - a. Refer to the CIP
 - b. Crop quality, spraying and manuring operation are monitored closely

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 Continuous Improvement Plan for the year: 2020 dated 01/12/2019. The plan describes on the improvement activity scheduled on:

Description of improvement	Activity	Target date
Safety of workers	Lock the water tank to ensure safe water for consumption	1/1/2020 (completed)
Legal compliance	To identify the coordinates of boundary stones	30/6/2020 (completed)
Environmental protection	To construct a shelter concrete base area for machineries repairs and oil change	31/7/2020 (completed)
Safety of workers (operation)	Deploy to improve version heavy equipment tires with stronger grip	30/9/2020 (completed)

The plan is prepared by the Manager, Mr Chow Kim Ming.

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 Director and Estate Manager, the estate maintained with the current implementation and no new information or techniques is being implemented as at current.

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 Management maintained with the current implementation and no new information / techniques is being implemented as at current.

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 The estate has established a procedure, namely SOP2 – Stakeholder Engagement/ Negotiation dated 1/10/18 to communicate with the stakeholder. Communication and consultation process are also communicated through stakeholder meeting, dialogues and visits. However, during this COVID 19 pandemic no meeting were planned but stakeholder consultation session was done via email and letter.

Sighted evidence letter requesting grievances pertaining to SPS Estate sent by Director Goh Chong Tuan on 12th November 2020. The estate use stakeholder communication log book as one of the mechanisms to gain feedback from the stakeholder. The logbook keeps in the estate and as at now none of the request was made by the stakeholder.

Sighted stakeholder logbook. No request or grievances has been made for 2020 till the date of audit.

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 The estate established Policy On Documents That Can Be Publicly Available-Signed by Managing Director, Mr.Goh Chong Tuan-26th October 2020. Apart from the documents stated in the list ; other documents are classified as confidential.

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 The estate utilized the same procedure SOP2 – Stakeholder Engagement/ Negotiation dated 1/10/18 for consultation and communication with the stakeholder.

Mr. Chow Kim Ming, Estate Manager is in charge in stakeholder communication. Interview with Mr. Chow shown that he is fully aware and responsible on the MSPO stakeholder matter.

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 Mr. Chow Kim Ming, Estate Manager who in charge in stakeholder communication. Sighted appointment letter dated 2nd January 2019.

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 Updated list of Stakeholders is available as established on 10/03/2020. The audit team observed that the stakeholder list consists of various stakeholders covering the NGOs, local communities, contractors, supplying estates and relevant government agencies.

- i. MPOB
- ii. DOSH
- iii. DOE

- iv. SOCSO
- v. JTK
- vi. Department of Immigration Malaysia
- vii. All Malayan Estates Staff Union (AMESU)
- viii. National Union of Plantation Workers (NUPW)
- ix. Villages
- x. Estates
- xi. Palm Oil Mill
- xii. Contractors
- xiii. Neighbours

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

Criterion 3 Traceability

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

Summary

SOP FFB Traceability, SOP 17 has been established on 1/10/2018. Weighbridge tickets traceable to delivery note. The ticket having information such as date, lorry no, time in-out delivery and approval column. Whereas, the delivery note contain weighing date, lorry no, name of supplier, product, PO No, MPOB license no, total weigh and grading.

Sighted sampled records on: -

a)	Date	:	1/10/2020
	Vehicle	:	BCG 7180
	MSPO Cert No	:	GGC-SPS001-MSPO-0
	Weight In	:	14310 KG
	Weight out	:	7710 KG
	Net Weight	:	6600 KG

b)	Date	:	2/10/2020
	Vehicle	:	ADA 3672
	MSPO Cert No	:	GGC-SPS001-MSPO-0
	Weight In	:	17860 KG
	Weight out	:	8710 KG
	Net Weight	:	9150

c)	Date	:	3/10/2020
	Vehicle	:	BCG 7180
	MSPO Cert No	:	GGC-SPS001-MSPO-0
	Weight In	:	15080 KG
	Weight out	:	7660 KG
	Net Weight	:	7420 KG

The estate did not have its own weighbridge and depending on their buyer for weighing the FFB.

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

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

Summary In-out movement of FFB are continuously recording manually in real time and approved by the Estate Manager, Mr. Chow Kim Ming. Sighted FFB daily record at the time of audit.

The traceability system also been verified yearly during the internal audit which is part of the internal audit agenda.

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. Chow Kim Ming, Estate Manager who in charge for traceability. Sighted appointment letter dated 2nd January 2019.

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

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

Summary Sales, delivery and transportation were properly recorded and maintained. Estate also documenting monthly FFB statement. Sighted FFB statement and sales record for October 2020. Sampled records are:

a)	Date	:	5/10/2020
	Vehicle	:	KAD 4075
	MSPO Cert No	:	GGC-SPS001-MSPO-0
	Weight In	:	16320 KG
	Weight out	:	8030 KG
	Net Weight	:	8290 KG

B)	Date	:	6/10/2020
	Vehicle	:	BCG 7180
	MSPO Cert No	:	GGC-SPS001-MSPO-0
	Weight In	:	17180 KG
	Weight out	:	7670 KG
	Net Weight	:	9510 KG

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 Licenses applicable to Batu Kurau Estate. Given below are the licenses:

No	License Type	License No	Expiry
1	MPOB License	548629002000	31/3/2021
2	Permit Barang Kawalan Berjadual (Diesel)	A000003-TPG No Rujukan KPDNKK.TPG.003/PB(PD)005/11(BL22019049011a) Approved Diesel (UERO 2M) 9000 LITERS	19/12/2020
3	Bomba (Fire Extinguishers)	EE072018Y119 FF05201Y001021 FF052016Y001071 FF052016Y001032	25/7/2021 25/7/2021 25/7/2021 25/7/2021

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

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

Summary Batu Kurau estate has established Legal Register of applicable laws dated 1st October 2018 prepared by Mr Chow Kim Ming, estate Manager and approved by Mr Goh Chong Tuan, Managing Director.

There are 31 laws/Act and 12 guidelines which are applicable to Batu Kurau Estate. Given below are some sampled laws applicable:

- i. Employment Act 1955
- ii. Occupational Safety & Health Act 1994
- iii. Malaysian Palm Oil Board Act 1998
- iv. Pesticide Act 1974
- v. Wages council Act 1947 (Act 195)
- vi. Water act 1920 (Act 418)

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 As per interviewed with the Director, any changes in Legal Requirements will be updated by Mr Chow Kim Ming, Estate Manager with reference made to the respective agency's website.

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 Mr Chow Kim Ming, Estate Manager as the person responsible to monitor compliance and to track and update the changes in regulatory requirements vide letter dated 2nd January 2019. The appointment was approved by Mr Goh Chong Tuan, Managing 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 Breakdown of Land Title and MPOB sighted during the audit are:

No	Land Title (Hectarage)	Mpob Declared Hectarage
1	Lot 5547 – 8.9031	215.32
2	Lot 4268 – 125.4268	
3	Lot 5321 – 20.3228	
4	Lot 5441 – 40.3294	
5	Lot 5322 – 20.3987	
Total Hectarage	215.32	215.32

Based on the interview with Mr Goh Chong Tuan, Managing Director and the hectarage declared in the land title and the MPOB license we can conclude that Batu Kurau Estate's oil palm cultivation activities do not diminish the land use rights of other users.

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 titles showing legal ownership of land belonging to SPS Estate (PK) Sdn Bhd - (Batu Kurau Estate).

NO	NO HAKMILIK	NO LOT	LUAS LOT	NO FAIL
1	61394	5547	8.9031	P.T.G. PK 5/11-558
2	62161	4268	125.3638	P.T.G. PK 5/11-558
3	34000	5321	20.3228	P.T.G. PK 5/11-558
4	34002	5441	40.3294	P.T.G. PK 5/11-558
5	34001	5322	20.3987	P.T.G. PK 5/11-558

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

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

Summary Sighted during site Visit the Legal perimeter boundary stones which are clearly demarcated and visibly maintained on the ground. Sample of boundary stone sighted during site verification are:

1. Latitude: 5.0577778, Longitude: 100.7861111111
2. Latitude: 5.06, Longitude: 100.786388888
3. Latitude: 5.0611111, Longitude: 100.787222222

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 As per interview with Mr Goh Chong Tuan, Managing Director, Batu Kurau Estate has not made any land acquisitions, as such there is no land disputes with its neighbours. No disputes have been recorded from surrounding the estate area. There is no evidence of conflict present to this estate.

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

Criterion 3 Customary land 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 all the estates. There are also no land disputes or claims involving these estates. 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 all the estates. There are also no land disputes or claims involving these estates. The company has proper legal land tile for the land ownership. Thus, no maps for recognized customary rights is available.

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

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

Summary There is no customary land in or surrounding all the estates. There are also no land disputes or claims involving these estates. 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 The company has established a SOP namely, SOP 14 – Social Impact Assessment (SIA) dated 1/10/2018 in the Standard Operating Procedure on MSPO Compliance documents. The procedure addressed the flows which includes the Identification, Implementation & Maintenance and Review stages.

A review on the SIA has been conducted on 1st November 2020 by Mr Chow Kim Ming and Approved by Mr Goh Chong Tuan, Managing 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 and identifies the positive impacts which then outlining the Management Plan to promote and maintain the positive impacts. Sampled items assessed are:

1. Access and Use rights
2. Economic livelihoods and working conditions
3. Human rights

Due to the Covid-19 pandemic, the physical meeting is called off. Hence, the SIA was made through electronic survey. A total 36 letters have been sent to the respective correspondents. The risk matrix for severity, quantity and probability was identified based on the impact.

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

Criterion 2 Complaints and grievances

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

Summary The company has established a Standard Operation Procedures for Grievance Redressal/Information Request Procedure dated 31st October 2018, prepared by Mr Chow Kim Ming and approved by Mr Goh Chong Tuan, Managing Director.

The procedure is made as a reference to where the internal and external stakeholders could address all inquiries and grievances and further enhance the transparency and accountability of the supply chain. The company shall deal with all grievances lodged under the procedure in a fair and timely manner.

Grievances shall be handled based on grievance redressal / information request procedure as follows:

- Step 1- Grievance/request from employees/stakeholders received by the management
- Step 2- Grievance/request formally recorded at point of receipt and settled as soon as possible but not more than 30 days
- Step 3- Reply (acknowledge of receipt) on the grievance/request shall be forwarded to the employees/stakeholders within 7 working days
- Step 4- Action to be taken is recorded in logbook and keep the employees/stakeholders informed

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

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

Summary The company has established a Standard Operation Procedures for Grievance Redressal/Information Request Procedure dated 31st October 2018, prepared by Mr Chow Kim Ming and approved by Mr Goh Chong Tuan, Managing Director.

The procedure is made as a reference to where the internal and external stakeholders could address all inquiries and grievances and further enhance the transparency and accountability of the supply chain. The company shall deal with all grievances lodged under the procedure in a fair and timely manner.

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 placed at the Estate's Office. The said forms can be obtained from Mr Lam Fak Choy, Site Manager to make any complaints/requests. Upon completing the forms, it shall be deposited into the suggestion box for further action. Subsequently, Mr Chow Kim Ming, Estate Manager will discuss and attend to the issues raised by the stakeholders. Sighted the suggestion box placed at the estate's office entrance.

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 For external communication, the management provide the information and the implementation takes place through stakeholder communication. Due to the Covid-19 pandemic, a physical meeting was called off. However, the company has taken a proactive measure by sending out electronic information on the procedure for request / complaints and grievances to the stakeholders. Sighted sample email sent to Kuala Lumpur Kepong Berhad dated 12th November 2020. At this moment, no negative complaints made by external stakeholders.

Briefing on the procedures to the workers has been conducted on 13th January 2020. Briefing was conducted by Mr Goh Chong Tuan.

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 No complaints were received from the external stakeholder as to-date. Internal complaints recorded are only in regard to the housing defect. As per interview with the Estate Manager, no complaints have been received as such, no complaints and resolutions were recoded.

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	Due to the pandemic Covid-19 and movement restriction, no contribution to the local communities is made for the year 2020.
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 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	The company has established an Occupational Safety and Health (OSH) Policy dated 28th May 2018 signed by Mr Goh Chong Tuan, Managing Director. The policy is written in English language that can be easily understood by all levels of its employees. This policy being adhered to with regards to the implementation of (OSH) requirements within the company.
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Indicator 2	The occupational safety and health plan shall cover the following: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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

The company has established an Occupational Safety and Health (OSH) Policy dated 28th May 2018 signed by Mr Goh Chong Tuan, Managing Director. The policy is written in English language that can be easily understood by all levels of its employees. This policy being adhered to with regards to the implementation of (OSH) requirements within the company.

HIRARC documents are made available which consist of hazard identification (type of work activity, hazard & effect), Risk analysis (Existing risk control, likelihood, severity & risk) & Risk Control (Recommended control measures & PIC appointed are Staff or Executive). Sampled HIRARC sighted are:

1. Harvesting
2. Travelling to Work
3. Pruning
4. Loose Fruit collection
5. Cutting of Fronds
6. Stacking of Fronds
7. FFB Evacuation
8. Chemical Mixing
9. Spraying
10. Filling Fertilizers into Bucket
11. Going back home from work
12. Chemical Handling

Latest HIRARC reviewed was conducted by Mr Chow Kim Ming (Manager at HQ) dated 28/05/2018.

Annual training programme plan for the year 2020 on safety aspects sighted.

No.	Training	Target Date
1	OSH Policy	January 2020
2	Emergency Response Plan (SOP 16)	January 2020
3	Safe Operating Procedure and HIRARC	January 2020
4	Fire drill (use of fire extinguisher)	October 2020

Company is fully aware that working on safety is first priority during the works.

Sighted records on PPE Issuance and replacement. Sample records taken for sprayer on:

- i. 3M mask
- ii. Apron
- iii. Safety helmet
- iv. Leather gloves
- v. Safety shoe

SOP on Spraying Weedicide / chemical mixing is made available in the SOP on Sustainability Manuals (2018). Training on Safe operating procedure including handling of chemical was conducted on 13/1/2020 by Mr Goh Chong Tuan / Mr Chow Kim Ming attended by 16 employees. Sighted the training attendance record and training evaluation forms as evidence.

Detail of chemicals used in the estate operation are listed in Register of Chemicals Hazardous To Health for Batu Kurau Estate as prepared by Mr Chow Kim Ming dated 1st November 2020. The latest CHRA report is made available for SPS Estate (PK) Sdn Bhd. Assessment

was conducted on 7th September 2019 by Mr Kumares a/l Aruugham – DOSH registration no: JKPP KIM 127/453/6 (38). Medical Surveillance was latest conducted on 11th December 2019 is made available with 2 workers examined by Dr. Lee Sing Hoo [DOSH: HQ/08/DOC/00/5].

The management has appointed Mr Chow Kim Ming, Estate Manager as the person responsible for workers' safety and health via letter dated 2/1/2019 approved by Mr Goh Chong Tuan, Managing Director .

Sighted the Safety Meeting minutes recorded and made available conducted 22nd November 2020 attended by 5 personnel. The agenda includes:

- i. 1st Aid Box
- ii. Boundary stone and numbers
- iii. Lot signages
- iv. Oil Tank posters
- v. PPE training
- vi. Work in progress

Sighted the Emergency Response Team (ERT) organization chart is made available at Batu Kurau estate. The ERP (Emergency response plan) is available which covers the sampled incident as :

- Flooding
- Chemical spillage
- Wildlife attack
- Fire

Sighted First Aid Training conducted by Dr Lim Yang Kwang dated 10/10/2020. The training was attended by Estate Manager and Mandore. Sighted training materials and photographs of First Aid Training Session.

JKKP 8 has been submitted on 16/01/2020. Seen the acknowledgement letter [Akuan Terima] from DOSH. Reference no: JKPP 8/50792/2019. No accidents recorded for the year of reported.

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 The company has established a Human Rights Policy dated 28th May 2018 signed by Mr Goh Chong Tuan, Managing Director which covers the policy on good social practice regarding human rights in respect of industrial harmony. As stated in the policy, the company's objective includes:

- Conduct business in a manner that respects the rights and dignity of people and local communities in compliance with applicable laws
- Ensure all employees are treated fairly and protected from any form of discrimination that would constitute a violation of their human rights
- Respect customary or native rights of indigenous and local communities and commit to Free, Prior and Informed Consent (FPIC) in all negotiations prior to commencing any new operations

Communication of the policy to workforce is carried out during the MSPO, Human Rights, Environment & OSH Policy training conducted on 10th January 2020. Policies are sighted displayed at notice boards inside the office as well as outside the office.

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

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

Summary Workers enjoy the same scale of pay and were provided with equal housing and work facilities, this was confirmed based on the verification of contracts of service and pay slips of workers.

In addition, it is state din the company's Human Rights Policy dated 28th May 2018 signed by Mr Goh Chong Tuan, Managing Director, the company will "ensure all employees are treated fairly and protected from any form discrimination that would constitute a violation of their human rights".

No evidence to show that Batu Kurau Estate 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.

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 Batu Kurau Estate's employees' salary/wages conditions meets the minimum Wage Order (Amendment) 2018/industry minimum standards. Sighted sample of the pay slips of the said estate's employee:

Name: Awaludin

Passport No: AU079918

Position: Harvester

November 2020		
Basis Salary		RM1341.00
Other task		RM 191.70
Attendance incentive		RM 200.00
Gross Salary		RM1733.65
<u>Deduction:</u>		
-		-
Total Deductions		-

Net Salary	RM1733.65
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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 Pay and conditions are documented in the appointment letter of the staff and workers. Sighted the contract employment of workers and payslip for Perniagaan Pengangkutan Utara Sdn Bhd:

- Mohamad Samsul bin Mohd Halip (I/C: 970310-08-6215)
- Maniarasu a/l R. Krishnan (I/C: 700410-08-6351)

Sighted payslip for contractor's workers (Perniagaan Pengangkutan Utara Sdn Bhd) as sampled:

Mohamad Samsul bin Mohd Halip

OCTOBER 2020		
Earnings:		
Basis Salary	27 Days	RM1200.00
Paid Leave		-
Commission		RM668.16
Deduction:		
Advance		RM100.00
KWSP		RM207.00
PERKESO		RM9.25
EIS		RM3.70
Reimbursement		RM181.60
Net Salary		RM1729.81

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 Batu Kurau Estate 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. Agreement contract sampled at Batu Kurau Estate are as below:

- Awaludin
Passport: AU079918
Indonesian
- Chaudhary Prabhu Narayan
Passport: 09091097

- Nepalese
- Tamang Sanu Kanchha
- Passport: 10354585
- Nepalese

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 Employment contract stated the offered position, wages implied, working hours, OT, allowances, rest day, working on holiday etc. The contract is in English and understood by the workers through a translator. This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of local, Indonesian and Nepalese.

All workers enjoy the same scale of pay and provided with equal housing and work facilities. This was confirmed through verification of contracts of service and pay slips of workers. The contract of employment has outlined the following:

- i. Name
- ii. Sex
- iii. Age
- iv. EPR/SOCSO No
- v. Full Address
- vi. Position
- vii. Employee No
- viii. Work Permit No/Expiry
- ix. Commencement date
- x. Salary
- xi. Allowances
- xii. OT Rate
- xiii. Benefits
- xiv. Working Hours
- xv. Notice Period
- xvi. Eligible Public Holidays
- xvii. Annual Leave
- xviii. Sick Leave
- xix. Retirement Age
- xx. Salary Payable date
- xxi. Signature of Employer and Employee

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

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

Summary Working hours is 8 hours (7:00am – 4:00pm) with the rest day on Sunday. Total monthly working hours is 208 hours. The overtime maximum is 104 hours according to Malaysian Law. Attendance recording for office workers is recorded by recording in an 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 are specified in employment contract is in compliance with the labour laws as total working hours is 8 hours (7:00am – 4:00pm) with the rest day on Friday. Total monthly working hours is 208 hours. The overtime maximum is 104 hours according to Malaysian Law.

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

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

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

Summary Wages and overtime payment are documented on Pay slip and sighted during the audit. No evidence of deduction being made to the workers' salary. Documented payslip was distributed to individual workers on the day of payment.

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

Indicator 10 Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.

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

Sighted the proof of payment to PERKESO by Batu Kurau Estate for the month of October 2020 with the employer code of D4100037715M.

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 All workers are provided with housing facilities at workers linesite. The management handles the housing inspection on weekly interval. Sighted records of workers housing inspection conducted at the estate as referred to Weekly Inspection of Workers & staff Quarters, Shophouses & Office complex. Sampled inspection sighted dated:

- i. 3/11/2020
- ii. 10/11/2020
- iii. 17/11/2020
- iv. 25/11/2020

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 SPS Estate (PK) Sdn Bhd has established Human Rights Policy dated 28th May 2018 approved by Mr Goh Chong Tuan, Managing Director.

The policy spells out the company's commitment to protect and respect the human rights of all employees. Para 9 of the policy states that the company will maintain a healthy workplace and any form of harassment i.e. physical, mental, verbal, sexual are strictly prohibited.

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 SPS Estate (PK) Sdn Bhd has established Human Rights Policy dated 28th May 2018 approved by Mr Goh Chong Tuan, Managing Director.

The policy spells out the company's commitment to protect and respect the human rights of all employees. Para 4 of the policy states that the company will respect the rights of all personnel to form, join and participate in registered Trade Unions and to bargain collectively.

As such employees are free to form or join trade union relevant to the industry and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations.

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 SPS Estate (PK) Sdn Bhd has established Human Rights Policy dated 28th May 2018 approved by Mr Goh Chong Tuan, Managing Director

The policy clearly spells out the company's commitment to protect and respect the human rights of all employees. Para 8 of the policy states that the company shall not employ any employee who is less than 18 years old.

As per interview with the Estate and Site Manager, 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 The estate has a comprehensive annual training plan for its staffs and workers, and this was sighted in the training records file for each staffs and workers. The training programme for the respective estate was sighted.

Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training. Sampled Training records for Batu Kurau Estate dated 6th December 2019 are:

No.	Training	Status
1	MSPO Policy	Conducted on 10/1/2020
2	Grievance procedure	Conducted on 13/1/2020
3	Fire drill (use of fire extinguisher)	Conducted on 13/10/2020
4	Safe operating procedures	Conducted on 12/11/2020

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 All workers involved in the operations have been adequately trained on safe working practice. Training need analysis for the estates is established for all employees as seen Training Need Analysis for the year 2020.

Sighted the training needs analysis for Pang Burong Estate as prepared by the Manager, Mr Chow Kim Ming dated 02/01/2020 for each individual workers. The analysis is targeted to the following group of workers namely:

1. Estate Manager
2. All workers
3. Mandore
4. Sprayer
5. Harvester

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 The estate has a comprehensive annual training plan for its staffs and workers and this was sighted in the training records file for each staffs and workers. The training programme for the respective estate was sighted.

Sample of the training programme for Batu Kurau Estate includes:

- MSPO Policy
- Human Rights Policy
- Emergency Response Plan (SOP 16)
- Grievance procedure
- First Aid training
- Safe operating procedures

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 estate management has developed Environmental Policy, dated on 28/05/2018 and approved by the Managing Director, Mr. Goh Chong Tuan.

Sighted the MSPO Policy, Human Right Policy, Environment Policy been communicated by the Managing Director, Mr. Goh Chong Tuan, to the all employee 10/1/2020. Training record by the Managing Director, Mr. Goh Chong Tuan, to all employee was conducted on 10/1/2020 is made available. Sighted training attendance record sampled for;

Estate Workers

- Awaludin
- Birkatta Magar Bhim Bahadur
- Chandraboss A/L Ponnusamy
- Chaudhary Prabhu Narayanan
- Harijan Rajindar|
- Jum Bahadur Rai Magar
- Kahar Anarjit
- Lam Fak Choy @ Mok Kwai Han

Management Staff

- How Kim Ming
- Kong Ming Yen
- Sum Yoke Heng
- Wong Suet Ching

Environmental Policies communicated to estate's contractors during contract agreement. Sampled signed contract between Sps Estate (PK) Sdn. Bhd and Perniagaan Pengangkutan Utara Sdn Bhd, Dated 1st November 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 Environmental Policy made available and the objectives are:

- Promoting the conservation and development of biodiversity in our plantations.
- we want to ensure that our agricultural operations comply with the following Criteria:
 - No development on high carbon stock forests (1CS)
 - No development on high conservation value forest areas (HCV)
 - NO new development on peatland regardless of depth
 - Compliance with all applicable laws.
- Provides potable water and monitoring of its quality and judicious use of pesticides and weedicides.
- Committed to reduce chemicals that fall under the WHO Class 1A & 1B and Stockholm or Rotterdam Conventions.
- Determine appropriate amount and composition of nutrients (fertilizer) based on annual leaf nutrient analysis.
- Promote recycling in waste management and zero burn practice for all operations including replanting and workers quarters.
- Reduce greenhouse gas (ghg) emissions resulted from our plantations by reducing chemical and fossil fuel usage.
- Supporting traceability in palm oil supply chain to define the originality and commit as a responsible producer of Fresh Fruit Bunches (FFB).
- Strive to commit our employees, contractors, suppliers, trading partners and stakeholders to adhere to this policy.

The environmental management plan was in part of the procedure of Environmental Aspect Impact SOP10, dated 01/10/2018 which includes the Aspect and Impacts analysis for following Activities: -

Major Activity/Aspect

- Chemical residue washed into water source by rainwater
- Emission of greenhouse gases from chemical usage
- Smoke emission of vehicle/ heavy machineries (tractor, backhoe)
- Emission of greenhouse gases from diesel engine
- Fertilizer residue washed into water source by rainwater
- Emission of greenhouse gases from nitrogen fertilizer usage
- Smoke emission of heavy machineries (backhoe)
- Noise generated by heavy machineries
- Emission of greenhouse gases from diesel engine
- Smoke emission of vehicle (lorry, tractor)
- Emission of greenhouse gases from diesel engine
- Oil leakage from tractor
- Chemical spillages
- Spillage of chemical on land
- Waste water flowed into water source
- Dumping of non- biodegradable wastes
- Smoke emission of vehicle (tractor)
- Emission of greenhouse gases from diesel engine
- Discharge of waste water into water source

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 Environmental management plan was made available to the audit team during the audit process. An environmental improvement plan to mitigate the negative impacts and to promote the positive one. Developed with Management Plan of SPS Estate are: -

Impact	Improvement Plants
Water Pollution	To conduct training to sprayers on correct method of application
	To maintain riparian buffer zone along the river
	To ensure dosage of chemicals are adhered to
	No spraying activities during high rainfall season
Global warming	To ensure dosage of chemicals are adhered to
	Implement integrated pest management
	To perform regular maintenance (Changing exhaust filter) of the vehicles/heavy machineries
Land Contamination	To provide drip tray and spill kits at parking bay
	To perform regular maintenance(changing of gasket)of the vehicle
	To ensure regular collection of empty chemical containers by contractor

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

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

Summary Continual improvement plan related to environmental available as dated 1/12/19. Sampled of the environmental continuous improvement plan stated in SPS Estates continual improvement plan is:

Description of improvement	Activity	Date of Completion
Environmental protection	To construct a shelter concrete base area for machineries "repairs and oil change to enable easy cleaning as well as pollution prevention control	13/07/2020

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 MSPO Policy, Human Right Policy, Environment Policy been communicated by the Managing Director, Mr. Goh Chong Tuan, to all employees 10/1/2020.

Sighted Training record by the Managing Director, Mr. Goh Chong Tuan, to the all employee 10/1/2020. Records of training attendance for the workers and management staff are made available.

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 Environmental issue been addressed in the management review meeting as an input from the EIA implementation following the procedure SOP 16 and SOP10 respectively. The meeting is planned to be conducted once yearly. However, meetings are postponed without further notice for the year 2020 due to COVID 19 pandemic.

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 and electricity for their operation. The baseline value was established and recorded. Sighted summary record for year 2020 as per SOP13 Energy Usage. The baseline value are;

- 2.11 litre of diesel/mt FFB
- 3.13 kWhr/capacity/day per mt of FFB

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 Management has done estimation on usage of fossil fuels. Sighted the estate recorded monthly usage of diesel for Contractors:

Month	Litre	FFB(Mt)	Litre/Mt
Jan	454.08	209.86	2.16
Feb	536.64	283.72	1.89
March	516.00	294.55	1.75
April	577.92	304.69	1.90
May	474.72	235.84	2.01
June	454.08	223.52	2.03
July	536.64	252.48	2.13
August	516.00	255.34	2.02

Sep	557.28	291.44	1.91
October	474.72	203.31	2.33

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

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

Summary No usage of renewable energy were applied in 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 estate has established procedure, SOP12 Waste Management & Energy Use. All wastes materials are been identified together in the Environmental Management plan conducted on 11th Sep 19 following the SOP 10 Environmental Impact Assessment dated 1/10/2018.

Estate's Waste Management Plan Dated 1st November 2020 Contains types of waste and method of disposal as below: -

Type of waste Identified	Method of disposal
Lubricant oil	Collect by mechanic
Hydraulic oil	Collect by mechanic
Domestic waste	Composting Pit
Recycle item	Recycle Bin
Chemical container	Prekesh Perumal Enterprise
Fertilizer bag	Prekesh Perumal Enterprise

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 Sighted SOP 12 Waste Management & Energy Use procedure was developed on 1/1/2018. All wastes materials are been identified together in the Environmental Management plan conducted on 11th Sep 19 following the SOP 10 Environmental Impact Assessment dated 1/10/2018.

Used chemicals containers were triple rinsed and punctured and dispose accordingly:

- a) As per the SOP 12 -Waste management plan Estates Waste Management Plan Dtaed 1st Novemembr 2020 Contains types of waste and method of disposal as below: -

Type of waste Identified	Method of disposal
Lubricant oil	Collect by mechanic
Hydraulic oil	Collect by mechanic
Domestic waste	Composting Pit
Recycle item	Recycle Bin
Chemical container	Prekesh Perumal Enterprise
Fertilizer bag	Prekesh Perumal Enterprise

- b) Improving the efficiency of resource utilization and recycling of potential wastes implemented by installing recycle bin in line site.

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

Indicator 3 The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.

Summary Safe of use chemicals procedure SOP7 was established on 1/10/18 .

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 Empty pesticide containers were kept in chemical store. The containers were collected by Prakash Perumal Enterprise for disposal. Sighted 226 kg of used containers collected by Prakash Kumar Enterprise dated 22/11/2020.

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 in the estate. Sighted rubbish pit in lot number 4268. Sighted the rubbish pit far from line site, habitation or water area.

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

Criterion 4 Reduction of pollution and emission including greenhouse gas

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

Summary An assessment of all polluting activities including greenhouse gas emissions, scheduled wastes, solid wastes and effluent has been conducted in Estates Environment Management Plan Dated 11th September 2019.

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

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

Summary As per the SOP 12 -Waste management plan Estates Waste Management Plan Dated 1st November 2020 contains types of waste and method of disposal as below: -

Type of waste Identified	Method of disposal
Lubricant oil	Collect by mechanic
Hydraulic oil	Collect by mechanic
Domestic waste	Composting Pit
Recycle item	Recycle Bin
Chemical container	Prekesh Perumal Enterprise
Fertilizer bag	Prekesh Perumal Enterprise

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

Criterion 5 Natural water resources

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

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

Summary Water management plan procedure SOP 6 was established dated 1/10/18. The line site quarters consume water spring, gravity flow from the mountain. The estate periodically sampled and send to the accreditation laboratory for testing. No river identified crossing the estate.

Sighted Certificate of Analysis done by Union Laboratories (accredited by Standard Malaysia) dated 7/Nov/2020 and 05/Nov/2020 . The analysis shown that the water meets the drinking requirements.

- Ammonical Nitrogen – not detected (<0.1 mg/l)
- Total Coliform and E Coli – not detected with the sensitive of <3.0/100ml)

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 Based on the field observation at all the Estates, sighted no construction of bunds, weirs, and waterways pass through the estate. Only trickling stream is passing through the estate.

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

Indicator 3 Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).

Summary Water harvesting practices implemented in the Estate as the Silt pits, site drains constructed. During site visit, there were road side drains constructed along the main roads to divert and conserve water at designated points.

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 estate management has established procedure SOP 11 High Conservation Value dated 12/10/18. Assessment of high biodiversity was done and recorded in form "Batu Kurau Estate HCV Assessment" on 12/04/2019.

There are no HCV/Conservation area identified in estate

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 monitors the existence of animal in logbook "Animal spotting log book".

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 No rare, threatened or endangered species or high biodiversity appropriate present. Signboard on 'Prohibited Hunting' & 'No open burning' sighted during site visit.

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

Criterion 7 Zero burning practices

Indicator 1 Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.

Summary The estate management has established policy which open burning is not allowed. This includes new planting and re-planting.

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

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

Summary No significant risk of diseased palm was reported in the estate. Not Applicable as the replanting program is not due yet.

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

Indicator 3 Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.

Summary Not Applicable as the replanting program is not due yet. No controlled burning being sought by the estate.

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

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

Summary Not Applicable as the replanting program is not due yet and no replanting activity is conducted during the audit.

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	<p>The Company has implemented good practices based on their SPS Estate Sdn Bhd; Safe Operation Procedure (2018). The SOP works as a reference which covers the:</p> <ol style="list-style-type: none"> 1. Personal Protect Equipment 2. Before starting work 3. While in operation 4. After work <p>The SOP available are listed base on the operation activities in the estate such as:</p> <ol style="list-style-type: none"> 1. Harvesting Oil Palm 2. Loose Fruit Collection 3. Pruning 4. Spraying Weedicide / Chemical Mixing 5. Manuring / Fertilizer Application 6. Tractor Drivers <p>The estate operation is monitored by Mr Lam Fak Choy (estate manager at site). Implementation of the procedures has been verified on site during the field assessment.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>
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	<p>Based on the field visit at the estate, sighted no river passing through the estate and no contamination of surface water sighted.</p> <p>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.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>
Indicator 3	A visual identification or reference system shall be established for each field.
Summary	<p>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 hectareage. Sampled field number during the audit are:</p> <ul style="list-style-type: none"> - Field 98(B) OP 80 A/C - Field 06(A) OP 39 A/C - Field 14(A) OP 4 A/C <p>Site verification has been conducted during the audit.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>

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 - 2021. The budget includes the general income / expenses. Sampled expenses listed are:

- i. Salary
- ii. Diesel
- iii. Fertilizer
- iv. Foreign worker expense
- v. General maintenance
- vi. Tools & equipment
- vii. Upkeep

The Business Management Plan sheet for the year 2019-2021 is made available for SPS Estate (PK) Sdn Bhd. as prepared by Mr Chow Kim Ming, dated 2/9/2020.

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 remained unchanged from the previous plan dated 01/10/18 as prepared by Mr Chow Kim Ming (estate manager (HQ)).

Field number					
2019	2020	2021	2022	2023	2024
Nil	Nil	96, 98A, 98B	Nil	Nil	Nil

The planting material for current crops are D X P Guthrie and will be replanted with D X P Felda.

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 sheet for the year 2019-2021 is made available for SPS Estate (PK) Sdn Bhd. as prepared by Mr Chow Kim Ming, dated 2/9/2020 that includes:

a)	Quality of Planting Material	DXP Guthrie and DXP Felda
b)	Crop projection	Year 2019 (3200mt)

		Year 2020 (3000mt)
c)	Cost of production (RM/MT)	Year 2019 (RM255.00/mt)
		Year 2020 (RM252.00/mt)
d)	Price Forecast	RM460.00/mt

As interview with the manager, the crop projection is lower in year 2020 due to the weather forecasted from the previous year. Hence, the yield is reduced.

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 Latest review on the management plan has been conducted on 7th September 2020 by the top management. This is to monitor on the progress of the available management plan. Amongst the outcome recorded are:

- i. Turnover: management expects yield around 3000mt per annum
- ii. MPOB price: average price to be around Rm400 – RM420/mt
- iii. Fertilizer: management expect to carry out 3 times in a year
- iv. Labor: expected to face shortage of labor, cost will remain roughly the same

The management also regularly monitored on the actual production through Operational Logbook.

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 pricing mechanism adopted is for contractor worker salary which follow strictly to MAPA/NUPW.

For contractors / suppliers, the agreed pricing for the products and other services provided to the estate are documented in the contract agreement.

Sampled agreement sighted during the audit is between SPS Estate (PK) Sdn Bhd and Perniagaan Pengangkutan Utara Sdn Bhd. dated 1/11/2019. The transport rates are stated in the Annex 1 of the contract agreement.

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, payment made in timely manner. Sampled payment sighted for Perniagaan Pengangkutan Utara Sdn Bhd is dated 3/11/2020 (ref: 456959) made for the work completed in October 2020.

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 shall adhere to the Company Policies as well as the MSPO requirements as follows."

The contractors have been informed that the estate is undergoing the MSPO certification process during the stakeholder meeting dated 04/11/19. 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 agreement. Sample contract agreement between SPS Estate (PK) Sdn Bhd and the contractor (Perniagaan Pengangkutan Utara Sdn Bhd) is made available dated 1st November 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 24th October 2020.

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

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 manager will verify the work done through the FFB Delivery Note prior to the payment paid to the contractors. Weighbridge ticket and FFB Delivery note is made available to record the progress monitoring on the contractors' sampled. The records are monitored by the estate manager. Sample records sighted is for October 2020.

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

2.7 Principle 7 : Development of new planting

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

Indicator 1 Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

Indicator 2 No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

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

Criterion 2 Peat land

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

Criterion 3 Social and Environmental Impact Assessment (SEIA)

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

Indicator 2 SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

Indicator 4 Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

Criterion 4 Soil and topographic information

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

Criterion 5 Planting on steep terrain, marginal and fragile soils

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

Indicator 2 Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

Criterion 6 Customary land

Indicator 1 No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

Indicator 3 Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for the estate.

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

2.8 Details of Audit Findings

Details Non-Conformity

- Refer Appendix B

Details of Area of Concern

- Refer Appendix B

Details of Noteworthy / Positive Findings

- 1) Good relationship with the stakeholders and commitment in spreading the awareness on MSPO requirements to the employees.
- 2) Good cooperation and commitment from the management of SPS Estate (PK) Sdn. Bhd.
- 3) Good positive feedback received from internal stakeholders.

Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
29 th November 2020	TBA	➤ Auditors travelling from Selangor to Perak.	NMS	MAS/SS
30 th November 2020	08:00 – 09:00	➤ Opening Meeting at SPS Estate (PK) Sdn. Bhd. <ul style="list-style-type: none"> • Presentation by the manager/coordinator • Presentation by Lead Auditor ➤ Confirmation of assessment scope and finalize Audit Plan	NMS	MAS/SS
	09:00 – 13:00	SPS Estate (PK) Sdn Bhd <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	NMS	MAS/SS
	10:30 – 12:30	➤ Estate inspection at Batu Kurau Estate: <ul style="list-style-type: none"> • Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	NMS	MAS/SS
	13:00 – 14:00	➤ Lunch/Rest	NMS	MAS/SS
	14:00 – 16:00	➤ Continue document review <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	NMS	MAS/SS
		➤ Verify any outstanding issues, auditor discussion and end of audit for day.	NMS	MAS/SS
	16:00 – 17:00	➤ Closing Meeting at SPS Estate (PK) Sdn. Bhd. <ul style="list-style-type: none"> ➤ Chaired by the audit Lead Auditor • Welcome and introduction by the Lead Auditor • Presentation of findings by the audit team • Questions & answers and Final summary by Lead Auditor ➤ End of assessment	NMS	MAS/SS

Appendix B: Non-Conformity details

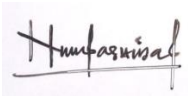

Non-Conformities Identified During This Audit	
Major Nonconformities:	No Major non-conformity was raised during this audit.
Minor Nonconformities:	No Minor non-conformity was raised during this audit.
Area of Concern:	No Area of concern was raised during this audit.

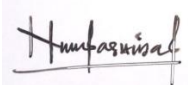

Non-Conformities Identified During Previous Audit
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Major Nonconformities:	No Major non-conformity was raised during the previous audit.
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Minor Nonconformities:	No Minor non-conformity was raised during the previous audit.
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Area of Concern:	2 Area of concern were raised during the previous audit.
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Company Name	SPS Estate (PK) 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-BA1-MSPO-2019		
NC No. / Ref.	BN1/MSPO/AOC/01	Date Detected	02 nd December 2019
Site(s) concern	Batu Kurau Estate	Target Completion	-
Normative Reference and Requirement	4.2.1.2 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.		
NC Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern		
Description of Non-Conformity	No evidence of identification on publicly and not publicly available documents.		
NC Objective Evidence: As per interview, the company has sorted their documents for public availability. However, the estate can further improve its documents information as to list out the confidential or publicly available documents.			
Lead Auditor Signature:		Client Signature:	
			

Company Name	SPS Estate (PK) 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-BA1-MSPO-2019		
NC No. / Ref.	BN1/MSPO/AOC/02	Date Detected	02 nd December 2019
Site(s) concern	Batu Kurau Estate	Target Completion	-
Normative Reference and Requirement	4.4.4.2 The occupational safety and health plan shall cover the following: 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.		
NC Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern		
Description of Non-Conformity	No evidence is made available		
NC Objective Evidence: As per the CHRA recommendation, health surveillance is recommended for all workers involve in chemical handling. However, there is no evidence of health surveillance is yet conducted for workers handling chemical. The health surveillance is scheduled on 13 th December 2019.			
Lead Auditor Signature:		Client Signature:	
			

Appendix C: List of Stakeholders Contacted

Internal Stakeholders

- 1) SPS Estate (PK) Sdn. Bhd. management team and staff
- 2) Mr. Goh Chong Tuan, Director
- 3) Mr. Pow Kim Kiat, Director
- 4) Mr. Chow Kim Ming, Manager
- 5) Mr. Lam Fak Choy, Manager at site
- 6) Mr. Jumbahadur, General worker
- 7) Mr. Lok Bahadurra, General worker
- 8) Mr. Rimlal Thapamagar, General worker

External Stakeholders

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