

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)




CERTIFICATION AUDIT REPORT

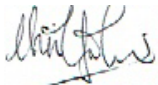
Part 3 : General Principles for Oil Palm Plantations and Organized Smallholders

SinLek Development Sdn Bhd
[Estates]

-Group Certification-

ANNUAL SURVEILLANCE AUDIT
27th – 28th July 2020

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	05/08/2020	Issued as Draft Report	Mohamad Razin Bakal	Lead Auditor	
B	10/08/2020	Issued as Final Report	Mohamad Razin Bakal	Lead Auditor	
B	11/08/2020	Final Report Approved	Muhd Jamalul Arif bin Hamid	Certifier	

Acknowledgment by SinLek Development Sdn. Bhd.					
Rev	Date	Description	Management Representative	Role	Signature
B	11/08/2020	Acceptance of the contents	Mr. Daniel Tiew	Managing Director	

Declaration

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

WITH INTEGRITY WE SERVE



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Table of Contents

SECTION I : PUBLIC SUMMARY REPORT	3
1.1 Certification Scope	3
1.2 Company details and Contact information.....	3
1.3 Certification Unit.....	3
1.4 Map Showing Geographical Location	5
1.5 Production Area, Actual and Projected FFB Production (MT)	10
1.6 Certificate Details.....	5
1.7 Qualification of the Lead Assessor and Assessment Team.....	6
1.8 Audit Methodology	7
1.9 Audit Plan Information	7
1.10 Audit Result Summary Findings	7
1.11 Stakeholder Consultation.....	8
1.12 Recommendation	10
1.13 Date of Next Surveillance Audit.....	10
1.14 Confidentiality	10
1.15 Abbreviations Used	10
SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA.....	12
2.1 Principle 1 : Management commitment and responsibility	12
2.2 Principle 2 : Transparency	14
2.3 Principle 3 : Compliance to legal requirements.....	16
2.4 Principle 4 : Social responsibility, health, safety and employment condition	18
2.5 Principle 5 : Environment, natural resources, biodiversity, and ecosystem services	28
2.6 Principle 6 : Best practices.....	35
2.7 Principle 7 : Development of new planting.....	39
2.8 Details of Audit Findings.....	43

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

SECTION I : PUBLIC SUMMARY REPORT**1.1 Certification Scope**

Global Gateway Certifications Sdn. Bhd. (GGC) has conducted the Certification Assessment of SinLek Development Sdn. Bhd. [Estates]. During this Annual Surveillance Audit (ASA 1), the audit team was briefed by Estate Manager, of the supply base disposition.

This assessment was conducted onsite on 27th – 28th 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	SinLek Development Sdn Bhd
Business Address	Suite 19-10, Centro, 8 Jalan Batu Tiga Lama, 41300 Klang, Selangor.
Contact Person	Mr. Daniel Tiew / Ms. Sara Tiew
Office Telephone	03-3359 3451
E-Mail	Sinlek@outlook.my

1.3 Certification Unit**Name of the Certification Unit**

No	Name of the Certification Unit	Site Address	GPS Reference of the site office	
			Longitude	Latitude
1.	Nasip Kita Estate	Balung, Tawau, Sabah	118.140579	4.371998
2.	Sungai Barung Estate	Sungai Barung, Tawau, Sabah	118.196800	4.371602
3.	Pegagau Estate	District Semporna, Sabah	118.509999	4.382739
4.	Long Heng Palm Oil Estate Sdn Bhd	District Semporna, Sabah	118.347520	4.439163

MPOB License Information

No	Name of the Site	LICENCE NUMBER	EXPIRY DATE	SCOPE ACTIVITY
1.	SinLek Development Sdn Bhd	503781902000	31.10.2020	Menjual dan Mengalih FFB
2.	Long Heng Palm Oil Estate Sdn Bhd	526102002000	31.01.2021	Menjual dan Mengalih FFB
3.	SinLek Development Sdn. Bhd. (Pegagau)	618735002000	30.09.2020	Menjual dan Mengalih FFB

Others Sustainability Certification

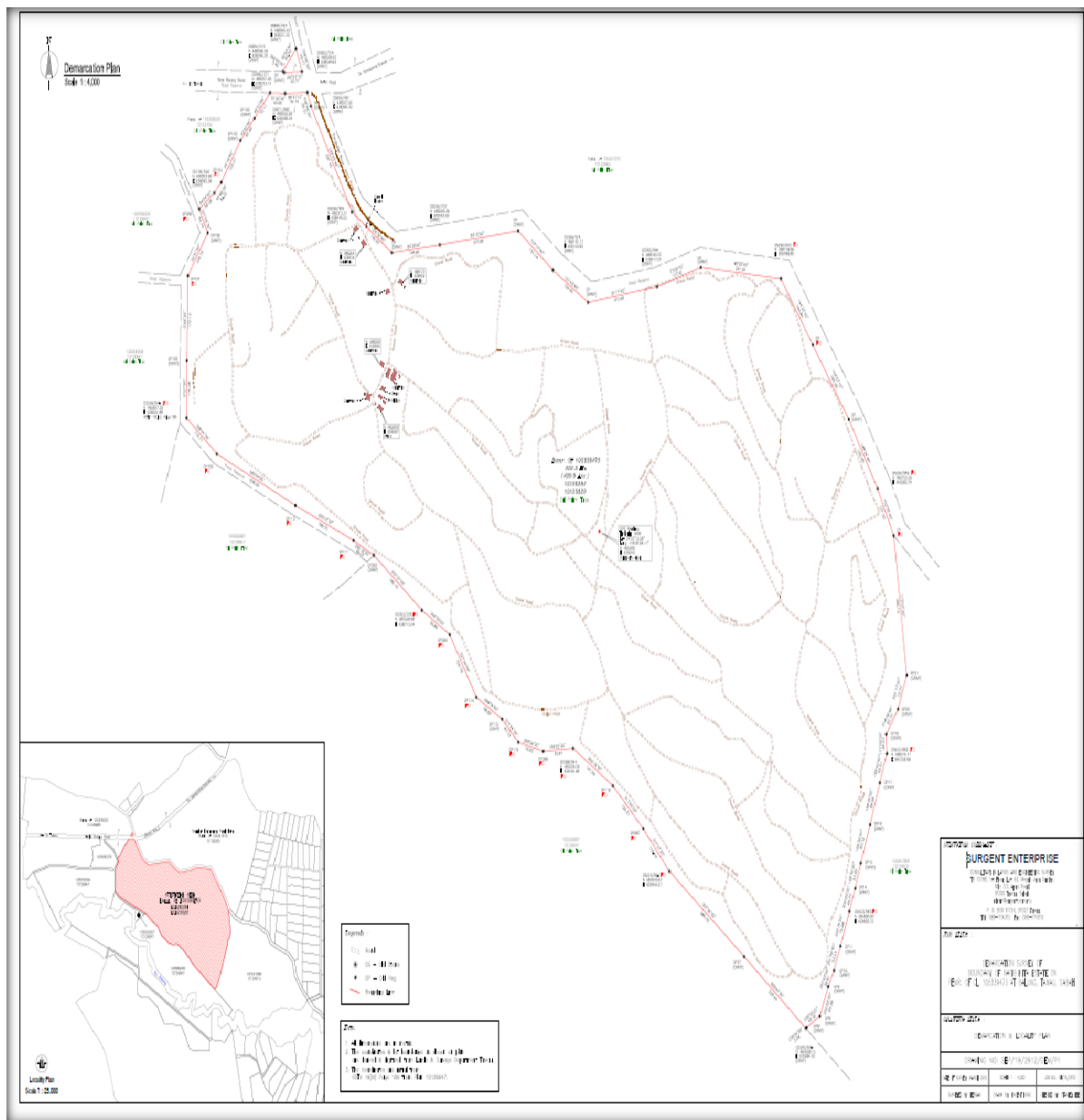
No	Name Of The Site	Others Sustainability Certifications
1.	Nasip Kita Estate	NIL
2.	Sungai Barung Estate	NIL
3.	Pegagau Estate	NIL
4.	Long Heng Palm Oil Estate Sdn Bhd	NIL

1.4 Map Showing Geographical Location

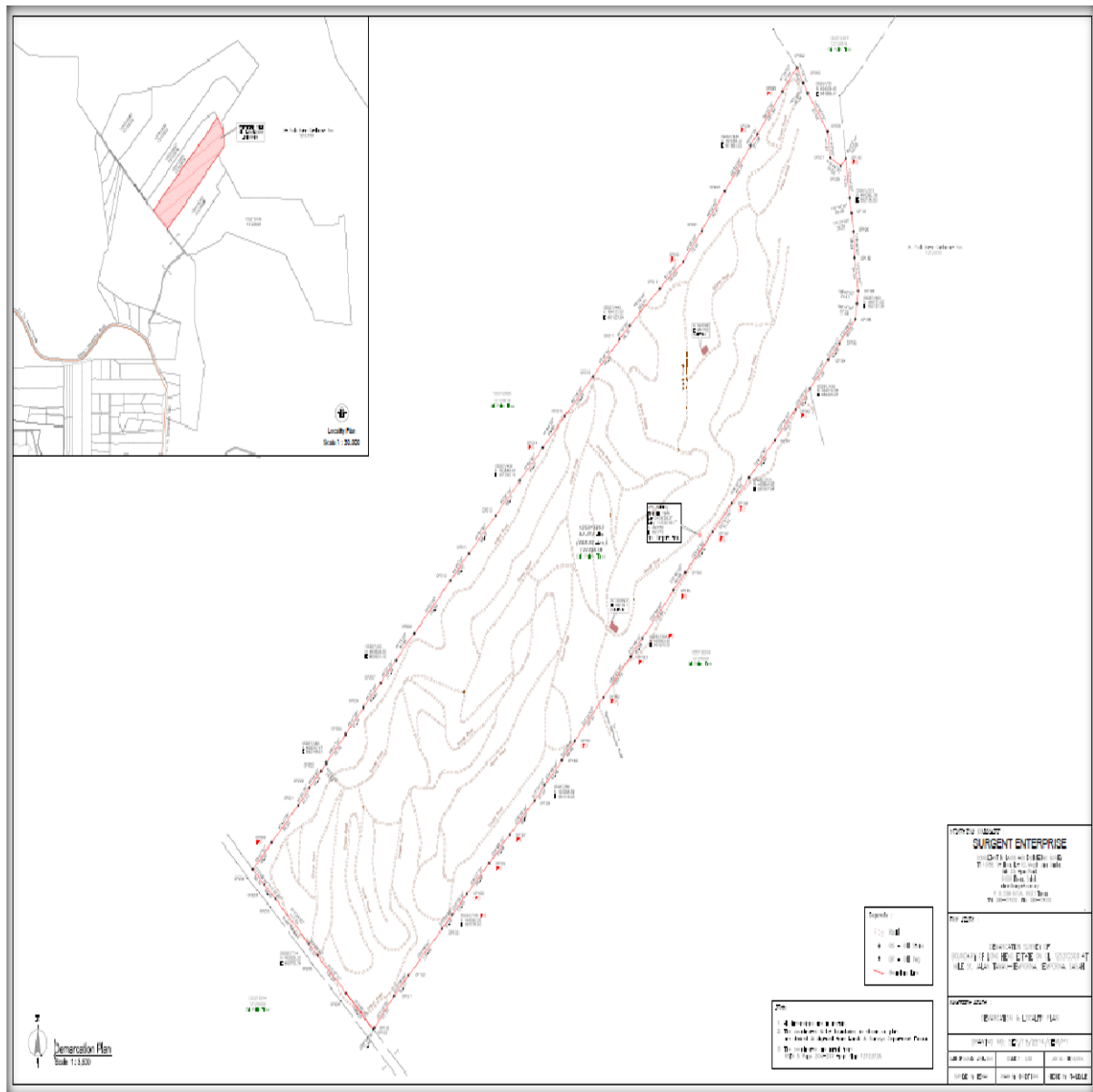
1) SinLek Development Sdn. Bhd.



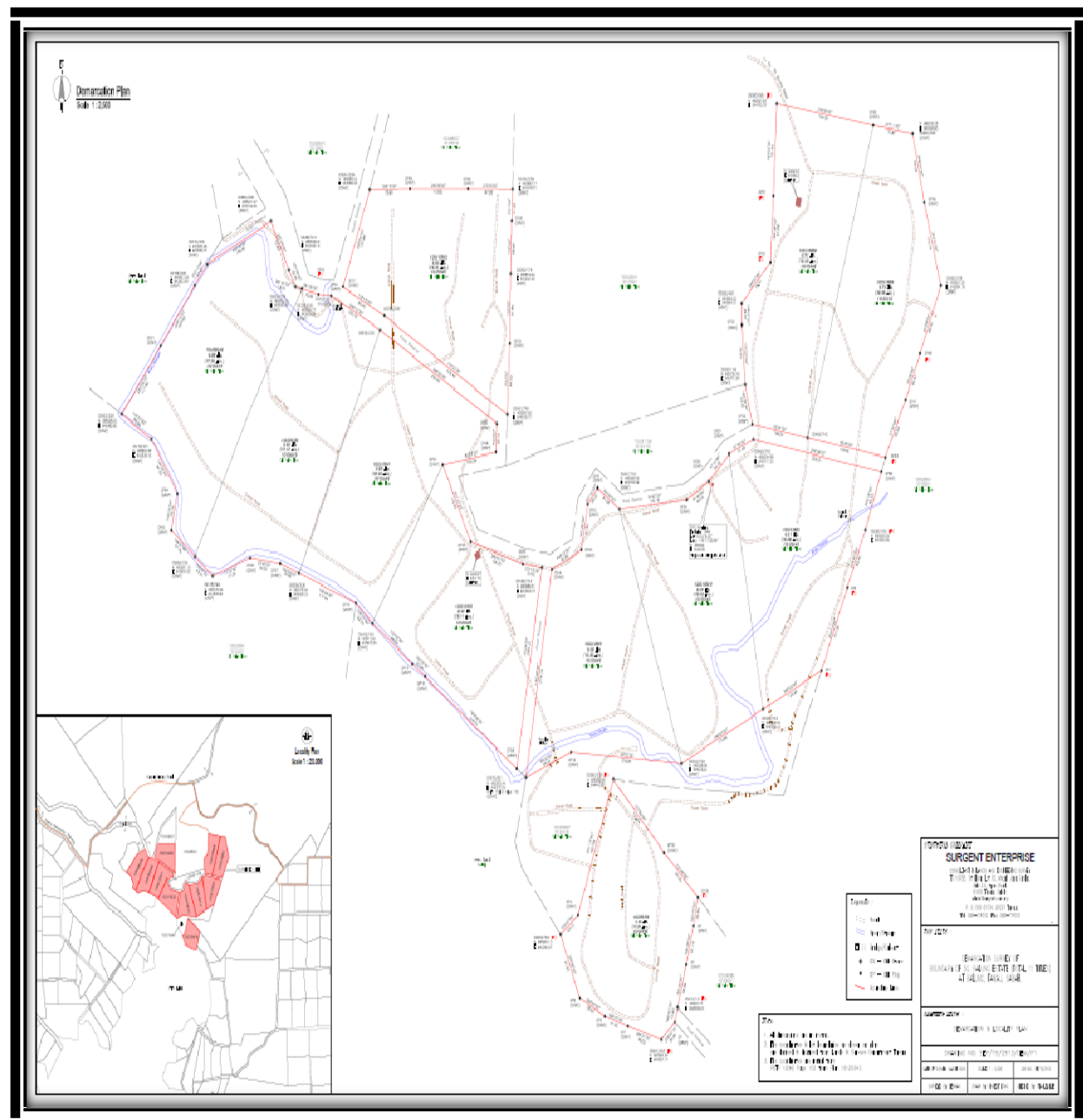
2) Nasip Kita Estate Map



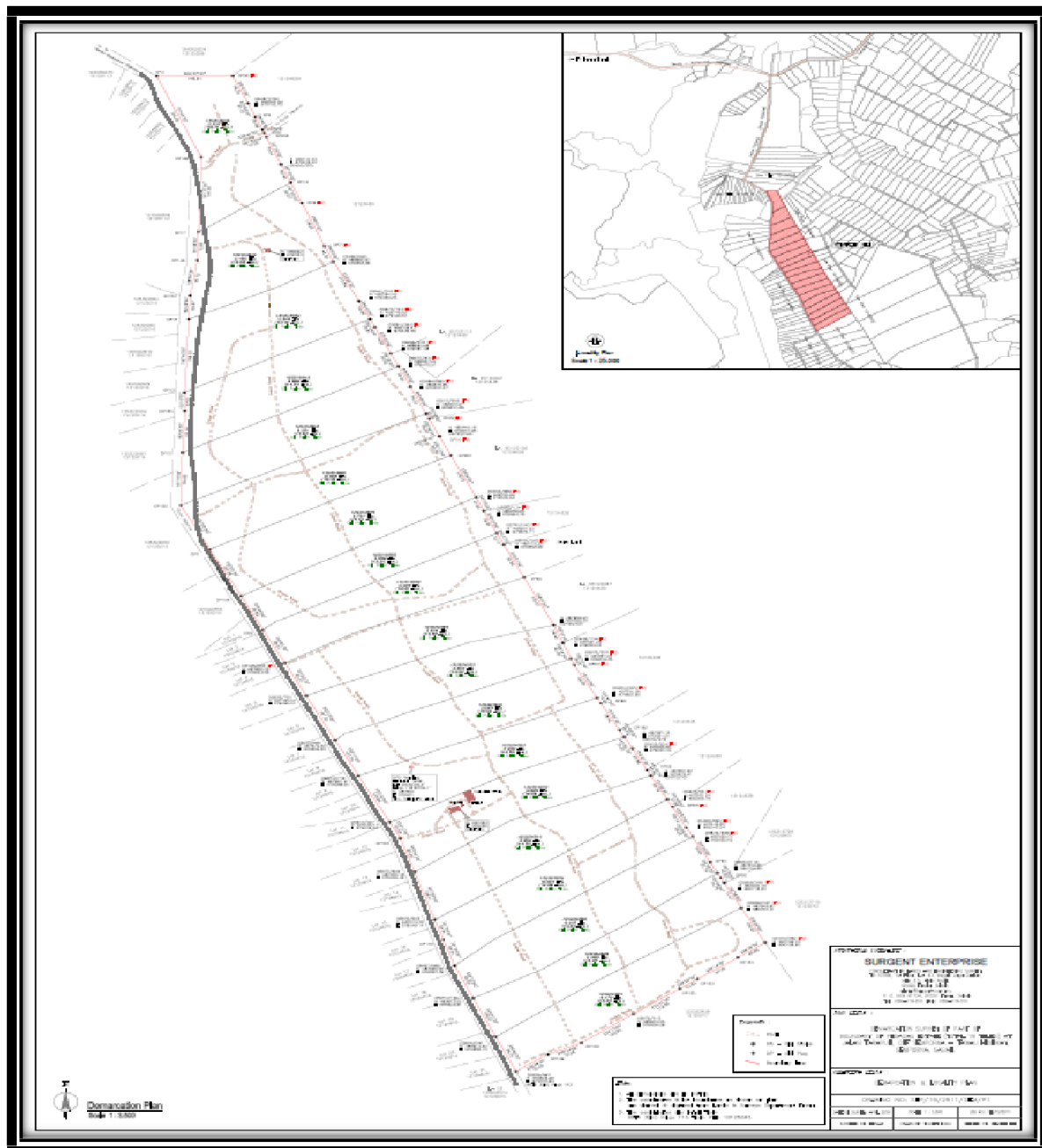
3) Long Heng Palm Oil Estate Sdn. Bhd. Map



4) Sungai Burong Map



5) Pegagau Estate Map



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

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

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

Name of the Certification Unit	FFB Summary (MT)		
	Budget Production For 12 Months [May 2019-June 2020]	Actual Production For 12 Months [May 2019-June 2020]	Projected Production For next 12 Months [July 2020-Aug 2021]
Nasip Kita Estate	2,450.00	2,481.75	3,165.00
Sungai Barung Estate	400.00	407.60	500.00
Pegagau Estate	1,062.00	1,689.69	1,260.00
Long Heng Palm Oil Estate Sdn Bhd	1,630.00	1,032.75	1,800.00
Total	5,542.00	5,611.79	6,725.0

1.6 Certificate Details**Certification body**

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

Assessment standard

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

Certificate number	GGC-SLD001-MSPO-00-2019
Initial certificate issued date	13 th August 2019
Certificate expiry date	12 th August 2024
Stage 1 assessment date	28 th March 2019
Stage 2 / Main Assessment	12 th June 2019 – 14 th June 2019
Annual Surveillance 1 [ASA 1]	27 th July 2020 – 28 th July 2020
Annual Surveillance 2 [ASA 2]	To be advised
Annual Surveillance 3 [ASA 3]	To be advised
Annual Surveillance 4 [ASA 4]	To be advised

1.7 Qualification of the Lead Assessor and Assessment Team

Lead Auditor

Name: Mohamad Razin bin Bakal

Graduate in Degree of Accountancy with University Putra Malaysia. Having 18 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.

During this assessment, he assessed on the aspect of Management Commitment and Responsibility & Best Practices. He is able to speak and understand Bahasa Malaysia and English.

Auditor

Name: **Mohd Fadzli bin Bistamam**

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

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

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

During this assessment, he assessed on the aspect of Transparency and Environment, natural resources, biodiversity, and ecosystem services. Able to speak and understand Bahasa Malaysia and English.

Auditor

Name: **Mohd Azmi Samynathan bin Abdullah**

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

During this assessment, he assessed on the aspect of Compliance to legal requirements and Safety and Health, Social Responsibility, Health, Safety, Employment Condition. Able to speak and understand Bahasa Malaysia and English.

1.8 Audit Methodology

The audit was conducted based on sampling following the method as specified in the MSPO requirements (MSPO-Questionnaire Self-Assessment – RA). In the case of this certification unit, sampling calculation was based on total number of estates (4) with medium risk factor (1.0). Total estates selected for this audit were three (2) namely Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd.

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	27 th – 28 th July 2020
Name of site(s) visited	Pegagau Estate Long Heng Palm Oil Estate Sdn. Bhd.
Total number of man-days spent	3 man-days

1.10 Audit Result Summary Findings

Category	Numbers	Status (Closed/Open/Not Applicable/No Action Requires)
Major Nonconformities	0	No action requires
Minor Nonconformities	1	No action requires
Area of Concern	1	No action requires
Noteworthy /Positive Comments	5	No action requires

1.11 Stakeholder Consultation

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

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

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

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	Stakeholders A (Harvesters)	<ul style="list-style-type: none"> MSPO awareness, company policy and SOP are briefed to workers during muster call. All of them having good understanding about MSPO. Monthly salary payment was made promptly without any delay before 7th every month. All of them are aware that any complaints or suggestions could be forwarded to the estate management. Personal Protective Equipment are distributed free of charged by management. There is no conflict ever happened between worker & estate management. Company well managing the welfare, health and safety of their workers. 	No action requires	Positive findings
2	Stakeholders B (Estate Staff)	<ul style="list-style-type: none"> Having good knowledge about MSPO implementation, company policy and SOP Have good relationship with the estate management and top management from HQ. Have good understanding about complaint and grievance mechanism. Company well managing the welfare, health and safety of their staff. 	No action requires	Positive findings

1.12 Recommendation

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

The management is committed to comply with MSPO system by giving awareness training to all personnel involved in this standard to make them understand the procedures and implementation of the standard.

The employees are aware of the requirements of MSPO. There was no complaint or feedback received during this 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 were 0 Major, 1 Minor and 1 Area of concern have been raised to the facility that being audited.

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

1.13 Date of Next Surveillance Audit

The Annual Surveillance Audit 2 (ASA 2) visit will be scheduled after 12 months from the date of Annual Surveillance Audit 1 (ASA 1)

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 Annual Surveillance Audit (ASA 1) will be approved by the client prior to publication.

1.15 Abbreviations Used

BOD	Biological Oxygen Demand
CHRA	Chemical Health & Risk Assessment
CIP	Continuous Improvement Plan
COD	Chemical Oxygen Demand
CoP	Code of Practise
CSPO	Certified Sustainable Palm Oil
CPO	Crude Palm Oil
CSPK	Certified Sustainable Palm Kernel
DOE	Department of Environmental
DOSH	Department of Occupational Safety and Health Malaysia
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FFB	Fresh Fruit Bunch
FGS	Finished Good Stock
GAP	Good Agriculture Practise
GHG	Greenhouse Gas
GGC	Global Gateway Certifications Sdn Bhd
HIRARC	Hazard Identification, Risk Assessment and Risk Control
ISCC	International Sustainability & Carbon Certification
IPM	Integrated Pest Management
MPOB	Malaysian Palm Oil Board
MPOCC	Malaysian Palm Oil Certification Council
MSPO	Malaysian Sustainable Palm Oil
NCR	Non-Conformance Report

NGO	Non-Government Organization
OHS	Occupational Health & Safety
OHSAS	Occupational Health and Safety Assessment Series
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social Environmental Impact Assessment
SOP	Standard Operating
SPO	Sludge Palm Oil

SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA**2.1 Principle 1 : Management commitment and responsibility****Criterion 1 Malaysian Sustainable Palm Oil (MSPO) Policy****Indicator 1** A policy for the implementation of MSPO shall be established.

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

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

Series of internal stakeholders meeting was conducted by the respective estates management as follows;

1. For Long Heng Estate Sdn. Bhd. Sighted Taklimat all MSPO Policies dated 2nd April 2020 at Muster ground, conducted by Mr. Chiew Wen Voi (Estate Supervisor) and attended by 4 person estate workers.
2. For Pegagai Estate. Sighted Taklimat all MSPO Policies dated 10th January 2020 at Muster ground, conducted by Mr. Chiew Wen Voi (Estate Supervisor) and attended by 7 person estate workers.

The SinLek Development Sdn. Bhd. Management has communicated to the External stakeholders on the Complaint and Grievance procedures and also how to request for information from the estate in the stakeholders meeting. Details of External Stakeholders Meeting as follows :

Date: 12th March 2019

Venue: Era Balung Meeting room

Attendance: 27 persons (consist of Government, Non-Government, Surrounding estates and communities)

For year 2020, the estate management has scheduled to carry out in month of September 2020.

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

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

Summary The management has established a Sustainability Policy which stating their commitment to implanting the following sustainable practices. The policy was signed by Mr. Daniel Tiew (Managing Director) on 2nd January 2019.

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

Criterion 2 Internal audit

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

Summary SinLek Development Sdn. Bhd. has established MSPO Procedure Title: Internal Audit, Doc No: MSPO-SDSB-P1-MCR-02, Rev 0, Dated 7th January 2019. Prepared by Mr. Nick (Supervisor) and approved by Mr. Daniel Tiew (Managing Director).

Based on the Annual Internal Audit Plan, the management has planned to conduct internal audit annually which will be held on April 2020 every year for all 4 estates.

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

Indicator 2 The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.

Summary Internal audit procedure Doc No: MSPO-SDSB-P1-MCR-02, Rev 0, Dated 7th January 2019 available and includes audit result reporting template.

Latest internal audit was conducted on 30th June 2020 by Mr. Haris / Mr. Subramaniam. Total of 3 NCs Major and 1 NC Minor were raised by the internal auditor.

NC	Indicators	Findings	NC Reference	Status
Major	4.3.1.3	Legal register available. Minimum wages registration 2020 not updated	IA02-2020-01	Closed on 20.07.2020
	4.4.2.2	Complaint box not labelled and forms missing	IA02-2020-02	Closed on 20.07.2020
	4.5.6.1	Monitoring of RTE at Pegagau Estate	IA02-2020-03	Closed on 20.07.2020
Minor	4.5.7.1	Burning trace near working housing	IA02-2020-04	Closed on 20.07.2020

NC raise during internal audit is subject to identification of the root cause and corrective actions taken to close the nonconformity. Sighted for all NC reports and the proposed actions by the Management.

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

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

Summary Doc No: MSPO-SDSB-P1-MCR-02, Rev 0, Dated 7th January 2019 well explained on the Management Review Procedure.

Sighted the management review minute meeting on 2nd July 2020 conducted by the estate management. Among the issue shall be discuss during Management Review meeting is result of internal/external audit.

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

Criterion 3	Management review
Indicator 1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.

Summary Sighted Management Review minutes meeting record 2020 conducted on 2nd July 2020 shown review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.

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

Criterion 4	Continual improvement
Indicator 1	The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.

Summary The Management team identified several continuous improvement programs to ensure the objective of the MSPO Implementation are sustained and continuously improvement for betterment. Some of the key areas for continuous improvement programs are as follows :

1. Workers housing and amenities
2. Waste Management
3. Enforcement of Occupational Safety and Health
4. Good Management Practice
5. Productivity enhancement.

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

No new information and techniques or new industry standards and technology being introduce in the Estate.

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

Indicator 3	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.
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Summary The company disseminate the new information and techniques or new industry standards and technologies through the training.

No new information and techniques or new industry standards and technology being introduce in the Estate.

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

2.2 Principle 2 : Transparency

Criterion 1 Transparency of information and documents relevant to MSPO requirements

Indicator 1 The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.

Summary Procedures established as documented in "MSPO Procedure Title: Stakeholder Communication & Consultation", dated 7th January 2019. The company policies and procedures has been explained to estate external stakeholder on 12th March 2019. AS the date of audit, no new stakeholder meeting has been conducted yet. According to the estate supervisor, the management is looking forward to having stakeholder meeting conducted after the period of Movement Control Order (MCO) ends.

Record and request information book sighted available. Record been recorded by Admin Ms-Hermina. Record book for the time being no request information available. Only related to the Complaint and Grievance.

Two complaint as follow:

Date 12th March 2018 - Labour Department Tawau

Issue: Briefing on Minimum pay, contract agreement and workers housing.

Date 12th March 2019 - Sungai Buring POM

Issue: Request the estate to deliver more FFB to the mill

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

Indicator 2 Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

Summary SOP has been established as per "SOP for Transparency & Public Documents" version 1.0 dated 15th November 2018.

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

Publicly available (Can disclose)

1. HIRRAC
2. Social impact assessment
3. Environmental impact assessment.
4. Business Plan
5. SOP for estate operations
6. Integrated Pest Management Plan

Confidential (Request approved by Manager)

1. SIA Report
2. EIA Report

3. Annual Financial Report

All the document is available in site office and make available on request.

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

Criterion 2 Transparent method of communication and consultation

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

Summary Procedures established as documented in "MSPO Procedure Title: Stakeholder Communication & Consultation", dated 7th January 2019. The First meeting was on 12th March 2019 to explain about company policies and procedure to the stakeholders. No other meetings have been conducted until the month of audit (July 2020).

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

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

Summary The management has appointed Mr. Tiew Chin Chong as the person responsible to handle any issues related to stakeholder. Sighted appointment letter signed by the company Director. Mr. Daniel Tiew.

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

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

Summary List of stakeholders are available and has been divided into Internal external stakeholder. The list was prepared by Ms. Hermina Ali, dated 27th July 2020. The group that presented at list of stakeholders such as follow.

1. Government agency (Malaysian palm oil board, Labour Department, KPDNKK, Department of Environment, Department of land and mines, Department of fire and rescue, Hospital Tawau, Sekolah Menengah Kebangsaan Balung Tawau, Balai Polis Balung)
2. NGO (National Union of Plantation Workers NUPW, All Malayan Estates Staff Union AMESU)
3. Supplier / Services (FOMEMA, Sabah Electricity, Balung Palm Oil Mill, KL-Kepong (Sabah) Sdn Bhd, CYC Holding Sdn Bhd)

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 the SOP as per SOP No. MSPO-04, FFB Traceability Procedure, dated 07th January 2019. The purpose of the procedure is to establish a suitable identification and traceability of FFB production traceable from the plantation activities to the palm oil mill.

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

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

Summary Internal audit is being conducted as a mechanism to ensure the regular inspection for the traceability system. Company has conducted internal audit dated 30th June 2020 by auditor from consultant company (GSS), Mr. Muhd Haris and Mr. Subramaniam.

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

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

Summary Appointment letter sighted for Ms Hermina. Dated 1st January 2019. As per written in the letter, she is in charge of Traceability, New technology & Continual Improvement, Environment, Biodiversity & Waste Management.

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

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

Summary The records and documents related to FFB traceability such as weighbridge tickets and daily FFB delivery records were adequately maintained by both estates. Sample taken for Pegagau Estate as follows;

Internal transport ticket:

Date: 23rd July 2020
Estate: Pegagau Estate
Date: 23rd July 2020
Material: FFB
Vehicle No: SAC8983A

External transport ticket:

The FFB from Pegagau Estate is sent to Kilang Kelapa Sawit Pinangah as per Weighbridge ticket sighted follows:

Date: 23rd July 2020
Ticket No: A275537
Received from: Sinlek Development Sdn Bhd
Material: FFB
Weight: 7,030 kg

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

2.3 Principle 3 : Compliance to legal requirements

Criterion 1 Regulatory requirements

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

Summary Sighted and verified Licenses applicable to Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. Given below are some sampled licenses applicable for both estates as follows;

No	Estate	License Type	License No	Expiry	Acres
1	Pegagau	Lesen MPOB	618735002000	30/9/2020	276.41
2	Long Heng Palm Oil Sdn. Bhd.	Lesen MPOB	526102002000	31/1/2021	203.30

Area of Concern :

Sinlek Development Sdn Bhd has employed nine (9) individual contractors cum workers i.e. five (5) in Pegagau Estate and four (4) in Long Heng Palm Oil Estate Sdn Bhd without passport and work permits. The auditor noticed that the company has applied to the Immigration Department to legalize these individual contractors cum workers vide letter dated 21st June 2019. However, there is no evidence to show that follow up action has been taken up (even after nine (9) months) with the Immigration Department to expedite the approval process.

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

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

Summary Pegagau and Long Heng Palm Oil Estate Sdn Bhd have established Legal Register of applicable laws dated 10th July 2020 prepared by Ms Hermida bt Abdul Hashim, Document Clerk and approved by Mr Daniael Tiew Chin Yaw, Managing Director. The Legal Register have divided into four (4) areas

- A. Safety & Health
- B. Environmental
- C. Human Resources
- D. Other Requirements

There are 23 laws/Act which are applicable to Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. Given below are some sampled laws applicable to Pegagau and Long Heng Palm oil Estate Sdn. Bhd.

1. Sabah Labour Ordinance (Sabah CAP 67)
2. Occupational Safety & Health Act 1994
3. Malaysian Palm Oil Board Act 1998
4. Pesticide Act 1974
5. Local Government Act
6. National Wage Consultative Council Act 2011, Minimum Wage Order 2020.

The Legal Register for both estates was Last updated on the 1st February 2020

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

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

Summary As per interview with Mr Chiew Wen Vui, Plantation Supervisor, any changes in Legal Requirements will be updated by Ms Tiew Hooi Har, Administration Manager from Head Quarters assisted by Pn Hermida bt Abdul Hashim at the Estate with reference made to the respective agency's website and also with the assistance from consultant.

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

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

Summary The management has appointed Ms Tiew Hooi Har, Administration Manager as the person responsible to monitor compliance and to track and update the changes in regulatory requirements vide letter dated 1st January 2019. The appointment was approved by Mr Tiew Chin Yaw, Managing Director.

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

Criterion 2 Land use rights

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

Summary The Company land title is available and well maintained in the office. The land used clearly stated for Oil Palm cultivation.

As per interview with Mr Chiew Wen Vui, Plantation Supervisor, their oil palm cultivation activities do not diminish the land use rights of other users, as such there is no land use right issues.

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

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

Summary Sighted land titles showing legal ownership of land belonging to Pegagau Estate. Given below are some sampled Land Titles of Pegagau Estate.

NO	TITLE NUMBER & LOT NUMBER	ACRES	NO RESIT CUKAI TANAH
1	125318916	13.11	CL000943
2	125318925	13.58	CL000941
3	125318943	14.74	CL000952
4	125318952	6.32	CL000954

5	125318961	16.02	CL000940
6	125318970	16.64	CL000950

There are nineteen (19) land titles for Pegagau Estate. Sighted receipts for "Cukai Tanah"

Sighted land title showing legal ownership of land belonging to Long Heng Palm Oil Estate Sdn. Bhd. Given below are some sampled Land Titles of Long Heng Palm Oil Estate Sdn. Bhd.

NO	TITLE NUMBER & LOT NUMBER	ACRES	NO RESIT CUKAI TANAH
1	125310303	203.30	CL000955

There is one (1) land title for Long Heng Palm Oil Estate Sdn. Bhd. Sighted receipts for "Cukai Tanah"

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

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

Summary Sighted during site visit the Legal Perimeter Boundary stone which are 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 There is no evidence of conflict present in this estate. There is no violence in instigated violence in maintaining peace because company has a clear procedure for land conflict.

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

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

Criterion 3 Customary rights

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

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

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

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

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

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

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

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

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

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

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

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

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 Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have conducted Social Impact Assessment dated 11th September 2019 by Mr Chiew Wen Vui, Plantation Supervisor and approved by Mr Tiew Chin Yaw, Managing Director.

The purpose of this study is to measure and to understand both positive and negative social impact of the estate operations towards the workforce

The Social Impact Assessment have identified the positive impacts and outlined the Management Plan to promote and maintain the positive impacts. Given below are some sampled positive impacts identified from the Social Impact Assessment:

DESCRIPTION	PLANS TO PROMOTE POSITIVE IMPACT	DATELINE	PERSON IN CHARGE
MSPO Awareness (No Issues)	To organize stakeholders meeting and create more awareness	On going	Estate Manager Mr Tiew Chin Chong
Housing Facilities (No issues)	To ensure minimum requirements are fulfilled as per Workers Minimum Standard & Housing Amenities Act 1990.	On going	Estate Manager Mr Tiew Chin Chong

Communication with Estate (No issues)	To organize stakeholders meeting and create more awareness	On going	Estate Manager Mr Tiew Chin Chong
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Sighted "Borang Soal Selidik" used for the Social Impact Assessment. No negative impacts were identified during the SIA.

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 Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have established Standard Operation Procedures for Grievance named Grievance Procedure Process dated 5th February 2019, approved by Mr Tiew Chin Yaw, Managing Director.

The purpose of the procedure is to: -

- To facilitate consultation and communication process between the management, planters and employees, local communities, and other affected external parties.
- To treat fairly and receive timely responses to any disagreements to stakeholders.

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 As per interview with Mr Tiew Chin Chong, Estate Manager all disputes, complaints and grievance can be resolved in an effective, timely and appropriate manner that is accepted by all parties with the existing Standard Operation Procedures for Grievance handling.

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

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

Summary Sighted the complaint and Grievance Form placed at the Estate's Office entrance. (Beside suggestion box). Upon completing the forms, it shall be deposited into the suggestion box for further action. Subsequently, the Plantation Supervisor will discuss and attend to the issues raised by the stakeholders. If the issues raised is not resolved within 7 days, the stakeholder concern shall complete a complaint form and forward to Plantation Manager. If the matter remains unsettled, then the grievance shall be forwarded to the Managing Director for a decision. Sighted the suggestion box which is placed at the estate's office entrance.

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

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

Summary Pegagau Estate has established Standard Operation Procedures for Grievance named Grievance Procedure Process dated 5th February 2019, approved by Mr Tiew Chin Yaw, Managing Director.

Sighted Stakeholders (Internal & External) meeting dated 12th March 2019 to disseminate the information on MSPO Awareness and also that complaints or suggestions can be made any time. Details of the said meeting are as follows:

Date: 12th March 2019

Venue: Restoran Era Balung, Taman Sawit, Balung, Tawau

Attendance: 29 persons

Speaker: Mr Tiew Chin Chong, Estate Manager

Sighted photograph of the said stakeholder meeting and the invitation letters to the respective stakeholder

Given below are some sampled external stakeholders whom he has visited.

NO	EXTERNAL STAKEHOLDER	DEPARTMENT/ ORGANIZATION
1	Mr Chan Yin Lin	Highland Estate
2	En Muhammad Nasri	Balung Palm Oil Mill
3	En Suhaili Ismail	Jabatan Tenaga Kerja
4	En Mohd Zaidi Mopaita	MPOB Tawau
5	Sjn Arman Omar	PDRM, Tawau
6	En Awang Zulmohar	Jab Imigresen, Tawau
NO	INTERNAL STAKEHOLDER	DEPARTMENT
1	Pn Hermida bt Abdul Hashim	Administration
2	Mr Chiew Wen Vui	Plantation Supervisor
3	Ajmil Hasan Abraham	Plantation Worker
4	Julmin Hasan Abraham	Plantation Worker
5	Elmar bin Akmad	Plantation Worker
6	Jul Nasir Mutasir	Plantation Worker
7	Minir Nasir Mutasir	Plantation Worker

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

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

Summary No complaints were received from the internal and external stakeholder, as such no records of complaints and resolutions for the last 24 months were documented.

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

Criterion 3 Commitment to contribute to local sustainable development

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

Summary

Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have made some contribution to their worker for the year 2020. Given below are the details:

1. Bantuan makanan asas kepada pekerja pekerja Pegagau Estate. Satu kampak beras (10 kg) untuk setiap pekerja total value of RM 1,350.00 Sighted payment Vocher Ref: SINLEK/PEGAGAU, dated 2nd May 2020 as proof of purchase.
2. Bantuan makanan asas kepada pekerja pekerja Long Heng Palm Oil Estate Sdn. Bhd. Satu kampak beras (10 kg) untuk setiap pekerja total value of RM 1,350.00 Sighted payment Vocher Ref: LONG HENG, dated 2nd May 2020 as proof of purchase.

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

Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have established Occupational Safety and Health Policy dated 2nd January 2019 approved by Mr Tiew Chin Yaw, Managing Director.

Sighted Stakeholders (Internal & External) meeting dated 12th March 2019 to disseminate the information on MSPO Awareness which includes occupational safety and health policy and plan. The details of the said meeting are as follows:

Date: 12th March 2019

Venue: Restoran Era Balung, Taman Sawit, Balung, Tawau

Attendance: 29 persons

Speaker: Mr Tiew Chin Chong, Estate Manager

Sighted photograph of the said stakeholder meeting.

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

- a. Pegagau Estate and L Long Heng Palm Oil Estate Sdn. Bhd. have established Occupational Safety and Health Policy dated 2nd January 2019 approved by Mr Tiew Chin Yaw, Managing Director.
- b. Sighted HIRARC dated 1st April 2020 covering all activities and operations of the estate prepared by Mr Chiew Wen Vui, Plantation Supervisor and approved by Mr Danial Tiew Chin Yaw, Managing Director. The HIRARC is divided into 12 main areas. Given below are some sampled HIRARC activities.
 1. Harvesting
 2. Manuring
 3. Pruning
 4. Loading & Transporting FFB
 5. Replanting Activities
 6. Road Repairs
 7. Driving Tractors and Lorry
 8. Chemical Issuance
 9. Spraying Chemical
 10. Filling Fertilizers into Bucket
 11. Weeding
 12. Chemical Handling
- c. Sighted Training Needs Analysis and Annual Training Plan dated 2nd November 2019 covering safe working practices for the Staffs and Contract Workers. The training programme covers MSPO Awareness, Human Rights Policy Occupational Safety & Health, Environment and Social areas.
- d. Sighted PPE Issuance and replacement record for Management staff and workers being established and documented. PPE issuance and replacement records are maintained based on individual workers. Given below are names of some sampled workers
 - i. Abraham Musa Husin - Harvester
 - ii. Ajimin Hasan Abraham - Harvester
 - iii. Midzpar Hasan Abraham - Harvester
 - iv. Jaapal Hasan Abraham - Loader

- e. Sighted, Standard Operating Procedure Ref No: SP-01 on Chemical Handling and Chemical Storage Ref No: SP-02 dated 1st October 2019 approved by Mr Tiew Chin Yew, Managing Director.

Sighted Chemical Health Risk Assessment Report REF NO: RSSB/CHRA/2019-004 carried out by Ms Suzanna J Rice Oxley, DOSH Registration Number HQ/11/ASS/00/290 dated 23rd January 2019.

As per CHRA report workers exposed to Chemicals i.e. Sprayers and Manuring are to undergo medical surveillance. Given below are some sampled names of sprayers and manuring workers who have undergone the medical surveillance on the 6th January 2020 and 25th February 2020 respectively.

Sprayers	Manuring
Anton bin Rahman	Herman bin Usman
Jan bin Amir Hamzah	Asman bin Herman
Aldasil bin Basar	

- f. The management has appointed Mr Chiew Wen Vui, Plantation Supervisor as the person responsible for workers' safety and health vide letter dated 1/1/2019 approved by Mr Tiew Chin Yaw, Managing Director.
- g. Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have established OSH committee named "Jawatankuasa Keselamatan dan Kesihatan Pekerjaan. Sighted latest OSH committee meeting dated 9th December 2019.

Given below is the OSH organization Chart.

Pengerusi

- Mr Tiew Chin Yaw (MD)

Timbalan Pengerusi

- Mr Kong Fook Hoong (G.M)

Ahli Jawatankuasa

- Mr Tiew Chin Chong
- Mr Chew Wen Vui
- En Jan Amih Hamzah
- Cik Hermina
- En. Herman bin Usman

Estate has less than 40 employees, as such Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. is not compelled to form an OSH committee. Sec 30(1)(a) of the OSH Act 1994 clearly states that every employer shall establish a Safety and Health Committee at the place of work if there are forty (40) or more persons employed in the place of work.

- h. Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have established Emergency Response Procedure/Plan approved by Mr Tiew Chin Yau, Managing Director.

- i. Sighted First Aid Training conducted by Cik Harmina bt Abd Hashim on 15.05.2019, 16.05.2019 and 18.05.2019. Cik Hermina bt Abd Hashim has undergone "Asas Pertolongan Cemas Pekerjaan" conducted by NIOSH dated 24th April 2019 to 25th April 2019 in NIOSH Tawau. Certificate Serial Number K058938 – 19. The training was attended by Estate Manager, Mandore and Supervisor. Sighted training materials and photographs of First Aid Training Session. Cik Hermina bt Abd Hashim who has undergone "Asas Pertolongan Cemas Pekerjaan" has conducted First Aid Training for all employees/contractors on the 04.02.2020 and 09.02.2020. Sighted the attendance list for the said training.
- j. Sighted JKKP 8 submitted to DOSH on annual basis. Latest submission of JKKP 8 was on 02.01.2020. No accidents were recorded in the estates.

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 Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have established Human Rights Policy dated 2nd January 2019 approved by Mr Tiew Chin Yau, Managing Director.

Sighted Stakeholders (Internal & External) meeting dated 12th March 2019 to disseminate the information on MSPO Awareness and that complaints or suggestions can be made any time.

Details of the said meeting are as follows:

Date: 12th March 2019

Venue: Restoran Era Balung, Taman Sawit, Balung, Tawau

Attendance: 29 persons

Speaker: Mr Tiew Chin Chong, Estate Manager

Sighted photograph of the said stakeholder meeting.

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

Indicator 2	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.
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Summary Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have established Human Rights Policy dated 2nd January 2019 approved by Mr Tiew Chin Yau, Managing Director. The policy in para 6 states that it will ensure all employees are treated fairly and protected from any form of discrimination that would constitute a violation of their human rights.

No evidence to show that Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. are engaged in or in support of discriminatory practices with regards to race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.

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

Indicator 3 Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.

Summary Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have no workers employed to work in their estate. The Management has engaged individual contractors to carryout work in their estates.

As the estates have no workers under their payroll, we are unable to verify workers' pay slips to ensure that employees' pay and conditions meet legal or industry minimum standards of the country.

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 Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have engaged nine (9) individual contractor to manage their estates. Sighted "Kontrak Perjanjian" dated 6th January 2020 between the estates and the individual contractors. Given below are the names of the individual contractors.

1. Mutasir Tagas Basir
2. Elmar bin Akmad
3. Jul Nasir Mutasir
4. Munir Nasir Mutasir
5. Ajimil Hasan Abraham
6. Jaapal Hasan Abraham
7. Abraham Musa Husin
8. Julmin Hasan Abraham
9. Midzapar Hasan Abraham

Sighted evidence of payment to the respective contractors. Given below are some sampled payment slips to the contractors.

Contractor: Midzapar Hasan Abraham

JUNE 2020		
FFB	RM30/MT x 50	RM 1,500.00
Loose Seeds	RM1.20/Bag x 500	RM 600.00
Incentive Target		RM 270.00
Jaga Malam		RM 100.00
Net Payment		RM 2,470.00

Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have engaged nine (9) individual contractors to manage their estates. Sighted "Kontrak Perjanjian" dated 6th January 2020 between the estates and the individual contractors. Given below are the names of the individual contractors.

1. Mutasir Tagas Basir
2. Elmar bin Akmad

3. Jul Nasir Mutasir
4. Munir Nasir Mutasir
5. Ajimil Hasan Abraham
6. Jaapal Hasan Abraham
7. Abraham Musa Husin
8. Julmin Hasan Abraham
9. Midzapar Hasan Abraham

Sighted evidence of payment to the respective contractors. Given below are some sampled payment slips to the contractors.

Contractor: Midzapar Hasan Abraham

JUNE 2020		
FFB	RM30/MT x 50	RM 1,500.00
Loose Seeds	RM1.20/Bag x 500	RM 600.00
Incentive Target		RM 270.00
Jaga Malam		RM 100.00
Net Payment		RM 2,470.00

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

Indicator 5 The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.

Summary Sighted employees register of Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. that provides an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.

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

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

Summary Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have no workers employed to work in their estate. The Management has engaged individual contractors to carryout work in their estates.

Sighted employment contracts signed by Individual contractor with SinLek Development Sdn. Bhd. The Contract Agreement is fair and transparent. The contract agreement has sign by both parties (Company and contractors) and covered the followings :

1. Term and Condition
2. Services as a contractor
3. Binding terms
4. Method and period of payment
5. Requirement of MSPO
6. Facilities provided

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

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

Summary Attendance recording for office workers is recorded by punch card system whereas attendance for field workers are recorded during Roll Call.

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 contract agreement. 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. The working hours for workers and staff as stated follows;

Workers

7.00am – 4.00pm

Lunch

12.00pm – 1.00pm

Management/Office Staff

7.00am – 4.00pm

Lunch

1.00pm – 2.00pm

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

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

Summary Sighted Pay Slips of wages/salary and overtime payment to contract worker's which are documented on the pay slips are in line with legal regulations

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 The contract worker's received benefit provided by the company as follows;

- i. Housing
- ii. FOC Water & Electricity
- iii. Food subsidy during Festive season
- iv. Medical Benefits / Hospitalization
- v. Incentive for achieving target

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

Indicator 11 In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.

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

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

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

Summary Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have established Human Rights Policy dated 2nd January 2019 approved by Mr. Tiew Chin Yau, Managing Director.

The policy spells out the company's commitment to ensure Social and human rights are always followed and respected in line with the applicable National and international laws. Para 8 of the policy states that the company will provide workplace free of sexual harassment whether directly or indirectly against all workers and stakeholders.

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 Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have established Human Rights Policy dated 2nd January 2019 approved by Mr Tiew Chin Yau, Managing Director

The policy spells out the company's commitment to protect and respect the human rights of all employees. Para 5 of the policy states that the company will respect the rights of all personnel to form, join and participate in registered Trade Unions and to bargain collectively.

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

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

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

Summary Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. have established Human Rights Policy dated 2nd January 2019 approved by Mr Tiew Chin Yau, Managing Director

The policy clearly spells out the company's commitment to protect and respect the human rights of all employees. Para 3 of the policy states that the company prohibits employing worker by coercion or children or young persons.

As per interview with the Estate and Site Manager, there are no children below ages of 18 working in the Estate and this was proven through checking the list of employees. The workers were clear that no one below 18 years old should be employed.

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

Criterion 6 Training and competency

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

Summary Sighted Training Needs Analysis for 2020 dated 11th November 2019 for Pegagau and Long Heng Palm Oil Estate Sdn. Bhd. and for the Contractor's employees approved by Mr Tiew Chin Yaw, Managing Director.

The training is targeted to the following group of workers namely

1. Executive Staff (Estate Manager, Site Manager, Mandore)
2. Harvesters
3. Sprayers

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

Indicator 2 Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.

Summary Sighted annual training plan dated 8th January 2019 for Batu Kurau Estate approved by Mr Goh Chong Tuan, Managing Director.

The training plan is categorized into four (5) areas namely

1. MSPO Awareness (All Policies)
2. Occupational Safety & Health
3. Environmental

4. Safety Reporting

5. PPE Usage

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

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

Summary Sighted annual training programme and training records for Pegagau and Long Heng Palm Oil Estate Sdn. Bhd. dated 10th May 2020 approved by Mr Tiew Chin Chong, Estate Manager. Sighted photographs of the said training.

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

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

Criterion 1 Environmental management plan

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

Summary Environmental Policy for Sinlek Development Sdn Bhd has been established and signed by the Managing Director, Mr Daniel Tiew dated 2nd January 2019.

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

The Company is committed towards implementing the following practices:

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

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

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

Summary

The Company has established the MSPO Procedure with a title: Environmental Management Plan (EMP) Ref No. MSPO-06 Rev: 1.0 Date: 7th January 2019 initially released on the same date.

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

The aspect and impact analysis have been documented in "Environmental Aspect Impact Assessment Guidance for Estate" dated 1st February 2019.

The assessment covers 13 aspect of environmental such as;

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

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

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

Summary

The management has established the plan as per document "Environment Management & Improvement Plan (2019-2020)". This document has highlighted company target, action plan, environmental aspect and impact, the mitigation plan. Example sighted:

Target: To have proper container for keeping SW, proper storage. Label and inventory of SW

Action plan: Monitor the duration of SW keeping for it should not exceed 180 days or 20 MT.

Mitigation: Early notification from PIC for SW to clerk/supervisor/Assistant Manager.

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

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

Summary

The program has been included in a report titled "Sustainability Improvement Plan 2019 – 2020. The environmental awareness training plan has addressed the following elements:

1. Environmental record management
2. Environmental compliance monitoring and reporting procedures
3. Oil spill prevention and response procedures
4. Handling of hazardous materials
5. Waste management and recycling
6. Beautification of living quarters

The program will be annually reviewed for any shortcomings and improvement to ensure the company is in compliant with the latest environment guidelines.

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

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

Summary

Sighted training needs matrix guidance as per Appendix 2 "MSPO Procedure Title: Environmental Management Plan (EMP)" dated 7th January 2019. The table listed training programme on environmental includes;

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

Sighted the Environmental Training Implementation for the year 2020 in Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd.

Estate: Pegagau Estate
Training: Environment
Date: 7th March 2020
Trainer: Mr. Chiew Wen Cui (Nick)
Attendance: 6 persons

Estate: Long Heng Palm Oil Sdn. Bhd.
Training: Environment
Date: 10th January 2020
Trainer: Mr. Chiew Wen Vui (Nick)
Attendance: 4 persons

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

Latest meeting was conducted on 09.12.2019 as per memo sighted titled "Mesyuarat Jawatankuasa Keselamatan dan kesihatan, Sosial serta Alam Sekitar No. 2. The meeting was attended by 8 personnel.

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 Record of diesel usage in all the estates available during audit. Sighted usage record from year 2016 until 2020 (to-date). Past years record as follow:

	2017	2018	2019
Actual diesel usage Liter/mt	2.88	2.98	3.15
Budgeted Diesel Usage Liter/mt	2.95	3.05	3.10

The record shows usage of diesel estate for all 4 estates managed by Sinlek Development Sdn Bhd.

In year 2020, the management has updated its record until May 2020. Record sighted from January until May 2020:

1. January 2020: 4.05 L/mt
2. February 2020: 3.51 L/mt
3. March 2020: 3.61 L/mt
4. April 2020: 2.22 L/mt
5. May 2020: 2.82 L/mt

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

Indicator 2 The oil palm premises shall estimate the direct usage of nonrenewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.

Summary The estimation of diesel usage has been included in company 3-year budget forecast as per documented in Business Plan 2019 – 2021 – Sinlek Development Sdn Bhd. The diesel cost is included under "Upkeep of Motor Vehicle".

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

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

Summary The use of renewable energy is not implemented thus far. The usage of renewable energy in both estates are not economically possible.

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

Criterion 3 Waste management and disposal**Indicator 1** All waste products and sources of pollution shall be identified and documented.

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

1. Domestic waste – Organic (Source: Food waste, textiles and rubber, paper and cardboard)
2. Domestic waste – Inorganic (Source: Plastic, Glass, Metal)
3. Schedule waste – SW409 (spillage of pesticide and fertilizer)
4. Schedule waste – SW410 (used PPEs)

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

Indicator 2 A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for:
 a) Identifying and monitoring sources of waste and pollution.
 b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.

Summary Procedure has been established as per "MSPO Procedure Title: Waste Management" dated 7th January 2019 (Ref No. MSPO-05). The purpose of this procedure is to describe the procedure for waste management for all related activities of estate.

Waste Management plan sighted during the audit, prepared by Mr. Daniel Tiew, dated 24.02.2019. Among the plan documented such as:

Pollution	Control Measures
Lubricant oil from vehicles	Containers containing scheduled waste shall always be closed during storage except when it is necessary to add or remove the SW
Contaminated soil, debris.	Stored in separate containers shall be placed in separate secondary containment.
Unused empty pesticide container, chemical bottles	Triple rinse and punctured at least 3 holes. Stored in designated areas with appropriate fencing, good ventilation and always kept lock.
Domestic waste	Rubbish collection to be done 3 times a week. Rubbish disposed in a rubbish landfill area.

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 other schedule wastes has been established as per "MSPO Procedure Title: Waste Management" dated 7th January 2019

(Ref No. MSPO-05). The purpose of this procedure is to describe the procedure for waste management for all related activities of estate.

There are no store facilities in both estates audited. Storage for all SW is located at Nasip Kita Estate.

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 There are no store facilities in both estates audited. Storage for all SW is located at Nasip Kita Estate. According to the staff, empty chemical containers are punctured prior to storing them in the SW store in Nasip Kita Estate. Records are available and verified during the audit.

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

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

Summary Domestic wastes are taken out from the workers' quarters to a nearby rubbish bin which will be collected later by the local council contractor.

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 Procedure has been established as per "MSPO Procedure Title: Waste Management" dated 7th January 2019 (Ref No. MSPO-05). The purpose of this procedure is to describe the procedure for waste management for all related activities of estate.

Sighted GHG Management Plan – 2020, prepared by Mr. Nick on 1st January 2020 which has identified all sources of GHG emission from the estate operations and the mitigation plans. Example operations identified and its impacts:

SOURCE	ENVIRONMENTAL IMPACT
Emission from greenhouse gaseous from nitrogen usage	Air pollution – global warming
Smoke emission of heavy vehicle such as truck and Gen-sets	Air pollution
Transportation of FFB to mill	Air pollution, noise pollution and GHG
Open burning of Domestic waste	Air pollution and GHG

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

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

Summary Sighted GHG Management Plan – 2020, prepared by Mr. Nick on 1st January 2020 which has identified all sources of GHG emission from the estate operations and the mitigation plans. Example action plans to mitigate impacts from GHG emission in the estate such as:

1. Application of fertilizer according to supplier recommendation.
2. Ensure regular maintenance of heavy vehicle to reduce smoke emission
3. Enforce no burning policy

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

Criterion 5 Natural water resources

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

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

Summary Procedure sighted in document No. MSPO-08 "MSPO Procedure Title: Water Management Plan" dated 7th January 2019.

Source of water has been identified. Drinking water for workers in Pegagau and Long Heng Palm Oil Estate Sdn. Bhd. is delivered on daily basis from Nasip Kita Estate. Rainwater is being harvested using water tank at each house for washing and bathing only.

No river flowing in both estates.

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

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

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

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

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

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

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

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

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

- a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.
- b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.

Summary Assessment on High Biodiversity Value (HBV) has been conducted on 25th March 2019 by Mr. Nick. No species of RTE found in all estates. Monthly monitoring of wildlife identified common species such as Long-tailed macaque, Pig-tailed macaque, wild boar and jungle fowl.

The management has communicated through a letter dated 07th July 2020 to Sabah Wildlife Department, Tawau to identify if there are any protected wildlife in Long Heng Palm Oil Estate Sdn. Bhd. which is a boundary to forest reserve area.

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

Indicator 2 If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:

- a) Ensuring that any legal requirements relating to the protection of the species are met.
- b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts.

Summary Assessment on High Biodiversity Value (HBV) has been conducted on 25th March 2019 by Mr. Nick. No species of RTE found in all estates. Monthly monitoring of wildlife identified common species such as Long-tailed macaque, Pig-tailed macaque, wild boar and jungle fowl.

The management has communicated through a letter dated 07th July 2020 to Sabah Wildlife Department, Tawau to identify if there are any protected wildlife in Long Heng Palm Oil Estate Sdn. Bhd. which is boundary to forest reserve area.

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

Assessment on High Biodiversity Value (HBV) has been conducted on 25th March 2019 by Mr. Nick. No species of RTE found in all estates. Monthly monitoring of wildlife identified common species such as Long-tailed macaque, Pig-tailed macaque, wild boar and jungle fowl.

The management has communicated through a letter dated 07th July 2020 to Sabah Wildlife Department, Tawau to identify if there are any protected wildlife in Long Heng Palm Oil Estate Sdn. Bhd. which is boundary to forest reserve area.

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

No open burning allowed in the estates. There are sufficient signboards on prohibition of open burning erected at the strategic estates' locations. Zero burning practice has been included in Company's Environmental Policy signed by Managing Director, Mr. Daniel Tiew, dated 2nd January 2019. The company has also established SOP for Oil Palm Replanting, version 1.0, dated 15th November 2018. No replanting operation in both estates audited.

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

There is no practice of burning crop residue from replanting operation. The company is practicing zero burning policy as per Company's Environmental Policy.

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

There is no practice of burning crop residue from replanting operation. The company is practicing zero burning policy as per Company's Environmental Policy.

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

There is no practice of burning crop residue from replanting operation. The old palm is felled, shredded and spread out thinly in the inter terrace slopes stacked at every alternate avenue. The residue is then left to be naturally decomposed on site.

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

2.6 Principle 6 : Best practices

Criterion 1 Site management

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

Summary SinLek Development Sdn. Bhd. has developed SOPs for Pegagau / Long Heng Palm Oil Estate Sdn. Bhd. There are 47 SOPs that have been developed for their best practices, approved by Mr. Daniel Tiew, Managing Director on 15th November 2018.

These include the following;

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

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

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

Summary SinLek Development Sdn. Bhd. has been produced the Procedure for planting on the slope as per SOP for Oil Palm Replanting, dated 15th November 2018.

During a site visit to Pegagau Estate at Block B (Planting Year 2018), the land topography is flat and undulating.

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

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

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

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

In Compliance ☒ Yes ☐ No ☐ Not Applicable

Criterion 2 Economic and financial viability plan

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

Summary

Business plan for SinLek Development Sdn Bhd available during the audit. The budget includes the projected FFB production, general charges, upkeep & cultivation, and collection.

ITEMS	2019	2020	2021
FFB (MT)	6,800.00	7,050.00	7,368.42
Monthly Price (RM)	425.00	450.00	475.00
Chemical & Fertilizers (RM)	350,000.00	356,650.00	363,426.00
Contract workers (RM)	164,925.00	166,574.00	168,240.00
Harvesting FFB (RM)	271,567.00	274,283.00	277,025.00
Salary (RM)	302,500.00	302,500.00	302,500.00
Road upkeep (RM)	25,000.00	25,475.00	25,959.00
Upkeep Quarters (RM)	50,000.00	150,000.00	50,000.00
Others (RM)	262,709.00	178,326.00	144,280.00

In Compliance ☒ Yes ☐ No ☐ Not Applicable

Indicator 2 Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.

Summary

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

Estate	2021	2022	2023	2024	2025
Nasip Kita	Blk 5 (28ac) or Blk 1 (52ac)	-	-	-	-
Sungai Burong	-	-	-	-	-
Long Heng Palm Oil Estate Sdn. Bhd.	-	Blk B (20ac) or Blk D (58ac)	-	-	-
Pegagau Estate	-	-	-	-	Blk J,K,L (40ac)

In Compliance ☒ Yes ☐ No ☐ Not Applicable

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

Summary Business plan for SinLek Development Sdn Bhd available during the audit. Both estates have prepared the budget for the year 2020. The budget includes the projected FFB production, Diesel consumption, P&D, Fertilizer application, etc

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

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

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

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

Criterion 3 Transparent and fair price dealing

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

Summary Sighted contracts agreement between Pegagau Estate and the respective contractors as follows;

1. Ajimil Hasan Abraham
2. Jaapai Hassan Abrham
3. Abrham Musa Husain
4. Julmin Hasan Abraham
5. Midzspar Hasan Abrham

Contract valid from 1st January 2020 till 31st December 2020. The FFB Pricing Mechanism is determine and based on the contracts agreements agreed by both parties.

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

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

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

The Contract Agreement is fair and transparent. The contract agreement has sign by both parties (Company and contractors) and covered the followings :

1. Term and Condition
2. Services as a contractor
3. Binding terms
4. Method and period of payment
5. Requirement of MSPO
6. Facilities provided

Non Compliance - Minor

No clause mentioned about the timeframe of payment to all contractors have been stated in the Contract Agreement.

Sighted Contract Agreement SinLek Development Sdn. Bdh (Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd.) with the following contractor :

No	Estate	Contractor Name	Contract Period	Payment time frame
1	Pegagau Estate	1. Ajimil Hasan Abraham 2. Jaapal Hasan Abraham 3. Abraham Musa Husin 4. Julmin Hasan Abraham 5. Midzspar Hasan Abraham	01.01.2020 – 31.12.2020	Not specified
2	Long Heng Palm Oil Estate Sdn. Bhd.	1. Mutasir Tagas Basir 2. Elmar 3. Jul Nasir Mutasir 4. Munir Nasir Mutahir	01.01.2020 – 31.12.2020	Not specified

In Compliance ☐ Yes ☒ No ☐ Not Applicable

Criterion 4 Contractor

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

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

Training on MSPO to estate workers and contractors sighted during the audit as per the training record dated 18th January 2019.

In Compliance ☒ Yes ☐ No ☐ Not Applicable

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

Summary Sighted the Contract agreement between SinLek Development Sdn. Bhd. with the respective contractor as follows;

Estate	Contractor Name	Contract Validity
Pegagau	1. Ajimil Hasan Abraham 2. Jaapal Hasan Abraham 3. Abraham Musa Husin 4. Julmin Hasan Abraham 5. Midzspar Hasan Abraham	1 st January 2020 till 31 st December 2020
Long Heng Palm Oil Estate Sdn. Bhd.	1. Mutasir Tagas Basir 2. Elmar 3. Jul Nasir Mutasir 4. Munir Nasir Mutahir	1 st January 2020 till 31 st December 2020

The agreement was signed by the respective contractors on 6th January 2020.

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

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

Summary The management agreed and approved with the MSPO auditor by accepting the audit plan which was sent to the person in charge on 21st July 2020.

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 The monitoring of FFB harvested by contractors/gangs is done on a daily basis. Sighted daily record of FFB Logbook. Records are based on FFB delivery notes to respective palm oil mills.

Estate verified the work done by the contractors before all the payment paid to the contractors. Details of payment to the respective contractor as follow :

1. Long Heng Palm Oil Estate Sdn. Bhd.
Folio : SINLEK/Long Heng
Payment voucher date : 2nd July 2020
Month : June 2020
Payment Details :
1. Mutasir Tagas Basir – RM 1,285.00
2. Elmar – RM 1,682.85
3. Jul Nasir Mutasir – RM 1,899.75
4. Munir Nasir Mutahir – 1,470.00

2. Pegagau Estate
Folio : SINLEK/PG
Payment voucher date : 2nd July 2020
Month : June 2020
Payment Details :
1. Midzapar Hasan Abraham – RM 2,469.40
2. Abraham Musa Husin – RM 1,542.85

3. Jaapal Hasan Abraham – RM 2,674.60

4. Ajimil Hasan Abraham – RM 2,611.00

5. Julmin Hasan Abraham – RM2,614.00

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 does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

Criterion 2 Peat land

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

Criterion 3 Social and Environmental Impact Assessment (SEIA)

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

Criterion 4 Soil and topographic information

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

Criterion 5 Planting on steep terrain, marginal and fragile soils

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

Criterion 6 Customary land

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it does not apply to Pegagau and Long Heng Palm Oil Estates Sdn. Bhd.

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

2.8 Details of Audit Findings

Details Non-Conformity

- See Appendix B -

Details of Area of Concern

- See Appendix B -

Details of Noteworthy / Positive Findings

- 1) Top management continuously establishes directions for the middle and upper management to execute in ways to comply with the MSPO management system in future.
- 2) The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
- 3) Signage throughout office, chemical area and in the field sites, effectively maintained and appropriate to the needs of the process.
- 4) Good relationship being maintained with surrounding smallholders and villages.
- 5) Good record keeping has been established in the office in order to easily retrieve the documents required during the audit process.

Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
26 th July 2020	TBA	➤ Travelling to Semporna, Sabah.	MRB	MAS MFB
27 th July 2020	08:00 – 09:00	➤ Centralize Opening Meeting at Pegagau 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	MAS MFB
	09:00 – 13:00	Pegagau 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	MFB
	08:30 – 17:00	➤ 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. 		MAS
	13:00 – 14:00	➤ Lunch/Rest	MRB	MAS MFB
	14:00 – 16:00	➤ Continue document review <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MRB	MFB
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 1.	MRB	MFB

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor



28 th July 2020	08:00 – 13:00	Long Heng Palm Oil Estate Sdn Bhd <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MRB	MAS MFB
	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, bufferzone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MRB	MAS MFB
	13:00 – 14:00	<ul style="list-style-type: none"> ➤ Lunch/Rest 	MRB	MAS MFB
	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	MAS MFB
	16:00 – 16:30	<ul style="list-style-type: none"> ➤ Verify any outstanding issues and auditor discussion. 	MRB	MAS MFB
	16:30 – 17:00	Closing Meeting at Long Heng Palm Oil Estate Sdn Bhd : <ul style="list-style-type: none"> ➤ Chaired by the audit Lead Auditor • Welcome and introduction by the Lead Auditor • Presentation of findings by the audit team • Questions & answers and Final summary by Lead Auditor ➤ End of assessment 	MRB	MAS MFB
29 th July 2020	TBA	<ul style="list-style-type: none"> ➤ Travelling back from Semporna, Sabah. 	MRB	MAS MFB

Appendix B : Non-Conformity details

Non-Conformities Identified During This Audit




Major Nonconformities:	No Major NC's was raised for this audit.
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Minor Nonconformities:	One (1) Minor NC's was raised for this audit.
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Area of Concern:	One (1) Observation was raised for this audit.
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Company Name	SinLek Development 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-M1-MSPO-2019		
NC No. / Ref.	M1/MSPO/MINOR/01	Date Detected	28 th July 2020
Site(s) concern	Pegagau Estate Long Heng Palm Oil Estate Sdn. Bhd.	Target Completion	Next Surveillance
Normative Reference and Requirement	4.6.3.2 Major downgrade Minor All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.		
NC Type	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	No clause mentioned about the timeframe of payment to all contractors have been stated in the Contract Agreement.		
NC Objective Evidence:			
Sighted Contract Agreement SinLek Development Sdn. Bdh (Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd.) with the following contractor :			
No	Estate	Contractor Name	Contract Period
1	Pegagau Estate	1. Ajimil Hasan Abraham 2. Jaapal Hasan Abraham 3. Abraham Musa Husin 4. Julmin Hasan Abraham 5. Midzspar Hasan Abraham	01.01.2020 – 31.12.2020
2	Long Heng Palm Oil Estate Sdn. Bhd.	1. Mutasir Tagas Basir 2. Elmar 3. Jul Nasir Mutasir 4. Munir Nasir Mutahir	01.01.2020 – 31.12.2020
			Not specified



Lead Auditor Signature: 	Client Signature: 
Root cause Analysis (to be filled by client): Payment time frame not specifically in detail in the contract based on the statement " piawaian kerajaan" is sufficient to cover this.	
Corrective action planned (to be filled by client): 1.0 Include payment time frame in the updated contract agreement dated 29 July 2020 under Kontrak Pembayaran as follows : "Upah setiap bulan akan di bayar sebelum 7 haribulan mengikut piawaian kerajaan" 2.0 Updated Contract agreement acknowledged and signed by Workers in Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. See copies of Agreements from both the estates attached.	
Preventive Action (to be filled by client): 1.0 During annual internal audit contract agreement will be audit to ensure payment time frame is included and implemented effectively. 2.0 Contract agreement template updated to be used in all new contract agreement in the future.	
Review of corrective/preventive action (to be filled by Lead Auditor) Correction and Corrective Action is accepted. Will be verified during next surveillance audit for closure.	
NC Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Date Verified:	Lead Auditor Signature: 

Company Name	SinLek Development 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-M1-MSPO-2019		
NC No. / Ref.	M1/MSPO/AOC/01	Date Detected	28 th July 2020
Site(s) concern	Pegagau Estate Long Heng Palm Oil Estate Sdn. Bhd.	Target Completion	-
Normative Reference and Requirement	4.3.1.1 – Major downgrade AOC All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.		
NC Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern		
Description of Non-Conformity	No evidence to show that follow up action has been taken to expedite legalization of illegal workers employed in Pegagau and Long Heng Palm Oil Estate Sdn Bhd.		
NC Objective Evidence: Sinlek Development Sdn Bhd has employed nine (9) workers ie five (5) in Pegagau Estate and four (4) in Long Heng Palm Oil Estate Sdn. Bhd. without passport and work permits. The auditor noticed that the company has submitted an application to the Immigration Department to legalize these workers vide letter dated 21 st June 2019. However, there is no evidence to show that follow up action has been taken up (even after nine (9) months) with the Immigration Department to expedite the approval process.			
Lead Auditor Signature: 		Client Signature: 	

Appendix C : List of Stakeholders Contacted

Attendance List

Internal Stakeholders

- 1) Pegagau Estate and Long Heng Palm Oil Estate Sdn. Bhd. management team and staff
- 2) Harvesters and Loose fruit picker