

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

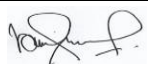


CERTIFICATION AUDIT REPORT


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

Mutiara Eramas Sdn Bhd

- Individual Certification--

ANNUAL SURVEILLANCE AUDIT 1 8th July 2020

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	10/8/2020	Issued as Draft Report	Ismadi bin Ismail	Lead Auditor	
B	07/10/2020	Issued as Final Report	Ismadi bin Ismail	Lead Auditor	
B	20/10/2020	Final Report Approved	Muhd Jamalul Arif	Certifier	

Acknowledgment by Mutiara Eramas Sdn Bhd					
Rev	Date	Description	Management Representative	Role	Signature
B	22/10/2020	Acceptance of the contents	Ms. Winnie Osingang	Sustainable Manager	

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 Mutiara Eramas Sdn Bhd. During this Annual Surveillance Assessment 1(ASA 1), the audit team were briefed by Estate Manager, of the supply base disposition. The Estate is on Single Site Certification.

This assessment was conducted onsite on 8th July 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	Mutiara Eramas Sdn Bhd
Business Address	2-3, Lot 33, Block E, Lintas Square, Jalan Lintas, 88300 Kota Kinabalu, Sabah, Malaysia.
Contact Person	Mr. Roger Ling Wei Lee
Office Telephone	088-222350
E-Mail	roger.ling91@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.	Mutiara Eramas Sdn Bhd	Sapulut, Nabawan, Sabah, Malaysia.	116.577621	4.688880

MPOB License Information

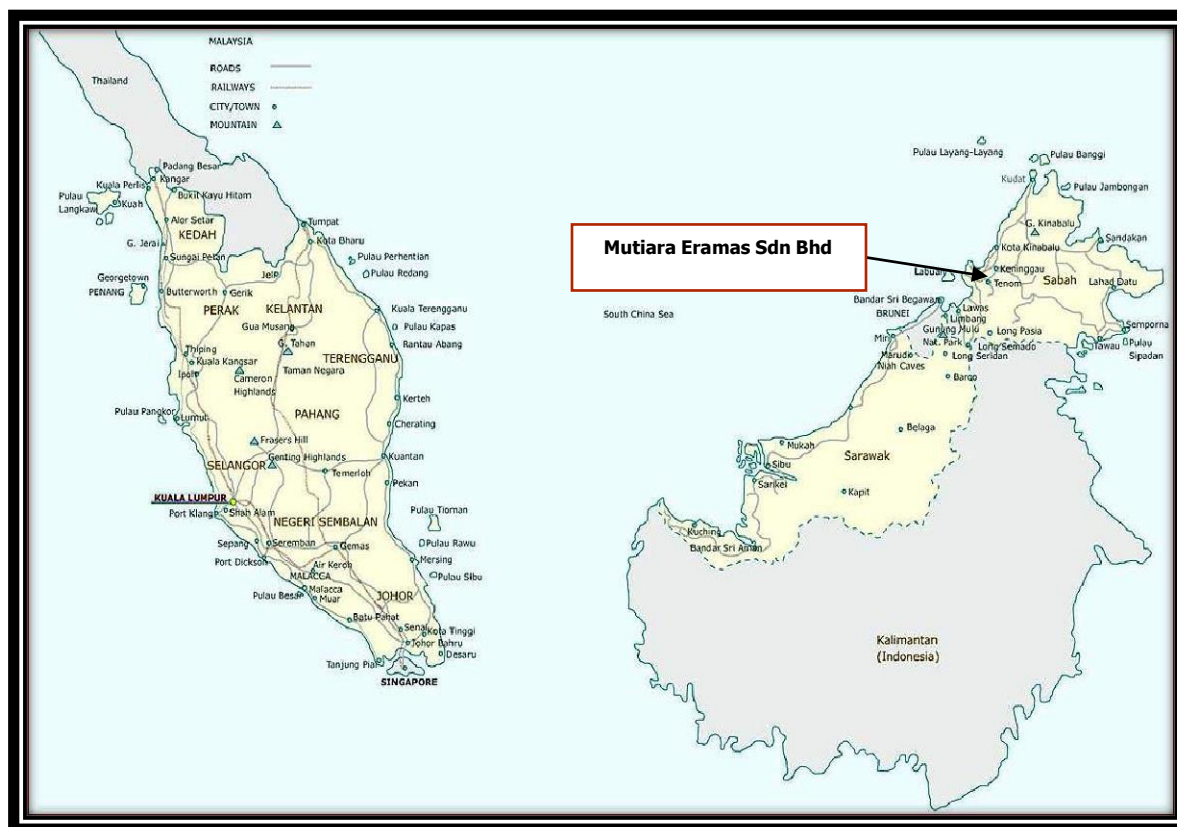
No	Name of the Site	Licence Number	Expiry Date	Scope Activity
1.	Mutiara Eramas Sdn Bhd	613929002000	31/7/2020	Menjual Dan Mengalih FFB

Others Sustainability Certification

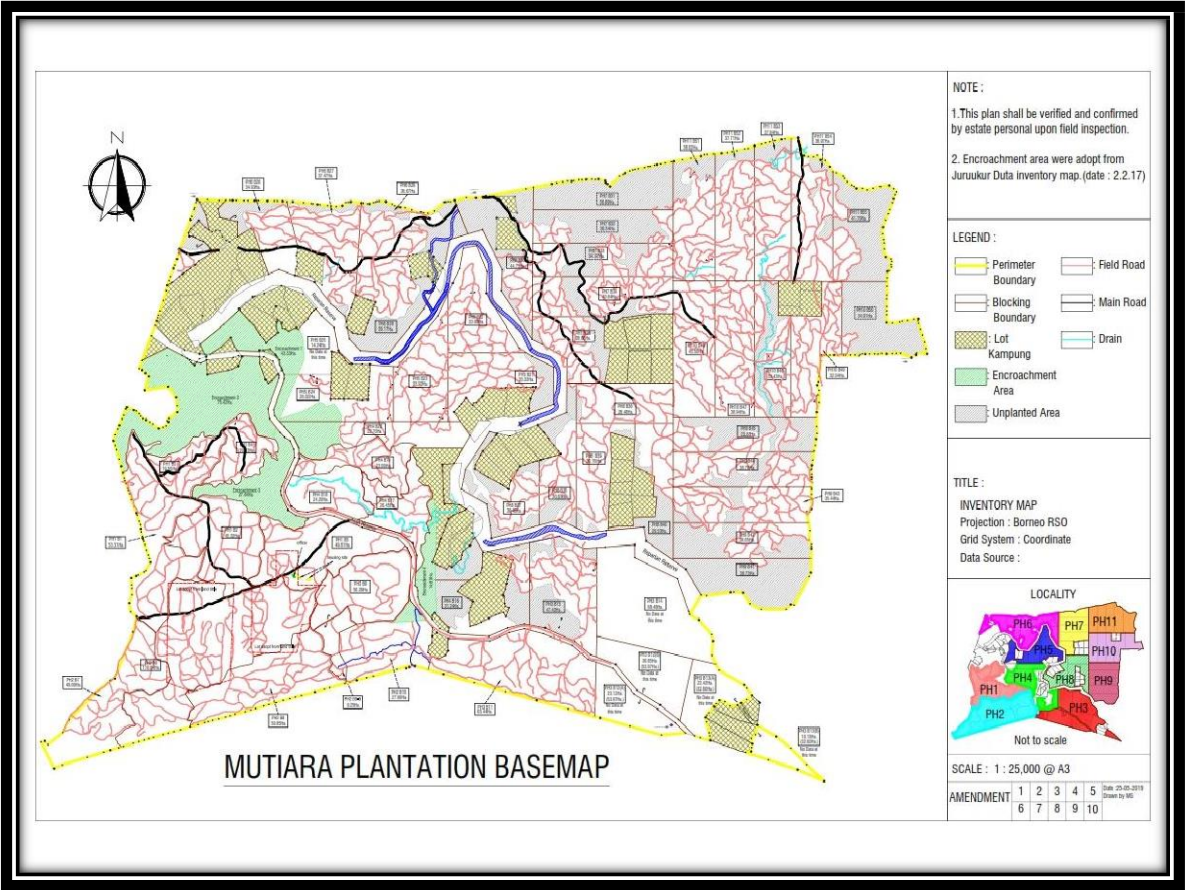
No	Name of the Site	Others Sustainability Certification
1.	Mutiara Eramas Sdn Bhd	NIL

1.4 Map Showing Geographical Location

a) Mutiara Eramas Sdn Bhd



b) Mutiara Eramas Sdn Bhd



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

Name of the Certification Unit	Area Summary (HA)		
	Certified Area (per Land Title)	Planted	Mature
Mutiara Eramas Sdn Bhd	2428.16	1,236.79	402.41
Total	2428.16	1,236.79	402.41

Name Of The Supply Base	Area Summary (HA)		
	Conservation Area	HCV	Others
Mutiara Eramas Sdn Bhd			272.96
Total			272.96

Name of the Certification Unit	FFB Summary (MT)		
	Projected from last audit	Actual Production for 12 Months [Jun 2019-May 2020]	Projected Production for next 12 Months [Jun 2020-May 2021]
Mutiara Eramas Sdn Bhd	1726.98	2,149.54	4,000.00
Total	1726.98	2,149.54	4,000.00

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-MESB001-MSPO-00-2019
Initial certificate issued date	08th August 2019
Certificate expiry date	07th August 2024
Stage 1 assessment date	20 th April 2019
Stage 2 / Main Assessment	11 th June 2019
Annual Surveillance 1 [ASA 1]	8 th July 2020
Annual Surveillance 2 [ASA 2]	April 2021
Annual Surveillance 3 [ASA 3]	April 2022
Annual Surveillance 4 [ASA 4]	April 2023

1.7 Qualification of the Lead Assessor and Assessment Team

Lead Auditor

Name: Ismadi bin Hj. Ismail

He holds Diploma in Planting Industry Management from MARA Institute of Technology, Kuantan Pahang. 24 years of working experiences with various plantation companies and skills in Best Agriculture Practices (GAP) for plantation. Fully trained in CoP, MSPO and OSHAS. Qualified as Lead Auditor/Auditor for MSPO and CoP. Involved in MSPO assessment since 2017. Completed and certified MSPO Auditor course in 2017 held by SGS (M) Sdn Bhd and ISO 9001:2015 lead auditor course by TOMC. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of Transparency, Safety and Health, Employment Condition, Social and community engagements, stakeholder's consultation and workers welfare. Able to speak and understand Bahasa Malaysia and English

Auditor

Name: Mohd Razin bin Bakal

Graduate in Degree of Accountancy with University Putra Malaysia. Having 17 years of working experience in various field in Malaysia, Africa and Indonesia. Have enough knowledge and experiences in oil palm estate operation inclusive of estate administrative, budget preparation, jungle clearing, new planting, nursery establishment and management, harvesting, field upkeep and maintenance, safety and health, vehicle running and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM). Involved in MSPO auditing since 2018. Qualified as Lead Auditor/Auditor for MSPO 2530:2013, ISO 14001:2015 and ISO 9001:2015 from Sirim Berhad. Member of GGC MSPO audit team. Able to speak and understand Bahasa Malaysia and English.

Auditor

Name: Mohd Razib bin Mohd Noor

Competent Marine Engineer with more than 30 years of working experiences in a various plantation company in Malaysia, Papua New Guinea and Indonesia. Having a skill in Good Milling Practices (GMP) including the crop quality control.

Qualified as Auditor for MSPO certification by SIRIM since 2018. Completed the ISO 9001:2015 Quality Management System Lead Auditor course by TOMC in May 2018 and MSPO SCCS Auditor by SIRIM in July 2019 respectively. Experienced in both palm oil mill and kernel crusher plant management, specifically boiler and process control. Member of GGC MSPO audit team. Able to speak and understand Bahasa Malaysia and English.

1.8 Audit Methodology

The audit was conducted based on sampling following the method as specified in the MSPO requirements (MSPO-Questionnaire Self-Assessment – RA). In the case of this certification unit, sampling calculation was not applied as it is on Single Site Certification.

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

The methodology for collection of objective evidence was established during physical site inspections, observation of tasks and processes, interviews of stakeholders, interview of officers, review of

documents and data. Checklists and questionnaires were used to guide the collection of information and the comments made by external stakeholders were also been taken into consideration in this assessment.

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

1.9 Audit Plan Information

Audit Date	8 th July 2020
Name of site(s) visited	Mutiara Eramas 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	3	Closed
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, the stakeholder consultation shall be carried out in stage 2 and recertification audit cycle of the management unit. The CB shall carry out stakeholder consultation to ensure continued compliance with the requirements of the certification standards. However, stakeholders' consultation during surveillance audit may be limited to those stakeholders who have raised concerns, complaints or disputes prior to the audit. GGC has published the public notification on 19th June 2019 (3rd Revised).

The aim of stakeholder consultation is to ensure that the MSPO requirements are continuously implemented and adhere to, as well as others aspects that they considered could be improved. The auditor begin consultation with brief explained on the purpose of the audit, interviewed and record comments made by the stakeholders. The comments were verified with the Estate Management before incorporating into the assessment findings. There was no negative complaint or feedback received during the audit or during the field assessment when interviewing with the stakeholders. The details are as per table below:

No	Stakeholders	Subject raised / Identified Risk	Company response	Assessment
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	Name		and proposed action to be taken. [What we did]	team findings [Outcome]
1.	Stakeholders A (Estate workers)	<ul style="list-style-type: none"> • They have good understanding about RSPO. • They have good understanding about complaint and grievance mechanism. • PPE given by company – free. • They reported that no sexual harassment and violence case was happened in the workplace. • They were treated equally with no discrimination based on gender. • Company well managing the welfare, health and safety of their staff. • There is no conflict ever happened between worker & estate management. 	No action requires	<ul style="list-style-type: none"> • 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 Mutiara Eramas Sdn Bhd. Estate Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual. MSPO Compliance also being assist by Sustainability Department.

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 received during this Annual Surveillance Audit (ASA 1).

This report will be internally reviewed for certification decision by GGC and external peer review by independent reviewers (Qualified by MPOCC) 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 was three (3) majors have been raised to the facility that being audited. All the evidence submitted were found adequate and therefore all major non-conformities are closed. (Refer to Appendix B, non-conformity table for details).

Since the audit objectives as mentioned in the audit plan have been achieved and assessment resulted of major non-conformity findings is closed. Hereby, the lead auditor recommends to award

the certificate of compliance "MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders" to Mutiara Eramas Sdn Bhd

1.13 Date of Next Surveillance Audit

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

1.14 Confidentiality

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

1.15 Abbreviations Used

CHRA	Chemical Health & Risk Assessment
CoP	Code of Practise
CPO	Crude Palm Oil
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
MPOB	Malaysian Palm Oil Board
MPOCC	Malaysian Palm Oil Certification Council
MSPO	Malaysian Sustainable Palm Oil
NCR	Non-Conformance Report
NGO	Non-Government Organization
OHS	Occupational Health & Safety
OHSAS	Occupational Health and Safety Assessment Series
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social Environmental Impact Assessment
SOP	Standard Operating Procedure

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 Mutiara Eramas Sdn Bhd has established a Sustainability Policy which stating their commitment to implanting the following sustainable practices:

- To operate sustainability management based on the principles and criteria contained in MS2530:2013 standard.
- To continuously improve our operation in line with social, environmental and economic aspects.
- Ensure protection and conservation for High Conservation Value and High Carbon Stock areas.
- Ensure protection and preservation of rare, threatened or endangered species and high biodiversity values.
- To ensure this sustainability policy is distributed and understood by all the employees and stakeholders.

The policy was signed by Director of Operation Mutiara Eramas Sdn Bhd, Mr. Roger Ling Wei Lee, dated 01 June 2018.

External Stakeholder Meeting was planned to be conducted on 30TH March 2020 at Dewan Kampung Tonomon. However, the meeting being postponed to 4th August 2020 due to Movement Control Order by Government

In Compliance Yes ☐ No ☐ Not Applicable ☐

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

Summary Mutiara Eramas Sdn Bhd has established a Sustainability Policy which stating their commitment to implanting the following sustainable practices. The policy was signed by Director of Operation (Mr. Roger Ling Wei Lee) dated 01 June 2018.

The company is committed to continuously improve their operation in line with social, environmental and economic aspects based on the principles and criteria contained in MS2530: 2013 standards.

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 Mutiara Eramas Sdn Bhd has established MSPO Procedure Title: Internal Audit, Doc No: MSPO-01, Rev 0, Date 1st July 2018.

Internal audit has been planned for the year 2020 as documented in "Annual Internal Audit Plan" prepared by Winne Osinggang and approved by the Director. Seen, the

Internal audit at Mutiara Eramas being planned on 4th March 2020.

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 MSPO Procedure Title: Internal Audit, Doc No: MSPO-01, Rev 0, Date 1st July 2018.

The purpose of this procedure is to describe the audit process conducted internally to determine Mutiara Eramas Sdn Bhd operations are effectively implemented to comply with the Malaysian Sustainable Palm Oil (MSPO) standards.

The internal audit conducted by Miss Winnie Osiang on 4th March 2020. 13 major, 2 minor and 2 Opportunity for Improvement being raised during audit.

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

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

Summary The Non – conformities being closed within the stipulated period by the Internal Auditor of 14 days from date audit report issued.

The report is available for Management Review Meeting in timely manner.

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 Mutiara Eramas Sdn Bhd has established the Management Review Procedure. MSPO-02; Rev 0; Date 1/07/2018.

Sighted the MSPO Management Review Meeting dated 9th March 2020 chaired by Haji Adzlie Teo, the General Manager. The meeting attended by 8 participants.

As per stated in the procedure, the estate manager is responsible for arranging the meeting, preparing meeting agenda, determine scheduled date and meeting minutes. The agenda shall be as listed below:

1. Review action items from previous meetings.
2. Review the suitability of the policy.
3. Review process performance and product conformity including suitability and achievement of the quality objectives and other measures.
4. Review feedback from customers and other interested parties including data

relating to customer perception of weather the organization has met customer requirements (include positive feedback as well complaints). Review customer delivery performance.

5. Review summary and status of non-conformities.
6. Review any changes or requirements that might affect the QMS, e.g. revisions to the MSPO standard, legal & regulatory issues or new processes.
7. Review resource issues such as:
 - Human – current adequacy and future needs, competency, training, organization chart and job descriptions (responsibility, authority and communication);
 - Facility – adequacy, suitability and maintenance of buildings, work environment and services (e.g. communications).
8. Any other business or quality planning. (e.g financial, social, environmental, statutory, regulatory, marketing, etc)

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 Mutiara Eramas Sdn Bhd has established Sustainability Policy. The policy has been approved by Director of Operation; Mr Roger Ling Wei Lee dated on 1st June 2018.

Stated in the Sustainability Policy; Point no 2 – “To continuously improve our operations in line with social, environmental and economic requirements”.

Mutiara Eramas Sdn Bhd has established the Management Review Procedure. MSPO-02; Rev 0; Date 1/07/2018, Appendix 2: Continuous Improvement Plan.

The Continual Improvement Plan 2020 have been drawn -up by Estate Manager, Mr. Asangkul Mosari on 20th April 2020 as stated below: -

	2020 (unit)
Manager & Asst House - New	2
Staff House – New 3 units	3
New Workers Quarters - 7 units	7
37 units Bathrooms & Toilets to be repaired	37
To build permanent chemical store	1
Water Piping – to reinstall 10 units water piping in workers housing	10
PPE Store	1

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 No new technology being introduced in the Estate. The management will adapt any new technology suitable for its operations from time to time

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 No new technology being introduced in the Estate. The management will adapt any new technology suitable for its operations from time to time

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 Company has established the Stakeholder Communication & Consultation Procedure under No. MSPO-03 Rev:0 Dated 1 July 2018, Mutiara Eramas Sdn Bhd.

Communication and consultation process is also communicated through stakeholder meeting. External Stakeholder Meeting was planned to be conducted on 30TH March 2020 at Dewan Kampung Tonomon. However, the meeting being postponed to 4th August 2020 due to Movement Control Order by Government

Internal stakeholder briefing was conducted on 13th January 2020 for 36 workers by the Estate Manager, En Sarefudin Samat. Briefing also being conducted during morning muster.

No record on request and response matter being addressed by stakeholders.

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 Sighted Reference Document List updated on 3rd July 2020 as stated below:-

No	Reference Document	Confidential	Non-Confidential
1	MSPO Policies and objectives		/
2	Trade Supplier List	/	
3	Operations Procedures		/
4	Communication Procedures		/
5	FFB Supplier List	/	
6	Financial Statement & Business Data	/	
7	Contract Agreements	/	

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

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

Criterion 2 Transparent method of communication and consultation

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

Summary The Company has established the Stakeholder Communication & Consultation Procedure under No.MSPO-03 Rev:0 Dated 1 July 2018,Mutiara Eramas Sdn Bhd. The Standard Operating Procedure has identified mechanism for consultation and communication with the relevant stakeholders.

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 person in charge for transparency agenda is Mr Colosse Jimmy, appointed on 2nd June 2020 by the Estate Manager, En Asangkul Mosuri.

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 Sighted latest stakeholders list updated on 30th June 2020 as below: -

	No of stakeholders
Non - Government	4
Supplier / Contractor	4
Government	19
Neighbouring Estate / Mill / Local	6

Community

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 The company has established Mutiara Eramas Sdn Bhd. MSPO Procedure: FFB Traceability Ref No: MSPO – 04 Rev: 2; Date: 9th March 2020.

Sighted, the FFB Traceability process flows in the Estate. Harvesting operation being conducted by Check-roll / own harvesters and the mandore / supervisor is under Estate Management.

At field, both Estate mandore / supervisor will conduct FFB grading and recorded all the Fresh Fruit Bunches (FFB) that harvested by the harvester in Daily Bunch Record. The daily bunch record consists of the following information:

- a. Harvester name
- b. Block and area number
- c. Date
- d. Quantity
- e. Grader's name and signature

Upon completion of field FFB Grading, the FFB will be loaded and transported to ramp and recorded in the Bunch Record.

Later, the FFB being loaded into the lorry and transported to mill. The Estate will record all the data in Bunch Record / Fresh Fruit Bunch Dispatch Chit. The weighbridge operator at mill will key – in the following information in the system: -

1. Date
2. Gross/tare/net weight
3. Contract Number
4. Weighbridge ticket number
5. Total Bunches
6. Vehicle number
7. Name of driver
8. Seal Number
9. Time in / out

The FFB being transported to the designated Mill as per Contract.

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

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



Summary The Management team on harvesting holds the responsibility on regular inspection of traceability system. Periodical inspections also being conducted through GM's and Director's visit.

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

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

Summary The person in charge for traceability agenda is Mr Colosse Jimmy, appointed on 2nd June 2020 by the Estate Manager, En Asangkul Mosuri.

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

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

Summary FFB being sell to Wonder Choice Sdn Bhd, collecting centre and being monitored by Head Office.

Sighted the records of sales, delivery or transportation of FFB. This record being maintained and the documents are kept by estate.

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

2.3 Principle 3 : Compliance to legal requirements

Criterion 1 Regulatory requirements

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

Summary The company has established and updated list on 3RD July 2020 of applicable laws and regulations that are applicable for the estate in the Legal Requirement Register: -

- 1 Occupational Safety and Health Act 1994
- 2 Factories and Machinery Act 1967
- 3 Pesticide Act 1974
- 4 Electrical Supply Act 1990
- 5 Petroleum (Safety Measures) Act 1984
- 6 Fire Services Act 1984
- 7 Environmental Quality Act 1974
- 8 Employee Provident Fund Act 1991
- 9 Employees Social Security Act 1969
- 10 Trade Union Act 1959
- 11 Minimum Retirement Age Act 2012
- 12 Companies Act 2016
- 13 Malaysian Palm Oil Board Act 1998
- 14 Road Transport Act 1987
- 15 Uniform Building by Law 1986
- 16 Communication and Multimedia Act 1998



- 17 Weights and measures Act 1990
- 18 Passports Act 1966
- 19 Immigration Act 1959/63 (Revised – 1975)
- 20 Employment Insurance System Act 2017
- 21 Sabah Labour Ordinance (Cap. 67)
- 22 ETC

Major Non - Conformity

1. Evidence, workers' wages for the month of April 2020 has been paid on 20th May 2020 despite the date printed in the pay-slip date printed in was on 6th May 2020. The practice was not complied to the Sabah Labour Ordinance (Sabah Bab 67) Clause 108 (1) - The wages of an employee shall be paid not later than seven days after the expiration of the wage period in respect of which they are due.
2. During the document verification, 22 units of Fire extinguishers permit was expired on 2nd April 2020 and 2 units fire extinguishers was expired on 17th June 2020.

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

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

Summary Sighted Permits and Licenses being kept and monitored by the Company. The Company has the following documents;

No	Permit	Number	Expiry Date
1	MPOB	613929002000	31/7/2020
2	Trade License	PDKGU:100-24/1	31/12/2020
3	Lesen Penggajian Pekerja Bukan Pemastautin		22/7/2020
4	Fire Extinguisher	22 units 022019	17/6/2020
5	Fire Extinguisher	2 units 626373	2/4/2020
6	Permit Barang Kawalan - Diesel		29/1/2021

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

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

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

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



3. 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 Estate has nominated Mrs Natrahiky Angindin as a person responsible for monitoring compliance and tracking the update changes in regulatory requirements through a letter of appointment dated 20th January 2020 signed by En. Sarefudin Samat.

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 The estate is managing communal land which was established under Schedule XI (section 68), Field Register 154000567 dated 1ST May 2010 located at Sapulut 4, Sabah Malaysia. The total area is more or less than 6,000 acres (2,428.16 Ha).

The land is demised herein expressly as a communal title for the purpose of cultivation of agriculture crops of economic value.

Sighted Area Statement for year 2020 covering 2428.16 Hectare. Details as listed herein: -

	Hectare
Mature	221.76
Immature	975.43
New Development	41.60
Total Planted	1238.79
Rocky Hill	243.15
Camp Site	362.65
Riparian Reserve	153.91
Road & Drains	120.07
Kg Area	270.96
Holdded Area	38.63
Total Hectare	2428.16

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 an agreement dated 01st July 2013 between "Benefisiari Kepada Geran Komunal FR154000567" and "Mutiara Eramas Sdn Bhd". The total area is approximately 6,000 acres registered for 232 Beneficiaries.

A Minute of Special Meeting Ref: 1512.11 JLD.11/113 dated 8th July 2010 attended by the respective head of the beneficiaries" representatives agreeing to appoint Golden Pacific Industries Sdn Bhd, to develop the said land into an oil palm plantation. A letter from the Golden Pacific Industries Sdn Bhd dated 7th May 2012 informing the Director of Land and Surveys Department of its resolution to surrender and assign the said Land to its sister company Mutiara Eramas Sdn Bhd to carry out the works to develop the said land into oil palm plantation and supported by Assistant Minister of Agriculture and Food Industries via letter Ref No KPIM:PMPIM/PT/004/32 dated 15th May 2012.

The agreement is valid for 60 years since it was signed. Sample taken on: -

1. Ebin Angkasang – H 0751989
2. Busiau Ampirak – 780211-12-5891
3. Saminggu Elau – 600101-12-7545
4. Ronizam Mondai – 920419-12-6289
5. Jaslin John – 891103-12-6063
6. Taisah Damet – 841020-12-5802

The agreement prepared by M.S Rickey Sedomon and Ahlan & Co. No dividend being paid thus far.

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 legal perimeter boundary markers be clearly demarcated and visibly maintained on the ground.

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 No customary right demonstrates in this vicinity.

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 No customary right demonstrates in this vicinity.

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

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

Summary No customary right demonstrates in this vicinity.

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

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

Summary No customary right demonstrates in this vicinity.

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 Company has established the Standard Operating Stakeholder Communication & Consultant Procedure – Doc. No: MSPO-09 (Rev 0), Date : 1st July 2018. Prepared by Ms. Saulin Sigar (MSPO Staff) and approved by Mr. Lawrance Chan (Sustainable Executive) effective from 1st July 2018.

Sighted, SIA for Internal stakeholders conducted on 11th March 2020. The purpose of Social Impact Assessment is assessing on Access and Use Rights, Economic livelihoods and working condition, cultural and religion issues, health and education facilities and subsistence activities. 11 internal stakeholders being assessed and responded. The respond included;

No	Faktor Social / Kriteria	Kesan Impak	Analisa Impak Sosial	Langkah mitigasi	Tarikh Akhir
1	Kemudahan perumahan	1. Penambahan blok perumahan kerana tidak mencukupi untuk pekerja. 2. Perlu menambah blok	Positive	1. 10 units rumah pekerja telah di masukkan di dalam CIP Ladang 2. Pembaikan paip dan tandas rumah sedia ada	Dec 2020

		<p>perumahan untuk pekerja disebabkan perumahan yang sedia ada tidak mencukupi dan menambahbaik ruang rumah yang sedia ada</p> <p>3. Memerlukan bekalan air bersih</p> <p>4. Perumahan untuk staff ladang perlu di tambah baik dan membina rumah konkrit atau separuh konkrit</p>		3. 3-unit rumah staff dimasukkan di dalam CIP Ladang	
2	Ekonomi kehidupan	Gaji tidak memuaskan	Positive	Skala gaji dibuat berdasarkan kelayakan setiap individu	
3	Kemudahan beribadat	Tidak ada tempat beribadat yang disediakan oleh syarikat	Positive	Dikemukakan kepada pihak pengurusan atasan	
4	Pengangkutan	Kemudahan pengangkutan tidak disediakan	Positive	Kenderaan untuk tujuan kecemasan disediakan menggunakan kereta pengurus ladang	

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 Company has established the Standard Operating Stakeholder Communication & Consultant Procedure – Doc. No: MSPO-09 (Rev 0), Date: 1st July 2018. Prepared by Ms. Saulin Sigar (MSPO Staff) and approved by Mr. Lawrance Chan (Sustainable Executive) effective from 1st July 2018

This procedure is a reference to management and staff in handling of any complaints and grievance from any stakeholder including individuals, government organization and non-government organization concerning the implementation of MSPO.

The procedure has stated the timeline involve to resolves dispute stated under Clause 4. where "Penyelesaian sesuatu aduan atau cadangan yang dibuat akan mengambil masa 14 hingga 40 hari bergantung kepada kerumitan aduan yang diutarakan daripada Tarikh terima aduan tersebut".

Sighted flow chart of complaints and grievances designed for External and Internal Stakeholder in the company SOP

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 Company has established the Standard Operating Stakeholder Communication & Consultant Procedure – Doc. No: MSPO-09 (Rev 0), Date: 1st July 2018. Prepared by Ms. Saulin Sigar (MSPO Staff) and approved by Mr. Lawrance Chan (Sustainable Executive) effective from 1st July 2018

Sighted record of complaint for year 2020. No complaint was made thus far.

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 In order to ease the employees and relevant stakeholders to lodge the complaint, the complaints and grievances form and box are available at estate office and worker quarters.

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 Internal Stakeholder Meeting with all the workers was conducted on 10th January 2020 at morning muster area. The agenda for the meetings as below;

- i. Briefing on Company Policy
- ii. Briefing on complaints and request procedure

No complaints or request made during the meeting. For External stakeholder, original

meeting planned was 31st March 2020, due to Global issue of Pandemic Covid 19, the meeting was postponed to 4th August 2020

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 Even though no record of complaint made by the internal and external stakeholder, estate management still maintain the complaints and grievances record for the last 24 months.

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 Sighted Corporate Social Responsibility Record File for internal and external stakeholder as follow;

No	Date	CSR Activities
1	14.03.2020	Celebration party with estate workers for crop target achievement

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

Criterion 4 Employees safety and health

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

Summary Sighted the Occupational Safety & Health Policy, established on 1st June 2018 which was approved by Managing Director, Mr. Roger Ling Wei Lee. The policy was prepared in Bahasa Malaysia and English for easily understood by all level of its employees. OSH Plan for 2020 is available including objectives as follows:

1. Provide and ensure a safe and healthy working environment.
2. Ensure that all employees and stakeholder are given information, rules, instruction, training and supervision on safe working procedures.
3. Identify and investigate all type of accidents, diseases, poisoning and hazardous conditions and preventive measure not to repeat.
4. Compliance with legislative requirements especially the Safety and Health Act 1994 and the Factory and Machinery Act 1967.
5. Ensure that all employees and stakeholders carrying out work or field activities are provided with appropriate personal protective equipment and recognized standards.
6. Ensure that all contractors and suppliers comply with safety and health rules and regulations.

7. Nurture and enhance occupational safety and health through training to all employees and stakeholders.
8. Ensure the awareness of occupational safety and health policies is disseminated to be understood and practiced by employees and all stakeholders.

In Compliance

Yes

☐ No

☐ Not Applicable

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

- a) A safety and health policy, which is communicated and implemented.
- b) The risks of all operations shall be assessed and documented.
- c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:
 - i) all employees involved shall be adequately trained on safe working practices; and
 - ii) all precautions attached to products shall be properly observed and applied.
- d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).
- e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.
- f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.
- g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meetings are kept and the concerns of the employees and any remedial actions taken are recorded.
- h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.
- i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.
- j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.

Summary

Sighted the Occupational Safety & Health Policy, established on 1st June 2018 which was approved by Mr. Roger Ling Wei Lee, Managing Director.

Risk assessment was conducted through HIRARC based on the severity and the likelihood. HIRARC is 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). HIRARC sighted for the followings work operation:-

1. Tingkahlaku Semasa bekerja
2. Menanam Anak Pokok Kelapa Sawit
3. Memotong buah tandan segar

4. Penyemburan racun
5. Menabur Baja
6. Menabur Racun Tikus
7. Pemandu
8. Penyimpanan dan Pengurusan bahan di stor
9. ETC

Mutiara Eramas Sdn. Bhd. has a comprehensive annual training plan for the Staffs and Workers and this was sighted in the training records file for each staffs and workers. Training Plan includes: -

	Title of Training	Planned Month
1	Policies Awareness (Sustainability, Occupational Safety & Health, Environment, Sexual Harassment, Freedom of Association)	January 2020
2	Safe & Standard Operating Procedure	February 2020
3	SDS	February 2020
4	PPE	February 2020
5	SOP Handling of Chemical (USECHH)	March 2020
6	Accident & Emergency Procedure	March 2020
7	First Aid	March 2020
8	SOP Handling of Used Chemicals (SW)	February 2020
9	Taklimat Kesedaran Larangan Pembakaran Terbuka "Zero Burning "	February 2020
10	Taklimat Kesedaran HBV & RTE	February 2020
11	Taklimat Prosedur Komunikasi dan Konsultasi	March 2020
12	Taklimat system aduan & keluhan ladang	March 2020
13	Taklimat Pencegahan Gangguan Seksual & Keganasan	March 2020

Estate has provided appropriate PPE for all workers in their operations. PPE Issuance and replacement record sighted for: -

1. Staff/AP
2. Harvesters
3. Field Workers
4. General Workers

Company has established the Standard Operating Procedure Pengendalian Bahan Kimia – Doc. No: CISB/MSPO/SOP-2 (Rev 0). Prepared by Mr. Saulin Sigar (Field staff) and Approved by Mr. Lawrance (Sustainable Staff) effective date on 26th February 2019

The company has appointed Rehpro Scientific Sdn. Bhd to carry out CHRA Assessment for Mutiara Eramas Sdn. Bhd. Site visit was carried out from 25th April 2020 (RSSB/CHRA/2020-023). Based on the recommendation by the Occupational Health Doctor, the medical surveillance must be carry out 12 month interval. Sighted quotation from DAB OH Sdn. Bhd. (967104-U) dated 19th June 2020 for Medical Surveillance Service to 3 estates and mill (Kawayoi Plantation Sdn. Bhd. / Sinaron Sinua Plantation Sdn. Bhd. / Mutiara Eramas Sdn. Bhd / Pandewan POM)

The Estate Manager Mr. Asangkul Mosari was appointed as the Chairman of the



Operating Unit OSH Committee. Sighted letters of appointment for all the committees " Jawatan Kuasa Keselamatan dan Kesihatan Pekerja Ladang (JKKP) bagi sesi 2020 " signed by The OSH Chairman.

Safety and health meeting was conducted every 3 months to discuss all issues regarding worker's safety and health. All issues raised and discussed during conducted meeting has been resolve and taken action by POM and estate management with proper action and target date.

Sighted the emergency procedure for the Mutiara Eramas Sdn. Bhd., SHM – SSPSB -04 dated 1st January 2019. Emergency response plan is available in local language. The ERP has been explained to all workers and staffs during training / morning muster. Emergency response plan include the emergency contact number, and also have Guidelines on Accident, Emergency Procedures and Exit routes as well as assembly point in file and pasted on notice board.

First Aid Training was conducted on 21st January 2020 by Mr. Marcellus bin Dominic @ Lakuyik (Assistant Manager) . Sighted picture, training material and attendance list attended by all staff mandores with attendance of 20 persons

During field visit, sighted first aid box and records maintained by first Aiders at the work places area.

Estate have submitted JKKP 8 (I & II)/(IV) on annually basis to the DOSH. LTA calculation based on local interpretation from DOSH JKKP 8 which submitted on 28th January 2020.

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 Sighted the Social Policy., established on 1st June 2018 signed by Operation Director, Mr Roger Ling Wei Lee. Communication of the policy to workforce is through muster – call and the policies being displayed at the office notice boards. This policy covers :-

- Compliance with established laws and regulations including labour laws, land title laws and workers' housing
- Ensur minimum retirement age policy is complying
- Provide the relevant training and development associated with their roles and responsibility
- Prohibit employing worker by coercion or under age
- Paying salaries to employees and staff on a minimum a wage order
- Respect and protect Human Rights and workers Rights (including temporary workers, contracts or foreign workers)
- Freely of discrimination and prejudice against gender, race, religion, nationality

and political views

- h. Provide a harmonious work environment to employees, customers and stakeholders
- i. Provide workplace free of sexual harassment whether directly or indirectly against all workers, societies and stakeholders.

Allow workers to join or form trade unions of their own choosing that enable them to exercise their rights, Company shall give them freedom to have their own representative to organize themselves for collective bargaining.

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 Sighted the Social Policy., established on 1st June 2018 signed by Mr Roger Ling Wei Lee, Operation Director This policy covers: -

g. Freely of discrimination and prejudice against gender, race, religion, nationality and political views.

i. Provide workplace free of sexual harassment whether directly or

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

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 Sighted the Social Policy., established on 1st June 2018 signed by Mr Roger Ling Wei Lee, Operation Director This policy covers: -

e. Paying salaries to employees and staff on a minimum a wage order

The salary is according to „Guidelines on the Implementation on the National Minimum Wages Order 2020“ as stated in the guidelines. Interview with both Estate staff and workers confirmed that they understand the terms and conditions of their employment. Sample of wages as below;

No	Name	Nationality	Passport No ID / Malaysia	Wages April Gross	Wages April Net
1	Stenly Anis	Malaysia	870407-49-5519	1,850.10	1,706.15
2	Stnley Asang	Malaysia	951217-12-6637	1,331.39	1,255.94
3	Tomy Busiau	Malaysia	980816-12-5401	1,395.86	1,288.41

4	Nicky Peter	Malaysia	890718-12-5097	1,495.21	1,410.06
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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 No contractor being engaged in the Estate.

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, the registration card being established for all workers. The registration card stated the offered position, wages implied, working hours, OT, allowances, rest day, working on holiday etc. Sample taken on Stenly Anis (870407-49-5519) and Nicky Peter (890718-12-5097)

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

Indicator 6 All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.

Summary Sighted, Employment Contract between Mutiara Eramas Sdn. Bhd. and the workers. The Agreement stated all the term and conditions according to Malaysian Law. The contract is in Bahasa Malaysia.

This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of local and Indonesian. Sample taken on Stenly Anis (870407-49-5519) and Nicky Peter (890718-12-5097)

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 The Management has established Time Recording System based on Attendance Record Book for staff and Pocket Check-roll to workers.

Working hours is 8 hours. From Saturday to Thursday. Total monthly working hours is 208 hours. The overtime maximum is 104 hours according to Malaysian Law.

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

Indicator 8 The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.

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

Sighted in the Contract Agreement the rate of overtime which agreed by both parties. There is no complaint received regarding payment or forced to work on overtime during site interview.

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

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

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

Documented payslip was distributed to individual workers on the day of payment.

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 For local workers, staffs and executives, all of them are covered under EPF & SOCSO as required by the Malaysian Laws and Regulations and For Indonesian workers, they will be covered under SOCSO

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, sport facilities and crech ayah. Gravity Water and solar electricity is provided free to all workforce.

Periodically, linesite Inspection was conducted on 5th May 2020 by Mr. Justin Agandak (Field Staff) and the record was compiled accordingly.

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 Sighted the Social Policy., established on 1st June 2018 signed by Mr Roger Ling Wei Lee, Operation Director. This policy covers: -
i. Provide workplace free of sexual harassment whether directly or indirectly against all workers, societies and stakeholders.

The Policy being displayed at notice boards outside the estate office. The Social Policy has been communicated to all External and Internal Stakeholders during the meeting.

For Internal Stakeholder Meeting, meeting with all workers was conducted on 10th January 2020 at Muster morning area attended by all workers and for the External Stakeholder, original meeting planned was 31st March 2020, due to Global issue of Pandemic Covid 19, the meeting was postponing to 4th August 2020.

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 Sighted the Social Policy., established on 1st June 2018 signed by Mr Roger Ling Wei Lee, Operation Director. This policy covers: -

f. Respect and protect Human Rights and workers Rights (including temporary workers, contracts or foreign workers)

The Policy being displayed at notice boards outside the estate office. The Social Policy has been communicated to all External and Internal Stakeholders during the meeting. Local or foreign workers are given the freedom which it is an optional for them to join worker union formed in Estate. Thus, their freedom are not restrict by estate management.

Interview with Estate Manager confirmed that foreign workers are allowed to join Union if any.

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

Child and young person policy is incorporated in the Social Policy. The policy was approved by Mr. Roger Ling Wei Lee dated 1st June 2018. The policy on Children and young persons shall not be employed or exploited has been stated under the following number:

d". Prohibit employing worker by coercion or under age

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

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

Criterion 6 Training and competency

Indicator 1 All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.

Summary

Sighted the Social Policy., established on 1st June 2018 signed by Mr Roger Ling Wei Lee, Operation Director. This policy covers:-

c" Provide the relevant training and development associated with their roles and responsibility.

The Estate has a comprehensive annual training plan. The training plan for 2020

No	Title of Training	Planned Month	Status Done
1	Policies Awareness (Sustainability, Occupational Safety & Health, Environment, Sexual Harassment, Freedom of Association)	January 2020	13.01.2020
2	Safe & Standard Operating Procedure	February 2020	09.01.2020 21.01.2020
3	SDS	February 2020	
4	PPE	February 2020	17.01.2020
5	SOP Handling of Chemical (USECHH)	March 2020	
6	Accident & Emergency Procedure	March 2020	13.01.2020
7	First Aid	March 2020	21.01.2020
8	SOP Handling of Used Chemicals (SW)	February	

		2020	
9	Taklimat Kesedaran Larangan Pembakaran Terbuka " Zero Burning "	February 2020	10.01.2020
10	Taklimat Kesedaran HBV & RTE	February 2020	10.01.2020
11	Taklimat Prosedur Komunikasi dan Konsultasi	March 2020	
12	Taklimat system aduan & keluhan ladang	March 2020	10.01.2020
13	Taklimat Pencegahan Gangguan Seksual & Keganasan	March 2020	10.01.2020

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 Yearly training plan is created based on Training Needs Analysis for workers involved in the operations. Sighted the Training Need Analysis of all workers, staffs and Management which are based on their competencies and job description.

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

Indicator 3 A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.

Summary All workers involved in the operations have been adequately trained in safe working practice. The estate has a comprehensive annual training plan for its staffs and workers and this was sighted in the training records file for each staffs and workers. The training plan for 2019 was sighted. Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training.

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

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

Criterion 1 Environmental management plan

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

Summary Environmental policy signed by Managing Director, Mr. Roger Ling Wei Lee dated 01.06.2018 and seen Document No: MSPO-06 Pelan Pengurusan Alam Sekitar dated 01.07.2018.
The policy covers the followings: -

1. Melaksanakan operasi perladangan mengikut peraturan yang berkaitan dengan alam kualiti alam sekitar.
2. Mengamalkan polisi Amalan Pembakaran Sifar untuk kawasan baharu dan penanaman semula dalam situasi yang dibenarkan.
3. Memastikan aktiviti ladang mematuhi syarat syarat dalam indusrti semasa.
4. Merancang dan memantau melaksanakan mengawal ketetapan aktiviti untuk mengurangkan kesan pencemaran dan pelepasan termasuk gas rumah hijau.
5. Menggalakan dan meningkatkan kesedaran keatas pemeliharaan alam sekitar melalui latihan, ceramah kepada pekerja, kakitangan dan pihak berkepentingan.
6. Memastikan polisi Alam Sekitar ini difahami dan diamalkan oleh kakitangan, pekerja dan pihak berkepentingaan.

Sighted Training on Sustainable, Environmental, Safety & Health and Social Policy has been conducted to External stakeholders

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

Indicator 2 The environmental management plan shall cover the following:

- a) An environmental policy and objectives;
- b) The aspects and impacts analysis of all operations.

Summary The estate has conducted Environmental Aspect Impact as per document Environmental Aspect Impact Assessment Guidance for Estate dated 03.01.2020 covering all estate operations which give major impacts on the environment.

Estate have an implemented practice to send the schedule waste to Pandewan Oil Mill Sdn Bhd which is the collecting point of estates for schedule waste.

Major Non - Conformity

Environmental Management Plan Procedure, under clause No 6 Environmental Aspect and Impact Analysis dated 3rd January 2020; No 2, Use of Petrochemical for transportation has stated the mitigation measures and the monitoring programme.

However, during site visit at the store, evidence spillage of Petrochemical (Diesel) at the Diesel dispenser point. Thus, the Environmental Management Plan was not effectively implemented.

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 Mutiara Emas Estate have established a mitigation plan documented in document Environmental Aspect Impact Assessment Guidance for Estate dated 3.01.2020-

Aspect	Impact	Mitigation measure	Monitoring program	Continuous Improvement	Timeline
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Generation of empty chemical container	Land contamination	Empty chemical containers shall be triple rinses and punctured and disposed of through authorized collector	Empty chemical containers should be not used for other than premix or spraying To ensure that the empty chemical container not in used at the housing area	To get approval from DOE to carry out the triple rinse approval and proper premix facility.	monthly
Disposal of the clinical waste	Land contamination	To contain in the clinical waste bin	Monitor by the estate hospital assistant	-	monthly

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

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

Summary Program to promote positive impacts to the environment has been established. Estate established planning to upgrade / build Schedule waste store, Lubricant store, workshop and general store with time bound plan. Sample of continuous improvement plan

Environmental Aspect	Environmental Impact	Monitoring Program	Continuous Improvement Plan
Domestic waste generated Bio gradable Non bio gradable	Pollution to to soil and water	1. remove solid waste within permanent water body. 2. transfer solid waste to collection centre. 3.Disposal at approved designated site.	1.to promote recycling program 2.segregation of waste such as plastic glass ,plastic and paper to be sold to authorize recycle company

Human waste generated from line site and office	Land and water contamination	1. stop usage of leaking toilet 2. repair work to be done	1. Continuously repairing for bathroom and toilet. 2. built new accommodation
In Compliance <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Not Applicable <input type="checkbox"/>

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 Internal stakeholder briefing was conducted on 13th January 2020 for 36 workers by the Estate Manager, En Sarefudin Samat. Briefing also being conducted during morning muster.

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 Meeting minutes and attendance list verified. Environmental committee meeting was conducted on 16/01/2020. Environmental Meeting minute sighted with an attendance list of 9 participants.

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 Mutiara Eramas Estate have been monitoring of diesel usage as evidence below: -

Year 2020	Liters	FFB MT	Ltrs/Mt FFB
January	12456	200	62.26
Feb	9702	202	48.0
March	6745	162	41.6
April	6702	250	26.8
May	5372	290	18.5

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 Record of direct usage of non-renewable energy, Diesel has been maintained for Mutiara Eramas Estate vehicles.

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

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

Summary Seen, Solar Panel were installed in workers quarters.

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 All waste products and sources of pollution identified and documented under Schedule Waste Management Procedure namely Prosedur MSPO – Pengurusan Bahan Buangan. List of schedule waste clearly stated in Annex 1.

Jenis bahan buangan	Punca
SW 102 battery	Workshop
SW 305 Spent Lubricating oil	Workshop
SW 306 Spent Hydraulic oil	Workshop
SW 410 Filters/ used gloves	Workshop
Used tyre	Workshop
Biodegradable kitchen waste	Linesite/office
Non bio degradable tin plastic bottle	Linesite / office
Karong baja kosong	Operasi membaja diladang
Gallon Racun kosong	Operasi meracun di ladang

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 Identifying and monitoring sources of waste and sources of pollution identified and documented under Schedule Waste Management Procedure, Pengurusan Bahan Buangan. The plan has been established as per document Procedure MSPO: Pengurusan Bahan Buangan, dated 03 01.2020

Jenis bahan buangan	Punca	Program mitigasi	Program pemantauan
SW 102 battery	Workshop	Bahan buangan terjadual dihantar ke Pusat pengumpulan Pendawan	Rekod peyimpanan distore dan penghantaran ke

		Mill (Disimpan /lupuskan mengikut akta Alam sekitar 1974(bahan terjadual 2005)	Pendawan mill dibuat
SW 305 Spent Lub oil	Workshop		sama
SW 306 Spent Hydraulic oil	Workshop	Dikitar semula sebagai pasu bunga	sama
SW 410 Filters/ used gloves	Workshop		sama
Used tyre	Workshop		Memastikan ia digunakan untuk landskap saja
Biodegradable buangan memasak	Linesite/of fice	Dilupuskan dikawasan pelupusan sampah ladang	Rekod penghantaran ke landfill
Non biodegradable tin plastic bottle	Linesite / office	Program kitar semula. Pengasingan mengikut bahan buangan	Rekod Penjualan bahan kitar semula
Karong baja kosong	Operasi membaja diladang	Cuci 3 kali bilas untuk digunakan sebagai penyimpanan biji lerai	Penggunaan karung yang dicuci dan dibilas 3 kali di rekodkan
Gallon Racun kosong	Operasi meracun di ladang	Cuci 3 kali bilas dan di gunakan untuk premixed gallon sahaja	Penggunaan gallon yang dicuci dan dibilas 3 kali di rekodkan

Major Non – Conformity

During site verification, evidence waste was not disposed appropriately;

- The Non-Biodegradable item such as plastic, bottle and aluminum tin were disposed at the Block 29

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 Procedure for handling of used chemicals and schedule waste sighted in MSPO: Pengurusan Bahan Buangan. Mutiara Eramas Estates Chemical Handling Prosedur Pengoperasian dan Keselamatan, No Dokumen: MUTIARA.SSOP.08.01.01, NO. Rujukan: MUTIARA/OSH-SSOP.

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 The empty chemical container record being verified and recycle for water supply during spraying activities.

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 waste disposal area is more than a Kilometer away from the housing and water course.

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 Assessment of polluting activities in the estate sighted in document "MSPO-06 Lampiran 1: Panduan Penilaian Kesan Aspek Alam Sekitar Untuk Ladang".

The GHG emission from oil palm cultivation of Mutiara Emas Sdn Bhd for 2019 was 1,133.5 g CO₂eq/ kg FFB

In Compliance ☒ Yes ☐ No ☐ Not Applicable

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

Summary The polluting activities has been assessed during environmental aspect and impact assessment. Mitigation measures are identified for in the document "MSPO-06 Lampiran 1: Panduan Penilaian Kesan Aspek Alam Sekitar Untuk Ladang".

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 Sources of water used for the estate have been identified in document "Identification of Water Source". The estate has applied to the Klinik kesihatan Pensiangan of Nabawan Health Office to conduct water analysis on gravity water dated 20.06.2020 signed by Asangkul Marius the Estate Manager.

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 Evidence, no bunds, weirs and dams across the river.

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 Sighted during site visit, the house being provided with 200 gallon of PVC water tank.

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 Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities done through a survey on 20th April 2019. Rare and threatened species such as:

- a) Kera
- b) Musang Tanggalong
- c) Beruk
- d) Musang Binturong
- e) Landak Borneo
- f) Teledu
- g) Mengkira
- h) Musang Belang Tenggiling
- i) Ular sawa Panjang
- j) Ular Sawah Darah

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 Measures to Discouraging any illegal or inappropriate hunting taken by installing signboard that shows the restriction to hunting in estate area. Sighted "No hunting" signboard during the sight visit.

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 Management plan sighted in document estate HBV Assessment Report. Management plan was effectively implemented. Verified the Meeting minutes and attendance for Training and awareness programme on HBV to prohibit any activities within wildlife corridor boundary as stated in the point number 3 under HBV Management Plan.

The estate monitored the Assessment area through High Bio Diversity Monthly Monitoring Report.

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 Zero burning policy is available dated 1 November 2018. SOP on replanting is available as referred to: Manual "Polisi Amalan Pertanian bagi Peenanaman dan Penjagaan Kelapa Sawit. Dated October 2015. During site visit there is no evidence of open burning in both Estate area and line site.

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 replanting works carried out in the estate.

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

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

Summary No replanting works carried out in 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 No replanting works carried out in the estate.

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 Mutiara Eramas Sdn Bhd established Standard Operating Procedure for estates as listed below:

No.	SOP	Policy No.
1	Pre-development survey, assessment and planning	ATP 1 – 1
2	Land clearing & preparation	ATP 2 - 2
3	The management of oil palm nursey	ATP 3 - 3
4	Road construction	ATP 4 – 4
5	Soil conservation	ATP 5 - 5
6	Establishment & maintenance of mucuna bracteate and other legumes cover crop	ATP 6 - 6
7	Planting & supplying	ATP 7 – 7
8	Palm replacement	ATP 8 – 8



9	Manuring	ATP 9 – 9
10	Pest and disease management	ATP 10- 10
11	Weed control	ATP 11 - 11
12	Bunch census	ATP 12 – 12
13	Harvesting	ATP 13 - 13
14	Frond pruning	ATP 14 -14
15	Water management	ATP 15 – 15
16	Environment	ATP 16 – 16

Person in charge will monitor the work flow and ensure all operations as per guided in the SOP. All SOP and procedures are kept and will be updated periodically.

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

Indicator 2 Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.

Summary Seen in the Agricultural Technical Policy No.1, Pre-Development Survey, Assessment and Planning under b. Soil Suitability and Topography, Table 1 Land Suitability Classification Based on Terrain stated:-

Terrain Class	Ave. angle of slope	Complex Slope Mapping Units	Oil Palm Suitability Classification
Flat	0-2°	C1	Highly Suitable
Undulating	2-5°	C2	Highly Suitable
Rolling	6-15°	C3	Suitable
Hilly	16-25°	C4	Moderately Suitable
Very Steep	>25°	C5	Unsuitable

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

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

Summary The estate has a visual reference system to identify each field or block. Each field has the signboard with block and phase number, hectare and month & year planting.

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

Criterion 2 Economic and financial viability plan

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

Summary Estate had an annual budget for the financial year 2020. The budget includes the projected FFB production, general charges, upkeep & cultivation, Collection and Immature areas.

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 No replanting program, as the first phase planted in year 2013.

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 4 years Business Management Plan being established from FY2019 until FY 2023. The Business Plan includes the projected FFB production, total revenue, total cost of sale, Estate operational cost and Nett Profit / Loss before tax.

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 The estates performance is recorded in the monthly progress report. Details on the actual vs budget i.e. Upkeep maintenance, FFB Production, capital expenditure are shown therein.

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 FFB Pricing Mechanism is determined and based on the approval by HQ. Sighted, Contract Agreement on "Membekal dan membeli tandan buah segar sawit" between Mutiara Eramas and Wonder Choice Sdn Bhd dated 1st November 2018 until 1st November 2022.

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 The Contract Agreement is fair and transparent. Seen, under clause 7. Syarat – Syarat Pembayaran stated “Pembayaran akan dilakukan secara online kepada pembekal. Pembayaran dalam masa 30 hari daripada tarikh invoice dikeluarkan.

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 No contractor being engaged in the Estate.

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

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

Summary No contractor being engaged in the Estate.

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 No contractor being engaged in the Estate.

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 No contractor being engaged in the Estate.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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 all estates.

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

2.8 Details of Audit Findings

Details Non-Conformity

- See Appendix B -

Details of Area of Concern

- See Appendix B -

Details of Noteworthy / Positive Findings

- 1) Good cooperation and commitment from the management and staff
- 2) Good positive feedback received from internal and external stakeholders.
- 3) Proactive and highly committed Management Team in establishing directions for the middle and upper management in complying with the MSPO certification



Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
08 th July 2020	08:00 – 09:00	<ul style="list-style-type: none"> ➤ Opening Meeting at Mutiara Estate: <ul style="list-style-type: none"> • Presentation by the manager/coordinator • Presentation by Lead Auditor. ➤ Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation – where applicable). 	MRB	IBI RMN
	09:00 – 13:00	Mutiara Estate <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MRB	IBI RMN
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Estate inspection: <ul style="list-style-type: none"> • Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MRB	IBI RMN
	13:00 – 14:00	<ul style="list-style-type: none"> ➤ Lunch 	MRB	IBI RMN
	14:00 – 16:00	<ul style="list-style-type: none"> ➤ Continue document review <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MRB	IBI RMN
	16:00 – 16:30	<ul style="list-style-type: none"> ➤ Verify any outstanding issues and auditor discussion. 	MRB	IBI RMN
	16:30 – 17:00	<ul style="list-style-type: none"> ➤ Closing Meeting at Mutiara Estate: ➤ Chaired by the audit Lead Auditor <ul style="list-style-type: none"> • 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 	MRB	IBI RMN


Appendix B: Non-Conformity details

Non-Conformities Identified During This Audit

Major Nonconformities:**3**

Company Name		Mutiara Eramas Sdn. Bhd.	
Stage of Audit		Initial Stage 1	<input type="checkbox"/>
		Surveillance	<input checked="" type="checkbox"/>
Audited Standard		Initial Stage 2	<input type="checkbox"/>
		Recertification	<input type="checkbox"/>
Client Number		GGC-N3-MSPO-2019	
NC No. / Ref.	N3/MSPO/MAJOR/01	Date Detected	08/07/2020
Site(s) concern	Mutiara Eramas Sdn. Bhd.	Target Completion	90 days
Normative Reference and Requirement	4.3.1.1 All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	Non-Compliance to the local, state and national laws and regulations		
NC Objective Evidence:			
<ol style="list-style-type: none"> Evidence, workers' wages for the month of April 2020 has been paid on 20th May 2020 despite the date printed in the pay-slip date printed in was on 6th May 2020. The practice was not complied to the Sabah Labour Ordinance (Sabah Bab 67) Clause 108 (1) - The wages of an employee shall be paid not later than seven days after the expiration of the wage period in respect of which they are due. During the document verification, 22 units of Fire extinguishers permit was expired on 2nd April 2020 and 2 units fire extinguishers was expired on 17th June 2020. 			
Lead Auditor Signature:		Client Signature:	
			
Root cause Analysis (to be filled by client):			
<ol style="list-style-type: none"> Payment of salary was late due to MCO (covid19). Main office in Sibu was closed due to Covid19 cases and delivering cash payment was restricted during that time. Lack of monitoring and communication between estate and HQ (Purchasing Department) was ineffective. 			



Corrective action planned (to be filled by client):	
1. Payment of salary will be paid according to Sabah Labour Ordinance (Cap 67). Section:108 Payment of wages: Sub Sec (1) <i>The wages of an employee shall be paid not later than seven days after the expiration of the wage period in respect of which they are due.</i> 2. To service fire extinguisher immediately.	
Preventive Action (to be filled by client):	
1. To ensure salary will be paid accordingly, staff – in charge to submit check roll report end of the month and manager's to follow up the process at all time and ensure the payment made not later than 7 days. 2. To do close monitoring on fire extinguisher by staff in –charge and to send fire extinguisher 1 month before expired date.	
Review of corrective/preventive action (to be filled by Lead Auditor)	
All the evidences submitted were found adequate and the major non-compliance is closed. Continuous implementation will be further verified in the next assessment.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified: 10/8/2020	Lead Auditor Signature: 

Company Name	Mutiara Eramas Sdn. Bhd.		
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2
	Surveillance	<input checked="" type="checkbox"/>	Recertification
Audited Standard	Part 3 : General Principles for Oil Palm Plantations and Organized Smallholders		
Client Number	GGC-N3-MSPO-2019		
NC No. / Ref.	N3/MSPO/MAJOR/02	Date Detected	08/07/2020
Site(s) concern	Mutiara Eramas Sdn. Bhd.	Target Completion	90 days
Normative Reference and Requirement	4.5.1.2 Major The environmental management plan shall cover the following: b) The aspects and impacts analysis of all operations.		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	Non-Compliance to the MSPO Procedure, Environmental Management Plan, MSPO – 06 Rev: 00 dated 1 st July 2018.		

NC Objective Evidence:

Environmental Management Plan Procedure, under clause No 6 Environmental Aspect and Impact Analysis dated 3rd January 2020; No 2, Use of Petrochemical for transportation has stated the mitigation measures and the monitoring programme.

However, during site visit at the store, evidence spillage of Petrochemical (Diesel) at the Diesel dispenser point. Thus, the Environmental Management Plan was not effectively implemented.

Lead Auditor Signature:

Client Signature:

Root cause Analysis (to be filled by client):

There's no bund in diesel pump area to contain petrochemical (diesel) spillage.

Corrective action planned (to be filled by client):

To put bund with roof in diesel dispenser / pump immediately.

Preventive Action (to be filled by client):

Leaking pump / dispenser need to be reported immediately and store keeper to do close monitoring in pump area.

Review of corrective/preventive action (to be filled by Lead Auditor)

All the evidences submitted were found adequate and the major non-compliance is closed. Continuous implementation will be further verified in the next assessment.

NC Closed: ☒ Yes ☐ No




Site verification: ☐ Yes ☒ No

Date Verified: 10/8/2020

Lead Auditor Signature:




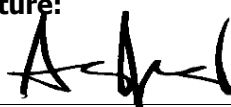
Company Name	Mutiara Eramas Sdn. Bhd.		
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2
	Surveillance	<input checked="" type="checkbox"/>	Recertification
Audited Standard	Part 3 : General Principles for Oil Palm Plantations and Organized Smallholders		
Client Number	GGC-N3-MSPO-2019		
NC No. / Ref.	N3/MSPO/MAJOR/03	Date Detected	08/07/2020
Site(s) concern	Mutiara Eramas Sdn. Bhd.	Target Completion	90 days
Normative Reference and Requirement	4.5.3.2 A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution		

NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern	
Description of Non-Conformity	Non-Compliance to the SOP Waste Management Plan, MSPO – 05 dated 1 st July 2018	
NC Objective Evidence: During site verification, evidence waste was not disposed appropriately;		
i. The Non-Biodegradable item such as plastic, bottle and aluminum tin were disposed at the Block 29		
Lead Auditor Signature: 	Client Signature: 	
Root cause Analysis (to be filled by client): Lack of monitoring from staff in – charge and there's no company that specialist in recycles items in Keningau area. Recycle bin was not used properly.		
Corrective action planned (to be filled by client): To separate all recycle items in landfill and housing site immediately, to ensure recyclable items separated to 3 types, namely, Plastic, Glass & Aluminium. To build main recycle hut (collection center), collect all together (3 estates) and send to Kota Kinabalu.		
Preventive Action (to be filled by client): To do close monitoring and ensure the entire recycle item separated before domestic wastes send to landfill.		
Review of corrective/preventive action (to be filled by Lead Auditor) All the evidences submitted were found adequate and the major non-compliance is closed. Continuous implementation will be further verified in the next assessment.		
NC Closed: Yes <input type="checkbox"/> No <input type="checkbox"/>	Site verification: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>	
Date Verified: 10/8/2020	Lead Auditor Signature: 	


Minor Nonconformities:	0
Area of Concern:	0

Non-Conformities Identified During Previous Audit


Major Nonconformities:	12
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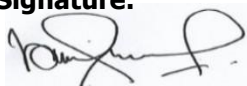
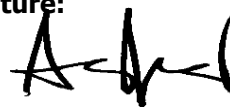
Company Name	Mutiara Eramas Sdn Bhd			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-N3-MSPO-2019			
NC No. / Ref.	N3/MSPO/MAJOR/01	Date Detected	11 th June 2019	
Site(s) concern	Mutiara Eramas Sdn Bhd	Target Completion	90 days	
Normative Reference and Requirement	4.1.2.3 Major Report shall be made available to the management for their review.			
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	No evidence sighted during audit.			
NC Objective Evidence: No evidence, the non – conformities raised by during Internal Audit the being closed for Management Review				
Lead Auditor Signature: 		Client Signature: 		
Root cause Analysis (to be filled by client): Lack of awareness				
Corrective action planned (to be filled by client): The internal audit is now closed for Management review				
Preventive Action (to be filled by client): To ensure procedure to be complied with.				
Review of corrective/preventive action (to be filled by Lead Auditor) All the Non- Conformities raised have been closed by the Internal Lead Auditor on 18 th June 2019. All the evidences submitted were found adequate and the major non-compliance is closed. Continuous implementation will be further verified in the next assessment				
NC Closed: Yes <input type="checkbox"/> No <input type="checkbox"/>		Site verification: <input type="checkbox"/> Yes No <input type="checkbox"/>		



Date Verified: 11 th July 2019	Lead Auditor Signature: 
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Company Name	Mutiara Eramas Sdn Bhd			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-N3-MSPO-2019			
NC No. / Ref.	N3/MSPO/MAJOR/02	Date Detected	11 th June 2019	
Site(s) concern	Mutiara Eramas Sdn Bhd	Target Completion	90 days	
Normative Reference and Requirement	4.1.3.1 Major 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.			
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	No evidence all the non-conformities being closed.			
NC Objective Evidence: Evidence, the Management review being conducted without the closure of all non- conformities raised by the Internal Auditor. Thus contradict with MSPO Procedure Title: Internal Audit, Doc No: MSPO-01, Rev 0, Date 1 st July 2018 under No 5, Procedure Explanation; Follow-up Audit and Audit Report input to Management Review.				
Lead Auditor Signature:		Client Signature:		
				
Root cause Analysis (to be filled by client):				
Lack of awareness				
Corrective action planned (to be filled by client):				
The internal audit is duly closed and to be used for Management Review				
Preventive Action (to be filled by client):				
To ensure procedure to be complied with.				
Review of corrective/preventive action (to be filled by Lead Auditor)				
Management Review have been conducted on 28 th June 2019 after all the Non-conformities being closed by Internal Lead Auditor on 18 th June 2019. All the evidences submitted were found adequate and the major non-compliance is closed. Continuous implementation will be further verified in the next assessment.				

NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified: 11 th July 2019	Lead Auditor Signature: 

Company Name	Mutiara Eramas Sdn Bhd			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-N3-MSPO-2019			
NC No. / Ref.	N3/MSPO/MAJOR/03	Date Detected	11 th June 2019	
Site(s) concern	Mutiara Eramas Sdn Bhd	Target Completion	90 days	
Normative Reference and Requirement	4.2.1.1 Major 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.			
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	No evidence MSPO Policies being communicated to all Internal Stakeholders.			
NC Objective Evidence: Sighted briefing on MSPO Policies and compliances being conducted to 75 internal stakeholders dated 23 rd January 2019. No evidence, the remaining 105 internal stakeholders being briefed thus far.				
Lead Auditor Signature:			Client Signature:	
Root cause Analysis (to be filled by client):				
Lack of awareness by staff to conduct MSPO briefing to all new workers.				
Corrective action planned (to be filled by client):				
MSPO briefing is held for all internal stakeholders				
Preventive Action (to be filled by client):				
To ensure all new recruits to be briefed accordingly				
Review of corrective/preventive action (to be filled by Lead Auditor)				

Sustainability training have been conducted to all internal stakeholders dated 24th June 2019. All the evidences submitted were found adequate and the major non-compliance is closed. Continuous implementation will be further verified in the next assessment.

NC Closed: ☒ Yes ☐ No

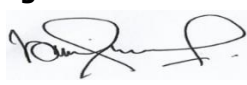

Site verification: ☐ Yes ☒ No

Date Verified:

11th July 2019

Lead Auditor Signature:



Company Name	Mutiara Eramas Sdn Bhd		
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2
	Surveillance	<input type="checkbox"/>	Recertification
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders		
Client Number	GGC-N3-MSPO-2019		
NC No. / Ref.	N3/MSPO/MAJOR/04	Date Detected	11 th June 2019
Site(s) concern	Mutiara Eramas Sdn Bhd	Target Completion	90 days
Normative Reference and Requirement	4.2.3.1 Major The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	Incompliance to MSPO Procedure		
NC Objective Evidence: The actual FFB process flow is contradict with the Company's MSPO Procedure on Traceability.			
Lead Auditor Signature:		Client Signature:	
			
Root cause Analysis (to be filled by client):			
Lack of attention on the procedure content.			
Corrective action planned (to be filled by client):			
The procedure to be amended accordingly			
Preventive Action (to be filled by client):			
The procedure to be checked and amended according to actual process flow			
Review of corrective/preventive action (to be filled by Lead Auditor)			

The Standard Operating Procedure for Traceability has been revised on 20th June 2019. The evidence submitted was found adequate and the major non-compliance is closed. Continuous implementation will be further verified in the next assessment.

NC Closed: ☒ Yes ☐ No

Site verification: ☐ Yes ☒ No


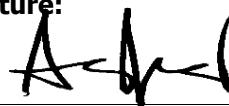

Date Verified:

11th July 2019


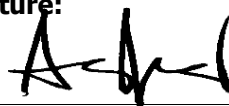

Lead Auditor Signature:




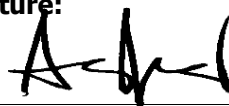

Company Name	Mutiara Eramas Sdn Bhd		
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2
	Surveillance	<input type="checkbox"/>	Recertification
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders		
Client Number	GGC-N3-MSPO-2019		
NC No. / Ref.	N3/MSPO/MAJOR/05	Date Detected	11 th June 2019
Site(s) concern	Mutiara Eramas Sdn Bhd	Target Completion	90 days
Normative Reference and Requirement	4.3.1.1 All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	<p>A. A Mechanism to record, store and dispose the schedule waste was not according to Environmental Quality (Schedule Wastes) Regulations 2005; PU(A)294/2005; Regulations 9-storage of Schedule wastes</p> <p>B. List of legal requirements was not updated during the audit</p>		
NC Objective Evidence:			
<p>A) Mutiara Eramas Estate also maintaining a small schedule waste store to stock the schedule waste temporarily before send the wastes to collecting point.</p> <p>A mechanism to record the schedule waste was not available in the estate during the audit.in example (record book or log book)(jadual buangan) Environmental Quality (Schedule Wastes)Regulations 2005 ;PU(A)294/2005;Regulations 9-storage of Schedule wastes;No5-Any person may store schedule wastes generated by him for 180 days or less after its generation ,provided that: 1.The quantity schedule waste accumulated on site shall not exceed 20 metric ton.</p> <p>B) List of legal requirements for the following was not updated during the audit.</p> <ol style="list-style-type: none"> 1. Minimum Wages Order 2012 2. Jadual Pematuhan Department of Environment is applicable to mills only 3. Sabah Labour Ordinance not in the listing 			

Lead Auditor Signature: 	Client Signature: 
Root cause Analysis (to be filled by client):	
Lack of awareness on the Register Content	
Corrective action planned (to be filled by client):	
A) Schedule waste record to be correctly updated	
B) List of legal requirement to be amended	
Preventive Action (to be filled by client):	
(A) & (B) The documents and records to be checked by HOD	
Review of corrective/preventive action (to be filled by Lead Auditor)	
All the evidences submitted were found adequate and the major non-compliance is closed. Continuous implementation will be further verified in the next assessment.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified: 11 th July 2019	Lead Auditor Signature: 




Company Name	Mutiara Eramas Sdn Bhd			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-N3-MSPO-2019			
NC No. / Ref.	N3/MSPO/MAJOR/06	Date Detected	11 th June 2019	
Site(s) concern	Mutiara Eramas Sdn Bhd	Target Completion	90 days	
Normative Reference and Requirement	4.3.2.2: The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.			
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	Difference of land size between Land Title and Area Statement.			
NC Objective Evidence:				
The estate is managing communal land which was established in "Seksyen 77 Ordinan Tanah (Bab 68) under Communal Title FIELD REGISTER 154000567" located at Sapulut 4, Sabah Malaysia. The total area is 6,000 acres (2,428.16 Ha). However, in the Area Statement of Mutiara Eramas Estate it's stated that Grand Total Hectare is: 2157.20 Ha. The difference of 270.96 Ha.				

Lead Auditor Signature: 	Client Signature: 
Root cause Analysis (to be filled by client):	
Lack of awareness	
Corrective action planned (to be filled by client):	
Area statement to be amended based on correct data	
Preventive Action (to be filled by client):	
To ensure correct area statement is provided.	
Review of corrective/preventive action (to be filled by Lead Auditor)	
The evidence submitted, Hectarage Statement were found adequate and justifiable. Thus, the major non-compliance is closed. Continuous implementation will be further verified in the next assessment.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified: 11 th July 2019	Lead Auditor Signature: 

Company Name	Mutiara Eramas Sdn Bhd			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-N3-MSPO-2019			
NC No. / Ref.	N3/MSPO/MAJOR/07	Date Detected	11 th June 2019	
Site(s) concern	Mutiara Eramas Sdn Bhd	Target Completion	90 days	
Normative Reference and Requirement	4.4.2.2 Major The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties			
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	No evidence sighted during the audit.			
NC Objective Evidence: Evidence, all the complaints raised by the stakeholders dated 12 th January 2019, 22 nd January 2019 and 14 th January 2019 are without name and being resolve in an effective, timely and appropriate manner.				




Lead Auditor Signature: 	Client Signature: 
Root cause Analysis (to be filled by client):	
Lack of awareness	
Corrective action planned (to be filled by client):	
The complaints forms to be filled in with complete details and resolved in an effective, timely and appropriate manner.	
Preventive Action (to be filled by client):	
To ensure forms to be duly completed accordingly	
Review of corrective/preventive action (to be filled by Lead Auditor)	
All the evidences submitted were found adequate and the major non-compliance is closed. Continuous implementation will be further verified in the next assessment.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified: 11 th July 2019	Lead Auditor Signature: 

Company Name	Mutiara Eramas Sdn Bhd			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-N3-MSPO-2019			
NC No. / Ref.	N3/MSPO/MAJOR/08	Date Detected	11 th June 2019	
Site(s) concern	Mutiara Eramas Sdn Bhd	Target Completion	90 DAYS	
Normative Reference and Requirement	4.4.4.2 Major 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 checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	No evidence during the audit.			

NC Objective Evidence: No evidence, health or medical surveillance being conducted consistently to all workers who is exposed or likely to be exposed to chemicals hazardous to health as per recommendations in the Chemical Health Risk Assessments.	
Lead Auditor Signature: 	Client Signature: 
Root cause Analysis (to be filled by client): Lack of awareness	
Corrective action planned (to be filled by client): SOP is prepared in accordance to the Regulatory requirement.	
Preventive Action (to be filled by client): To ensure all SOP to be updated and amended according to the latest Statutory and Regulatory requirement	
Review of corrective/preventive action (to be filled by Lead Auditor) Seen, 15 workers being sent for Medical Surveillance on 1 st July 2019. The evidence submitted was found adequate and the major non-compliance is closed. Continuous implementation will be further verified in the next assessment.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified: 11 th July 2019	Lead Auditor Signature: 




Company Name	Mutiara Eramas Sdn Bhd			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-N3-MSPO-2019			
NC No. / Ref.	N3/MSPO/MAJOR/09	Date Detected	11 th June 2019	
Site(s) concern	Mutiara Eramas Sdn Bhd	Target Completion	90 days	
Normative Reference and Requirement	4.5.3.3 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.			
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			


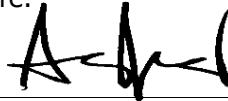






Description of Non-Conformity	Standard Operating Procedure for handling of used chemicals are not according to Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 .		
NC Objective Evidence: Procedure for handling of used chemicals and schedule waste sighted in MSPO: Pengurusan Bahan Buangan. Mutiara.SSOP.30.02.02,NO.Rujukan: Mutiara/OSH-SSOP- stated v) Bungkusan atau bekas yang telah dirosakkan mesti dibungkuskan dengan beg plastic yang lebih besar bagi mengurangkan risiko pencemaran semasa pengendalian. vi) Bungkusan serpihan tersebut mestilah ditanam sekurang kurangnya satu meter dari paras tanah di tapak penimbunan/pelupus yang telah dikhaskan dan mempunyai papan tanda amaran) Stating that chemical containers has to be buried 1 meter deep inside the land fill.			
Lead Auditor Signature: 		Client Signature: 	
Root cause Analysis (to be filled by client):			
Lack of awareness			
Corrective action planned (to be filled by client):			
SOP is prepared in accordance to the Regulatory requirement.			
Preventive Action (to be filled by client):			
To ensure all SOP to be prepared according to the Statutory and Regulatory requirement			
Review of corrective/preventive action (to be filled by Lead Auditor)			
Seen, the Standard Operating Procedure on Chemical Handling being amended on 17 th June 2019. The evidence submitted was adequate and the major non-compliance is closed. Continuous implementation will be further verified in the next assessment.			
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Date Verified: 11 th July 2019		Lead Auditor Signature: 	

Company Name	Mutiara Eramas Sdn Bhd			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-N3-MSPO-2019			
NC No. / Ref.	N3/MSPO/MAJOR/10	Date Detected	11 th June 2019	
Site(s) concern	Mutiara Eramas Sdn Bhd	Target Completion	90 days	



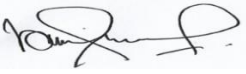

Normative Reference and Requirement	4.5.3.4 Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.	
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern	
Description of Non-Conformity	Empty pesticide containers not disposed in an environmentally and socially responsible way.	
NC Objective Evidence: Evidence, during the site visit the lubricant containers, paint containers, empty chemical containers are inside the land fill and at the workers quarters. All the containers was not disposed as per Environment Quality Act 1974; Environment Quality (Scheduled Wastes) Regulations 2005.		
Lead Auditor Signature: 		Client Signature: 
Root cause Analysis (to be filled by client):		
Lack of awareness on the waste disposal		
Corrective action planned (to be filled by client):		
All lubricant containers, paint containers, empty chemical container are removed from the landfill		
Preventive Action (to be filled by client):		
To raise awareness that wastes (classified as Schedule Waste) not to be disposed in the landfill		
Review of corrective/preventive action (to be filled by Lead Auditor)		
The evidence submitted was adequate and the major non-compliance is closed. Continuous implementation will be further verified in the next assessment.		
NC Closed: Yes <input type="checkbox"/> No <input type="checkbox"/>	Site verification: <input type="checkbox"/> Yes No <input type="checkbox"/>	
Date Verified: 11 th July 2019	Lead Auditor Signature: 	

Company Name	Mutiara Eramas Sdn Bhd		
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2
	Surveillance	<input type="checkbox"/>	Recertification
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders		
Client Number	GGC-N3-MSPO-2019		
NC No. / Ref.	N3/MSPO/MAJOR/11	Date Detected	11 th June 2019
Site(s) concern	Mutiara Eramas Sdn Bhd	Target Completion	90 days
Normative Reference and Requirement	4.5.4.1 Major An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	Assessment for greenhouse gas emissions not available during audit.		
NC Objective Evidence: Assessment of polluting activities in the estate sighted in document "MSPO-06 Lampiran 1: Panduan Penilaian Kesan Aspek Alam Sekitar Untuk Ladang". However, assessment for greenhouse gas emissions not available during audit.			
Lead Auditor Signature: 		Client Signature: 	
Root cause Analysis (to be filled by client):			
Lack of awareness			
Corrective action planned (to be filled by client):			
The pollution assessment to be prepared			
Preventive Action (to be filled by client):			
The assessment to be conducted regularly			
Review of corrective/preventive action (to be filled by Lead Auditor)			
The Greenhouse Gas Emissions being assess with Enzo GHG Calculator. The evidence submitted was adequate and the major non-compliance is closed. Continuous implementation will be further verified in the next assessment.			
NC Closed: Yes <input type="checkbox"/> No		Site verification: <input type="checkbox"/> Yes No	
Date Verified: 11 th July 2019		Lead Auditor Signature: 	

Company Name	Mutiara Eramas Sdn Bhd		
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2
	Surveillance	<input type="checkbox"/>	Recertification
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders		
Client Number	GGC-N3-MSPO-2019		
NC No. / Ref.	N3/MSPO/MAJOR/12	Date Detected	11 th June 2019
Site(s) concern	Mutiara Eramas Sdn Bhd	Target Completion	90 days
Normative Reference and Requirement	4.6.3 Major Transparent and fair price dealing		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	No evidence sighted during the audit.		
NC Objective Evidence: No evidence, a Sales and Purchase Agreement between Mutiara Eramas Sdn Bhd and Wonder Choice Sdn Bhd the FFB Collecting Centre on selling of FFB.			
Lead Auditor Signature: 		Client Signature: 	
Root cause Analysis (to be filled by client): Lack of awareness			
Corrective action planned (to be filled by client): The said agreement to be prepared			
Preventive Action (to be filled by client): To ensure all business dealings to be supported with proper agreement			
Review of corrective/preventive action (to be filled by Lead Auditor) Seen, the Sales and Purchase Agreement between Mutiara Eramas Sdn Bhd and Wonder Choice Sdn Bhd the FFB Collecting Centre on selling of FFB. The evidence submitted was adequate and the major non-compliance is closed. Continuous implementation will be further verified in the next assessment.			
NC Closed: Yes <input type="checkbox"/> No <input type="checkbox"/>		Site verification: <input type="checkbox"/> Yes No <input type="checkbox"/>	
Date Verified: 11 th July 2019		Lead Auditor Signature: 	

Minor Nonconformities:	Non-were raised during previous audit.
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Area of Concern:	1
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Company Name	Mutiara Eramas Sdn Bhd			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-N3-MSPO-2019			
NC No. / Ref.	N3/MSPO/AOC/01	Date Detected	11 th June 2019	
Site(s) concern	Mutiara Eramas Sdn Bhd	Target Completion		
Normative Reference and Requirement	4.5.1.4 A programme to promote the positive impacts should be included in the continual improvement plan.			
NC Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern			
Description of Non-Conformity	Continual improvement plan records and documents without document reference number.			
NC Objective Evidence: Improvement Plan available with the time bound plan of implementation. Document reference number not available for improvement plan.				
Lead Auditor Signature: 		Client Signature: 		

Appendix C: List of Stakeholders Contacted

Internal Stakeholders

- 1) Mutiara Eramas Sdn Bhd Management team and staff
- 2) Local Workers Representatives

External Stakeholders

NIL