

The audit covered the MS 2530:2013 requirements particularly MSPO Certification Standard **MS2530-3:2013 Part 3**

Validation of processes for production and service provision

Has this scope been amended as a result of this audit? Yes No

This is a multi-site audit and an Appendix listing all relevant sites and/or remote locations has been established (attached) and agreed with the client Yes No

3. Current audit findings and conclusions

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives required by the standard(s). The audit methods used were interviews, observation of activities and review of documentation and records.

The structure of the audit was in accordance with the audit plan and audit planning matrix included as annexes to this summary report.

The audit team concludes that the organization has has not established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives.

Number of nonconformities identified: 2 Major 0 Minor

Therefore the audit team recommends that, based on the results of this audit and the system's demonstrated state of development and maturity, management system certification be:

Granted / Continued / Withheld / Suspended until satisfactory corrective action is completed.

4. Previous Audit Results

The results of the last audit of this system have been reviewed, in particular to assure appropriate correction and corrective action has been implemented to address any nonconformity identified. This review has concluded that:

- Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective.
- The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

5. Audit Findings

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives. The audit methods used were interviews, observation of activities and review of documentation and records.

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- The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of the management system. Yes No
- The organization has demonstrated effective implementation and maintenance / improvement of its management system. Yes No
- The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement. Yes No
- The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system. Yes No
- The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system. Yes No
- Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard. Yes No
- Certification claims are accurate and in accordance with SGS guidance N/A Yes No

6. Significant Audit Trails Followed

The specific processes, activities and functions reviewed are detailed in the Audit Plan. In performing the audit, various audit trails and linkages were developed, including the following primary audit trails, followed throughout:

Organization:	Pusaka KTS Forests Plantation Sdn. Bhd.		
Address	Ladang Pusaka KTS Forests LPF/0013, Belaga, Kapit, Sarawak		
MPOB License No.:	MPOB Licence 504077102000, with size register 5,337.96 ha	Expiry date:	01/11/2018 – 30/11/2019
Scope of Activity:	<i>Menjual dan Mengalih FFB#</i>	Next Audit Plan	June 2020
Visit Number:	02 (Stage 2)	Actual Visit Date:	14th August 2019
Visit Due by Date:	Nil	For auditor information only	
Lead Auditor:	Abdul Khalik Bin Arbi (AKA)		
Audit Member	Jeffrey Denis Ridu (JDR)		
Additional Attendees and Roles	Nil		
Standard(s):	MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders		
Audit Language:	English & Malay		
Audit Scope:	1. The audit covered Three (3) site performing the following scope: Operations, comprising of management systems, process of Fresh Fruit bunches (FFB), documentation and site assessment.		

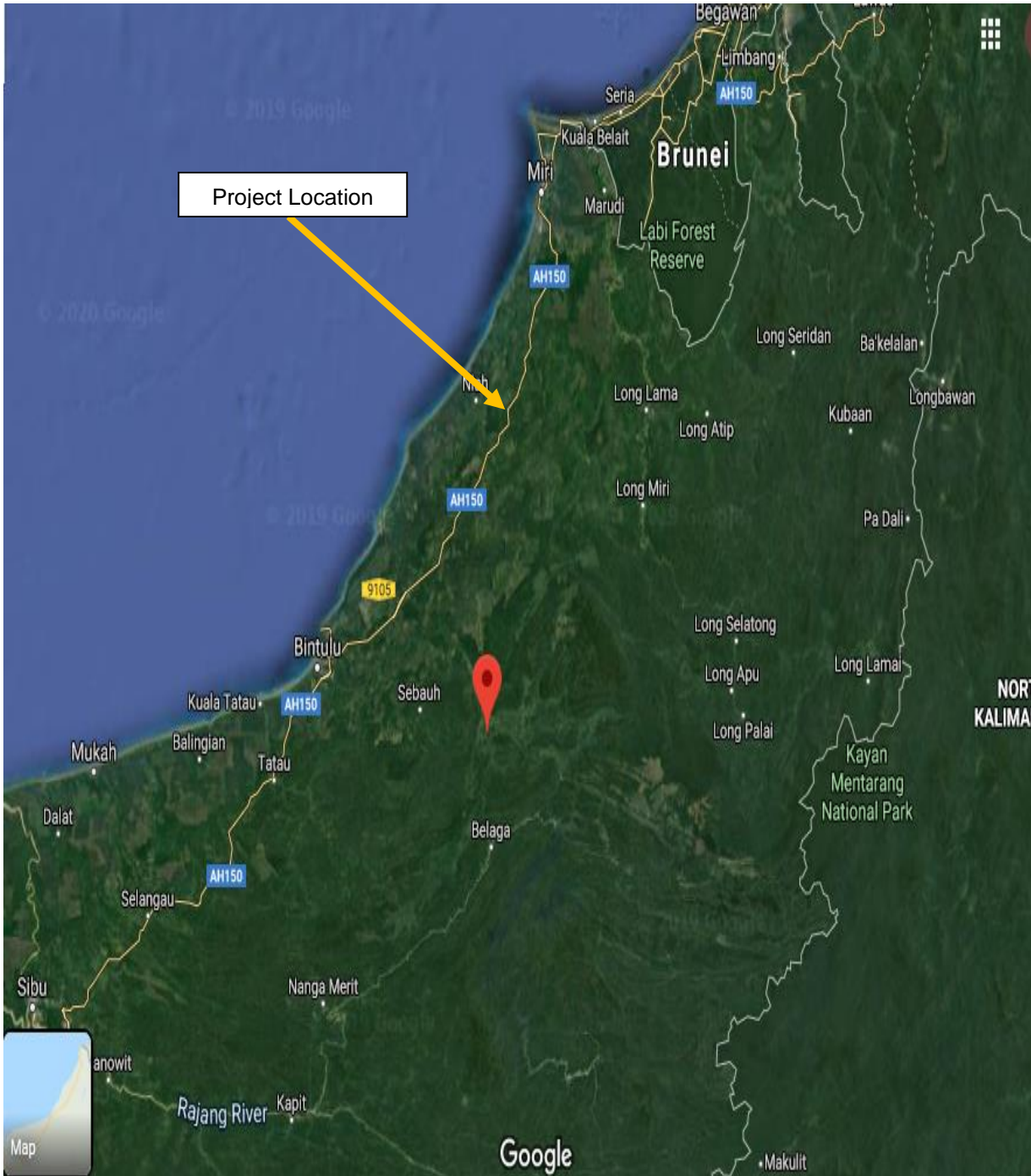
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Audit Plan

Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
14 ^h August 2019	7.00am 8.00 am	AKA, JDR	Flight Kuching to Bintulu Arrived at Bintulu Airport	Estate Personnel
	8.00 am	AKA, JDR	Depart to Pusaka KTS Forests Plantation Sdn. Bhd. Arrive at Estate Opening Meeting Audit Process (Site Visit) <ul style="list-style-type: none"> • Principal 1: Management commitment and responsibility • Principle 2: Transparency • Principle 3: Compliance to legal requirements • Principal 4: Social responsibility, health, safety and employment condition • Principal 5: Environment, natural resources, biodiversity and ecosystem services • Principal 6: Best Practice 	Estate Personnel
	12.30pm	AKA, JDR	Lunch	
	1.00pm	AKA, JDR	Continue Audit Process (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
	4.00pm	AKA, JDR	Preparation for closing	
	5.00pm	AKA, JDR	Closing Meeting	
	6.00pm	AKA, JDR	Depart to Bintulu Town	

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Location and Maps



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The GPS locations of the state are shown in Table 1.

Table 1: GPS Location

Supply Base / Estates:	Location Address:	GPS Coordinate(s):	Area Certified(HA):
Pusaka KTS Forests Plantation Sdn. Bhd.	Ladang Pusaka KTS Forests LPF/0013, Belaga, Kapit, Sarawak	2°58'44.7"N 113°45'54.9"E	5337.96

Description of Estate Production

The FFB are sourced from the estate which are individually managed by Pusaka KTS Forests Plantation Sdn. Bhd. The crop yield from these estate is mention in **Table 2** below.

Table 1: FFB Production

Month	Sdn Bhd	
	2018 (Actual)	2019 (Projection)
January	4,722.9	4,827.09
February	3,747.02	4,389.80
March	4,343.47	4,709.56
April	4,352.81	4,512.95
May	4,736.53	4,505.74
June	4,421.24	4,027.70
July	5,540.74	4,746.73
August	6,555.92	9,354.61*
September	7,032.73	10,383.71*
October	6,891.44	10,570.71*
November	6,279.98	10,383.71*
December	5,715.81	7,857.17*
Total	64,340.59	80,269.48
<i>*Projection</i>		

Name of estate	Title Area (ha)	Plantation area				
		Immature (ha)	Mature/ Production (ha)	Buffer zone / Unplanted (ha)	Land Issue	*Others
Pusaka KTS Forests Plantation Sdn. Bhd.	Total Area: 25,306	Nil	5,337.97	9,523.81	Nil	20.00
*Drainage, road, building and workers quarter						

Stakeholder Consultation and List of Stakeholders Contacted

A public announcement was made 30 days prior to the audit.

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/pusaka-kts-forests-plantation-sdn-bhd>

Stakeholder consultation took place in the form of meetings and interviews. Due to this is the main assessment, meetings with stakeholders were held in the respected estate office. Detail can be referred to **Appendix 2:**

Comment on MS2530-3 Compliance Status:

Comment on Principle 1	<p><u>Policy on Implementation of MSPO –</u> It was sighted MSPO Policy was available in the estate copy. The policy was sign by top management Mr. Ting Jack Hui (Director) on 2nd January 2019.</p> <p>Based interview Mdm Elis Lenjau working as Senior clerk (approximately 15 years) the policy was communicate via:</p> <ul style="list-style-type: none"> • Morning Muster • Displayed at Notice Board at estate office, workshop, labour quarters and storage area. <p>She also understands the policies</p> <p>The policy was emphasize commitment to continual improvement. The policy statement stated as below: We are committed towards implementing principles of MSPO Sustainable Palm Oil and complying with applicable statutory and regulatory requirements. Thus, we strive to achieve sustainability palm oil operations through the followings but not limited to the followings:</p> <ol style="list-style-type: none"> i. Safety & Health ii. Good Social Practices iii. Harassment & Violence Prevention iv. Environment <p>By our commitment towards the above, we shall consider any opportunities for continual improvement of the plantation operations and practices in line</p>						
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with new information and techniques.

Internal Audit

It was sighted the internal audit report was planned and conduct accordingly. Frequency of the internal audit will audit at least once a year or whenever deem necessary by the Management.

Based on internal audit procedures, list of preparation need to do as follows:

- i. Planning: Internal Audit was conduct on 9th May 2019, audit plan was issue on 26th April 2019 by lead auditor Mr. Stephen Lee.
- ii. Preparation: Lead auditor select the competent auditor. The internal auditor was training by internal trainer which attend the MSPO course. Training course for the internal auditor was conduct on 9th May 2019. Personnel sighted as followed:
 - Stephen Lee (Lead Auditor)
 - Osman Bin Kasuari
 - Lawin Ak. Assing
 - Kong Sing Choh
 - Juliana Lenjau
 - Petrus Ak. Jacky
 - Elis Lenjau
 - Anderson Anyi Wan
 - Tie Kiong Chuong
 - Jeli Ak. Jadam
 - Mazelan Ahmad
 - Cecelia Tingai
 - Beatrice Ak. Matang
 - Jackquelynn Ak. Jang
 - Baling Ak. Maratin
- iii. Conduct MSPO Internal Audit: conduct on 9th May 2019.
- iv. Follow-up: Based on audit, 4 findings was addressed, and issues as follows:
 - Sickle & Chisel was found at labour line without cover. Issue was closed on: 11.05.2019 action taken by Mr. Osman Bin Kasuari
 - Social Impact Assessment (SIA) not available. Issue was closed on: 11.05.2019 action taken by Mr.Lawin ak Assing.
 - Chemical spillage was seen at the Labour Line. Issue was closed on: 10.05.2019 action taken by Mr Jeli ak Jadam.
 - Chemical container was found in the dumping site. Issue was closed on: 10.05.2019 action taken by Mr Jeli ak Jadam
- v. MSPO Internal Audit Completion,

It was sighted Internal Audit was performed on 9th May 2019.

MSPO internal audit procedures prepared approved by Mr. Ting Jack Hui (Director) to be conducted at least once a year or whenever deemed necessary by management.

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	<p>It was sighted Internal Audit Procedure was sighted with Document Ref.: PKFP-03-TM01REV0 dated 10th January 2019.</p> <p>First Internal Audit was performed on 9th May 2019 with an Audit Report where 4 findings were reported.</p> <p>Mechanism of follow up activities established and verified in the Corrective Action Report file.</p> <p>Internal Auditors team have been appointed headed by Mr. Stephen Lee as Lead Auditor by Mr. Ting Jack Hui (Director) dated 26th September, 2018.</p> <p><u>Management Review –</u> Management Review meeting was conducted on the 10th May 2019 chaired by Mr. Mr Ting Jack Hui. (Chairman) attended by all MSPO Committee members and invited members. Agendas and minute of the said meeting was viewed in file (Ref. PKFP/ MRR/ 19/01/01.</p> <p>It was review ny Mr Ting Jack, dated on 10th May 2019.</p> <p>The agendas of this meeting are to review following:</p> <ol style="list-style-type: none"> 1) Environmental and social requirement such as follow: <ol style="list-style-type: none"> a. Environmental and Social Impacts b. New Techniques c. New technologies d. New industry standards e. New information on good agricultural practices <p><u>Continual Improvement -</u> The action plan for continual improvement sighted as follow.</p> <p>Topic: Factories and machinery (Notifivation, certificate of fitness and inspection) Regulations 1970.</p> <p>Action taken: to ensure the air compressor will obtain certificate of fitness for united pressure vessels.</p> <p>Adoption of New Technologies and Techniques: New design and method of construction of workers houses, drones for perimeter survey and auditing and palm census, electric fence to pen the cows. All the ramps are now made of steel instead of made from wood as previously. Budgets have been allocated for the implementation of these new technologies and techniques.</p> <p>Document sighted “<i>Pemohonan aktifkan tempat kerja</i>: SW/PATK/06137, No, Daftar SW/12/04/4463. Date of application on 15th May 2029 at 1035.</p> <p>Action plan and training with the required budget have been allocated for the implementation of these new technologies and techniques.</p>
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<p>Comment on Principle 2</p>	<p><u>Transparency of information and documents relevant to MSPO requirements</u></p> <p>The management communicate with relevant stakeholders by conduct stakeholders meeting on 26th September & 2nd October 2018, attended by 20 participants from several agencies such as:</p> <ol style="list-style-type: none"> a. Jabatan Tenaga Kerja, ketua kaum. <p>24th April 2019 Attend by External (208 attendees).</p> <p>All of the stakeholders have invitation letter from the estate management. As an evidence, some of the stakeholders list name as below:</p> <ol style="list-style-type: none"> i. Mr Adrew Ak Esi from Wawasan Sedar Sdn Bhd, letter dated 16th April 2019. ii. Mr Ling Uong Chong from Sunny Crop, letter dated 16th April 2019 iii. Mr. Jau Dungau form Tr Long Seripa Tubau Batu 19, dated 16th April 2019 <p>Facilitator: Mr Lawin Ak Assing All the document can be verified in Stakeholders File B01.</p> <p>In the stakeholder meeting Agenda discuss on:</p> <p>List of stakeholders Government agency, Local Community, Internal, Contractor and Consultant, Employee</p> <ol style="list-style-type: none"> i. Safety Briefing ii. Company introduction iii. Objective iv. Introduction of MSPO v. MSPO Policies vi. Facilities in the estate vii. Conclusion. <p><u>Land Titles in total approximately 54,306 ha</u></p> <p>It was observed the agreement between Sarawak Forest Department and PUSAKA KTS Forests Plantation Sdn Bhd with the said land.</p> <p>It was observed the PUSAKA KTS Forests Plantation Sdn Bhd, was operation in Licence for Planted Forests with licence No.: LPF/0013, it was issued to PUSAKA KTS Forests Plantation Sdn Bhd, 8th Floor, Crown Towers, 88, Jalan Pending, P.O.Box 389, 93706, Kuching Sarawak with period start from 8-12-1998 till 7-12-2058, with size of approximately 24,220 hectares. End the end, the management manage to plant 5,337.96 ha only. Operate under MPOB Licence: 504077102000 (5,337.96 ha) period: 1.12.2018 – 30.11.2019. Remain of the area will be maintained to planted tree plantation such Akasia. Based on latest revised from Forestry Department of Sarawak dated 18th December 2017, with reference no.: WPO/P/70 (Belaga)[XII] – 16, the Amended Locality Map (Map) with size 25,306 ha</p> <p><u>Safety and health plan</u></p>
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	<p>It was observed the management have provide training plan for year 2019. Which consist of:</p> <ul style="list-style-type: none"> i. Lifesaving equipment inspection (Fire Extinguisher, First Aid Box) <ul style="list-style-type: none"> - Document sighted for Monthly Fire Inspection Checklist, Month of July 2019, inspect by Mr Osman Kasuari and confirmed by Mr Stephen Lee (Senior Plantation Manager). It can be verified in File Lifesaving equipment D06. - Example of inspections on Fire Extinguishers, Fire Hydrant and Emergency Response. ii. Workplace Inspection <ul style="list-style-type: none"> - Document sighted Workplace Inspection Report, Section: Workshop, Scheduled Waste, canteen, stores, water treatment plant and Genset House. Dated on 21st – 23rd May 2019. The inspections was done based on checklist provided by the estate management. List of the checklist as follows: <ul style="list-style-type: none"> - General Housekeeping - Electrical - Fire Control Lighting - PPE - Safety Equipment - Tools - Machinery - Maintenance Workshop - Hazardous Substance - Storage Areas iii. Safety and Health Committee Meeting <p>Safety and Health Meeting was conducted on 23.03.2019, venue Bilik Mesyuarat Estate, Time 3.00 pm – 4.30 pm.</p> <p>Safety and Health Meeting was conducted on 24.06.2019, venue Bilik Mesyuarat Estate, Time 3.00 pm – 4.30 pm.</p> iv. Health Surveillance Program v. Emergency Drill (fire and Chemical Spill) vi. First Aid Training <p>Pollution prevention plans.</p> <p>During site visit, it was observed the management had taken necessary action to prevent pollution to the surrounding area, such as construct oil trap and sediment trap and spill tools kit.</p> <p>Records of complaints and grievances</p> <p>It was sighted 2 complaints was made by the complainer for this year 2019. All the issues raised by the complainer was closed within the time. Complaint as follows:</p> <ul style="list-style-type: none"> i. Complainer: Elis Lenjau Date of complaint: 19.03.2019 Issue: The ceiling in the kitchen will collapse anytime. Close date: 31.03.2019 ii. Complainer: Ruslan Kondong (Workers Camp at E3DE).
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	<p>Date of complaint: 18.03.2019 Issue: “<i>Saya meminta pihak tuan membaiki kaki tangka air saya, kerana ianya sudah senget, kalua tidak dibaiki ia akan tumbang apabila hujan kerana tangka dipenuhi oleh air. Saya berharap supayapihak tuan dapat membaikinya dengan segera. Terima Kasih</i>”. Close date: 29.03.2019.</p> <p><u>Transparent method of communication and consultation</u> It was observed the SOP PKFP-03-SR03REV0, namely Local Sustainable Development.</p> <p>Example: Conduct Stakeholder Meeting on 24th April 2019. It was attended by 20 attendees.</p> <p>Example: Mersam Jok (Ketua Kaum) Anyie Mering (Ketua Kaum) Andrew Ak Esi (Wawasan Sedar POM) Hii Kah Hock (Fortune Trading)</p> <p>Appointment letter for social liaison officer was available in Document Ref: PKFP-01-TM04REV0, Sign by Mr Ting Jack Hui (Director) dated 3rd May 2019. Name: Mr. Lawin Ak Assing (Person Incharge), Assist by Mr Kong Singh Choh and Ms Cecelia</p> <p><u>Traceability</u> Standard Operating Procedures on Traceability was available with Document ref no.: PKFP-03-03-TM04REV0, date updated on 3rd January 2019. Based on cross check with document FFB harvested all documents was record in Traceability system inspection sheet. Sample verified on Weighbridge advice ticket no.: 0338, dated.: 2nd April 2019 with weight of FFB 19860 kg. The management had taken necessary action to make sure the traceability system in place such as conduct traceability system inspection.</p> <p>Appointment letter for traceability officer was available in Document Ref: PKFP-01-TM04REV0, Sign by Mr Ting Jack Hui (Director) dated 3rd March 2019. Name Mr. Stephen Lee (In-Charge) and assist by Ms Juliana Lenjau and Mr Petrus ak Jacky.</p>
<p>Comment on Principle 3</p>	<p><u>Regulatory requirements</u></p> <p>The company personnel are generally quite knowledgeable on the applicable laws and regulations pertaining to oil palm plantation development and operations. Compliance with relevant government agencies list as below:</p> <p>Akta Lembaga Minyak Sawit Malaysia 1998. MPOB Licence: 504077102000, licence activity: Menjual dan Mengalih FFB#, address Ladang Pusaka KTS Forests LPF/ 001, Belaga, Kapit, Sarawak.(01/11/2018 – 30/11/2019)</p> <p>Natural Resources Environmental Board (NREB)</p>

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	<p>EIA Approval number: Ref.: (1) NREB/ 6-4/148, approved on 7th October 1999, which sign by both parties Project Proponent and EIA Consultant of the Project and Witness by Controller of NREB (James Dawos Mamit).</p> <p>The Businesses, Professions and Trading Licensing Ordinance, With licence No.:A 695875/20 validity 12.02.2019 till 28.04.2020</p> <p><u>Land Use Rights</u></p> <p>All the 2 Land Titles were made available where the land use terms and conditions are for the agricultural purposes and purposes incidental to the production and processing of crops grown thereon.</p> <p>Land Titles:</p> <p>It was observed the agreement between Sarawak Forest Department and Pusaka KTS Forests Pantation Sdn Bhd with the said land.</p> <p>It was observed the Pusaka KTS Forests Plantation Sdn Bhd, was operation in Licence for Planted Forests with licence No.: LPF/0013, it was issued to Pusaka KTS Forests Plantation Sdn Bhd, 8th Floor, Crown Towers, 88, Jalan Pending, P.O.Box 389, 93706, Kuching Sarawak with period start from 8-12-1998 till 7-12-20158, with size of approximately 24,220 hectares. End the end, the management manage to plant 5,337.96 ha only. Operate under MPOB Licence: 504077102000 (5,337.96 ha) period: 1.12.2018 – 30.11.2019. Remain of the area will be maintained to planted tree plantation such Akasia.</p> <p><u>Customary Rights</u></p> <p>No customary rights claim on the said company's land.</p> <p>Not applicable because no ex-gratia or goodwill payment was made to any party.</p>
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<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment (SIA)</u></p> <p>It was observed the Social Impact Assesement (SIA) report was available during the document assessment. With title PUSAKA KTS Forests Plantation Sdn Bhd. May 2019.</p> <p>The SIA report was carried out by the estate management itself to comply with the principle 4 (Social repsonsibility, health, safety and health employment condition) to the Malasysian Sustainable Palm Oil (MSPO). Wherein, SIA is defined as the process of analysing, monitoring and managing the intended unintended social consequences, both positive and negetaive of planned interventions and any social change process invoked by the interventions mentioned above. Social impacts from the project development were identified and actions plans are implemented to mitigate the negative impacts and to promote the positive.</p> <p>The management communicate with relevant stakeholders by conduct</p>
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stakeholders meeting on 26th September & 2nd October 2018, attended by 20 participants from several agencies such as:

- b. Jabatan Tenaga Kerja, ketua kaum.

24th April 2019.

Attend by External (208 attendees).

All of the stakeholders have invitation letter from the estate management. As an evidence, some of the stakeholders list name as below:

- iv. Mr Adrew Ak Esi from Wawasan Sedar Sdn Bhd, letter dated 16th April 2019.
- v. Mr Ling Uong Chong from Sunny Crop, letter dated 16th April 2019
- vi. Mr. Jau Dungau form Tr Long Seripa Tubau Batu 19, dated 16th April 2019

Facilitator: Mr Lawin Ak Assing

All the document can be verified in Stakeholders File B01.

Complaints and grievances

Records of complaints form was sighted in Complaint & Grievance D01 File.

It was sighted 2 complaints was made by the complainer for this year 2019. All the issues raised by the complainer was closed within the time.

Evidence of Complaints

1. Name Ruslan Kondong, at E3DE, date:18th March 2019, Complaint regarding: *“Saya meminta pihak tuan membaiki kaki tangka air saya, kerana ianya sudah senget. Kalau tidak dibaiki ia akan tumbang apabila hujan kerana tangka dipenuhi oleh air. Saya berharap supaya pihak tuan dapat membaikinya dengan segera”*. Date closed: 1.04.2019 and sign by the complainer.
2. Name: Elis Lenjau, at Admin Office, date 19th March 2019, Complaint regarding ceiling at the kitchen area in bad condition, which can collapse anytime. Dated closed 19.03.2019 and sign by the complainer.

Major 1 (4.4.2.2)

Awareness on complaints and grievances procedures and how to make complaints were found lacking.

Based on interview with stakeholders (Tuai Rh Marsam Jok, Mr Hii Ka Hock and Samsuddin Bin Malik) it was noted that they were not aware of the complaints and grievance procedures.

The management communicate with relevant stakeholders by conduct stakeholders meeting on 27th November 2018, attended 32 attendees, whereas,

24th April 2019.

Attend by External (208 attendees).

All of the stakeholders have invitation letter from the estate management. As an evidence, some of the stakeholders list name as below:

- i. Mr Adrew Ak Esi from Wawasan Sedar Sdn Bhd, letter dated 16th April 2019.

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	<p>ii. Mr Ling Uong Chong from Sunny Crop, letter dated 16th April 2019</p> <p>iii. Mr. Jau Dungau form Tr Long Seripa Tubau Batu 19, dated 16th April 2019</p> <p>Facilitator: Mr Lawin Ak Assing All the document can be verified in Stakeholders File B01.</p> <p>Major 2 (4.4.2.4) Complaints and grievances were not able to be made at anytime. It was sighted complaints box and forms were located inside the office and closed after office hours.</p> <p><u>Commitment to contribute to local sustainable development</u> Record of the CSR with the local communities was file in Corporate Social Responsibility (CSR) D02. Part of evidence of CSR list as below:</p> <ul style="list-style-type: none"> a. Sumbangan Derma untuk Majlis Perayaan Krismas. (10.12.2018) b. Bantuan Ehsan untuk Keluarga yang Meninggal di Kampung Long Tebila Batu 16. (14.06.2018) c. Sumbangan hamper untuk cabutan tiket bertuah sempena dengan sukan tahunan sekolah SK. Bukit Balai, Sebauh 2019., date 12.04.2019. <p><u>Employees safety and health</u> Safety policy (Occupational Safety & Health) was available in the estate office and display, which is sign by Mr Ling Uong Chong (General Operation Manager), dated 2nd January 2014.</p> <p>Safety and health policy was documented, communicated via display at the notice board and implemented at this estate. Policy was provided in English and Bahasa Melayu languages. It was observed the safety policy was display at the site office, workshop and chemical store.</p> <p>The occupational safety and health plan was cover as follows:</p> <ul style="list-style-type: none"> a) Safety policy (Occupational Safety & Health) was available in the estate office and display, which is sign by Mr Ling Uong Chong (General Operation Manager), dated 2nd January 2014. <p>Safety and health policy was documented, communicated via display at the notice board and implemented at this estate. Policy was provided in English and Bahasa Melayu languages. It was observed the safety policy was display at the site office, workshop and chemical store.</p> <ul style="list-style-type: none"> b) It was sighted, HIRARC was made available in the estate management. The current review was done 2nd January 2019 and next review will be done on 2nd January 2020. c) Annual training programme on safety and health training program 2019 was made available. Based on the training record, it was observed the Safety Operation was conduct in the estate which focus with workers operation. The training list as below: <p>Safety and health plan 2019</p>
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	<p>It was observed the management have provide training plan for year 2019. Which consist of:</p> <ul style="list-style-type: none"> vii. Lifesaving equipment inspection 9Fire Extinguisher, First Aid Box) <ul style="list-style-type: none"> - Document sighted for Monthly Fire Inspection Checklist, Month of April 2019, 2, inspect by Mr Osman Kasuari and confirmed by Mr Stephen Lee 9Senior Plantation Manager). It can be verified in File Lifesaving equipment D06. viii. Workplace Inspection <ul style="list-style-type: none"> - Document sighted Workplace Inspection Report, Section: Store, Chemical Store, Fertilizer, Diesel, Skid Tank, General store and Water Treatment Plant. Dated on 19th & 20th February 2019. ix. Safety and Health Committee Meeting <ul style="list-style-type: none"> Safety and Health Meeting was conducted on 23.03.2019, venue Bilik Mesyuarat Estate 1, Time 3.00 pm – 4.30 pm. x. Health Surveillance Program xi. Emergency Drill (fire and Chemical Spill) xii. First Aid Training <p>d) Appropriate Personal Protective Equipment (PPE). PPE issuance and replacement record, it was observed the Management had issuance of Personnel Protective Equipment (PPE) to the workers, it can be verified in File D07 Personnel Protective Equipment (PPE). Based on the record, it was sighted harvester (Ishak Rangka, Ato Lappe, Jamal Bin Ukkas) was acknowledge received of PPE such as safety helmet, safety vest, sickle cover & chisel cover.</p> <p>e) The management had established SOP for handling of chemicals to ensure proper and safe handling of chemicals to ensure proper 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. With document no.: PKFP-03-SH06REVO dated 3rd January 2019. It can be verified in File SOP F01.</p> <p>f) The management had appointed responsible person (s) for workers safety and health. As evidence, it can be verified in Safety and Health Committee D04. Based on interview with Mr. Osman Bin Kasuari (Secretary of Safety and Health Committee). He aware regarding the safety and health aspect.</p> <p>Evidence sighted, appointed Mr Stephen Lee on 2nd January 2019 as Chairman, by Mr Ling Uong Chong (General Operation Manager).</p> <p>g) It was sighted OSH Committee meeting for year 2019 was conducted on 23.03.2019 for (Bil: 1/2019). Venue of meeting: Meeting Room Estate 1, time 3.00 pm to 4.30 pm. In the agenda meeting, it discusses on</p>
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	<p>a. <i>Perbincangan Keselamatan & Kesihatan (Mesyuarat Lepas)</i> b. <i>Perbincangan Keselamatan & Kesihatan (Mesyuarat Terkini)</i> c. <i>Perbincangan menegeneai kemalangan berkaitan pekerjaan (yang dilaporkan)</i> d. <i>Program latihan keselamatan dan kesihatan ditempat kerja.</i> e. <i>Pemeriksaan tempat kerja</i> f. <i>Rekod lawatan pihak luar/ kerajaan</i></p> <p>It can be verified in file D04 Safety and Health Committee.</p> <p>Minutes of meeting prepared by Mr Osman Bin Kasuari and verified by Mr Stephen Lee.</p> <p>h) Accident and emergency procedure was available in the estate record with title Accident Investigation & Reporting, Document ref.: PKFP-03-SH04REV0. Last update on 3rd January 2019. It was sighted, record of accident was available in Medical Surveillance D09 file at estate clinic. Record of accident was record by monthly basis if any case occurred.</p> <p>i) First aider was made available at all field operation. List of First aider list as below:</p> <p>a. Mr Stephen Lee b. Juliana Len Jau</p> <p>Validity of the first aider certificate was 25.03.3028 till 25.03.2021. the certificate was issue by Bulan Sabit Merah Malaysia.</p> <p>Records of all accidents was properly record and kept at the estate clinic. Based on OSH committee meeting Bil.1/ 2019, the accident occurred in months of January and February recorded.</p> <p><u>Employment Conditions</u> The management had established policy on good social practices regarding human rights in respect of industrial harmony. It was incorporated in MSPO Policy. The policy was signed by the top management (Mr Ting Jack Hui), she is Director of the company, dated 2nd January 2019 and communicated to the employees by display at the site office, line site and workshop area.</p> <p>It was observed the equal opportunity statement by the top management was include in the MSPO policy. Welfare Women Committee was form to ensure welfare of women in the estates take care and handle in equal.</p> <p><u>Training and Competency</u> It was observed the management have provide training plan for year 2019. Which consist of:</p> <p>xiii. Lifesaving equipment inspection 9Fire Extinguisher, First Aid Box) - Document sighted for Monthly Fire Inspection Checklist, Month of April 2019, 2, inspect by Mr Osman Kasuari and confirmed by Mr Stephen Lee 9Senior Plantation Manager). It can be verified in File Lifesaving equipment D06.</p> <p>xiv. Workplace Inspection - Document sighted Workplace Inspection Report, Section:</p>
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	<p>Store, Chemical Store, Fertilizer, Diesel, Skid Tank, General store and Water Treatment Plant. Dated on 19th & 20th February 2019.</p> <p>xv. Safety and Health Committee Meeting Safety and Health Meeting was conducted on 23.03.2019, venue Bilik Mesyuarat Estate 1, Time 3.00 pm – 4.30 pm.</p> <p>xvi. Health Surveillance Program</p> <p>xvii. Emergency Drill (fire and Chemical Spill)</p> <p>xviii. First Aid Training</p>												
<p>Comment on Principle 5</p>	<p><u>Waste Management and Disposal</u> Environmental policy was sighted and display at the site office, workers camp and estate facilities, which commit by Director, Mr Ting Jack Hui, sign 2nd January 2019. In the environment</p> <ul style="list-style-type: none"> • Meeting applicable environmental rules and regulations in the palm oil industry through proper management practices. • Preventing pollution by striving to minimize waste generations and resource consumptions. • Monitoring and managing environmental components of our daily operations in accordance to environmental rules and regulations of relevant governing body. • Maintain the culture of caring for environment within the workforce. • Conduct biodiversity assessment with continuous monitoring at conservation area to protect wildlife, flora and fauna. <p>It was observed Oil Palm Plantation Within Belaga Tree Plantation in Bintulu/ Kapit Division, Sarawak. The estate obtain Environmental Impact Assessment (EIA) approval from Natural Resources Environmental Board (NREB) dated 7th October 1999 with ref.no.: (1)NREB/6-4/148 which sign by Controller of Environmental Quality Mr James Dawos Mamit.</p> <p>In line with that, the monitoring was conducted to monitor plantation activities on site by provide analyses on pesticides/ weedicides every 6 months in the Environmental Monitoring Report (EMR). The latest report was made available on 17th January 2019 (1st quarter 2018) with reference number NREB/6-1/2G/18. Based on the report the estate was comply with mitigating measures required by EIA Approval. The latest site visit for 2nd Quarter 2019 was done on 15.04.2019</p> <p>It was observed the Training plan for year 2019 related with environment available. The training involved a briefing on no manuring and weeding activities within buffer zone area, dated 14.01.2019, time: 5.30 am, venue Muster Ground E1, attended by 20 attendees.</p> <p><u>Efficiency of energy use and use of renewable energy</u> Record and usage of Non-renewable Energy (Diesel Consumption). As we can see at the table below, the consumption of diesel waste increased from 2017 to 2018 due to increasing of operation in the estate.</p> <table border="1" data-bbox="533 1895 1082 1993"> <thead> <tr> <th></th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="3">Litre</td> </tr> <tr> <td>Actual</td> <td>947,922</td> <td>1011,67</td> <td>526,40</td> </tr> </tbody> </table>		2017	2018	2019		Litre			Actual	947,922	1011,67	526,40
	2017	2018	2019										
	Litre												
Actual	947,922	1011,67	526,40										

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usage		7	0*
Estimated Budget	1,152,000	1,152,000	1,152,000

**latest as at July*

Usage of Diesel VS FFB 2018

Lowest FFB 3,742.02 mt, diesel 94,973 L
 Highest FFB 7,032.73 mt, diesel 71,948 L

The electricity for estates was supply from genset.

Waste management and disposal

Based on interview with Plantation Manage, Mr Jeli anak Jadam. He managed to identify the sources of pollution in the estate. List of the sources of pollution list as below:

- a. Unloading FFB at Ramp
- b. Transport, (FFB, road maintenance)
- c. Unloading FFB at Mill
- d. Genset
- e. Creche
- f. Genset
- g. Workshop
- h. Water Treatment Plant
- i. Chemical Store
- j. Fertilizer store
- k. Lubricant Oil Store
- l. Scheduled waste store
- m. Canteen
- n. Clinic
- o. Diesel Tank
- p. Culvert Factory
- q. Dumping Site
- r. Harvesting/ Pruning
- s. Spraying
- t. Manuring
- u. Building Upkeep
- v. Labour line

Reduction of pollution and emission

It was observed the assessment of all polluting activities was available in continuous improvement on pollution prevention and environment plan.

Natural water resources

The management had taken necessary action to identify pollutant. It can be referring in Environmental Aspect and Impact Assessment (EAIA) Register. Recommended action list as follow:

- a. Handling of chemical by provide secondary containment and emergency spill kit
- b. Storage of lubricant by provide secondary containment and emergency spill kit.
- c. Storage of diesel by provide secondary containment and bund wall.
- d. Fertilizers application by no fertilizers application at the buffer and

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	<p>riparian zone.</p> <p>e. Chemical spraying by no chemical spraying at the buffer & riparian zone.</p> <p>It was observed the estates was commit to zero open burning.</p> <p>It was observed there was water management plan was available in the estate. The document title PUSAKA KTS Forests Plantation Sdn Bhd, Water Management Plan (2019). Currently Environmental Monitoring Report for estate was available.</p> <p>It was observed Oil Palm Plantation Within Belaga Tree Plantation in Bintulu/ Kapit Division, Sarawak.. The estate obtain Environmental Impact Assessment (EIA) approval from Natural Resources Environmental Board (NREB) dated 7th October 1999 with ref.no.: (1)NREB/6-4/148 which sign by Controller of Environmental Quality Mr James Dawos Mamit.</p> <p>In line with that, the monitoring was conducted to monitor plantation activities on site by provide analyses on pesticides/ weedicides every 6 months in the Environmental Monitoring Report (EMR). The latest report was made available on 17th January 2019 (1st quarter 2018). Based on the report the estate was comply with mitigating measures required by EIA Approval.</p> <p>Based on the Environmental Monitoring Report (EMR) it was observed there was 2 water samples was collect to monitor the water quality:</p> <p>W1 Sg. Tubau (at upstream of Rh. Alip) W7 Sg. Penyuan</p> <p>Based on the Environmental Monitoring Report (EMR) 1st Q 2019. It can be conclude that the In-situ and laboratory test results for the surface/ river water indicate that all of the parameter sampled and analysed conformed to the Class IIB of the National Water Quality Standards for Malaysia except for BOD₅, COD and TFC for both water samples.</p> <p><u>Status of rare, threatened, or endangered species and high biodiversity value area.</u></p> <p>It was observed the biodiversity report was made available. Information sighted as follows:</p> <p>a) Identification of biodiversity such as flora and fauna. Example of biodiversity sighted as follows:</p> <p style="margin-left: 40px;"><u>Flora</u> Ferns</p> <p style="margin-left: 40px;"><u>Fauna</u> Bird such as <i>burung pipit, but but and Kruak, Kuching Hutan, monyet and hornbill.</i></p> <p>b) Conservation status, there was no area was fall under IUCN status. Only area that left undisturbed and along the river as riparian area.</p> <p><u>Zero Burning Practices</u></p> <p>It was observed the estate was practice zero burning policy in the estate.</p>
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	The SOP for planting and replanting was available and practice on site																																									
Comment on Principle 6	<p><u>Site Management</u> Standard Operating Procedures on management practices approved Manual Doc Ref PKFP-01-TM01REV0 dated 10/01/2019:</p> <p>Procedure: Accident Investigation & Reporting Doc Ref: PKFP-03-SH04Rev0 dated 10/03/2019. Energy Management Doc Ref: PKFP-03-EN02Rev0 dated 10/03/2019. Waste Management Doc Ref: PKFP-03-EN05Rev0 dated 10/03/2019. Employment Doc Ref: PKFP-03-HR01Rev0 dated 10/03/2019. Complaints & Grievances Doc Ref: PKFP-03-SR02Rev0 dated 10/03/2019. Internal Audit Doc Ref: PKFP-03-TM01Rev0 dated 10/01/2019.</p> <p>Work Instruction: Harvesting Activities Doc Ref PKFP-04-SH16REV0 dated 10/03/2018; Manuring Activities Doc Ref PKFP-04-SH17REV0 dated 10/03/2018;</p> <p>Most of the plantation areas are hilly and are terraced with soil/water conservation measures. Vegetation are allowed to grow and cover the slopes to prevent erosion.</p> <p><u>Economic and Financial Viability Plan</u> Business or management plan includes operational plan for at least 2 years projection was available.</p> <table border="1" data-bbox="536 1218 1126 1348"> <thead> <tr> <th>Budget</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Ha</td> <td>5,337.97</td> <td>5,337.97</td> </tr> <tr> <td>MT</td> <td>58,043.90</td> <td>93,546.07</td> </tr> <tr> <td>MT/Ha</td> <td>10.87</td> <td>17.52</td> </tr> </tbody> </table> <p>Review of last 2 years performance:</p> <table border="1" data-bbox="536 1438 1126 1742"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">2017</th> <th colspan="2">2018</th> </tr> <tr> <th>BUD</th> <th>ACT</th> <th>BUD</th> <th>ACT</th> </tr> </thead> <tbody> <tr> <td>Ha</td> <td>5,337.97</td> <td>5,337.97</td> <td>5,337.97</td> <td>5,337.97</td> </tr> <tr> <td>MT</td> <td>62,006.50</td> <td>52,701.71</td> <td>58,043.90</td> <td>64,340.59</td> </tr> <tr> <td>MT/Ha</td> <td>11.62</td> <td>9.87</td> <td>10.87</td> <td>12.05</td> </tr> <tr> <td>RM/MT</td> <td></td> <td>385.00</td> <td></td> <td>373.00</td> </tr> </tbody> </table> <p>The management plan has been implemented and is regularly monitored, periodically reviewed and documented, for example monthly production performance of all planting blocks and the planting materials used.</p> <p><u>Transparent and fair price dealing</u></p> <p>i) A Contract Agreement for Sunny Crops Sdn Bhd for Field</p>	Budget	2018	2019	Ha	5,337.97	5,337.97	MT	58,043.90	93,546.07	MT/Ha	10.87	17.52		2017		2018		BUD	ACT	BUD	ACT	Ha	5,337.97	5,337.97	5,337.97	5,337.97	MT	62,006.50	52,701.71	58,043.90	64,340.59	MT/Ha	11.62	9.87	10.87	12.05	RM/MT		385.00		373.00
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	<p>development, oil palm planting & harvesting contract. Period of contract: 1 year.</p> <p>A letter "Licence for Planted Forests No. LPF/0013" dated 31/12/2018 Ref: KTM/AG/LPF0013/1-057bc stated Extension of Agreement (01/01/2019 to 31/12/2019).</p> <p>(2) Contract Form from Sunny Crops Sdn Bhd for Fortune Trading Company dated 01/06/2019 for the month of June 2019.</p> <p><u>Contractor</u> The <u>Contract Form</u> No: 01906 for Fortune Trading Company under terms & conditions no. 2 states that "The contractor shall ensure compliance to the Malaysian Sustainable Palm Oil (MSPO) principles and criteria. <u>Other Contractual Terms & Conditions for Contractor</u> by PUSAKA KTS Forests Plantation Sdn Bhd was seen signed by Fortune Trading Company</p> <p>A Monthly Transaction Summary for Sunny Crops Sdn Bhd for the month of July 2019 under TC 303 Contractor payment in HQ.</p> <p>A Work Completion Certificate from Sunny Crops Sdn Bhd to Fortune Trading Company WCC No: 01906 dated 30/06/2019. Transport of 1,156.48 MT FFB to WSPOM.</p>
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7. Nonconformities

Corrective Action Request and Observation MS2530-3 Part 3: General Principles for Oil Palm Plantations and Organised Smallholders

Non Conformity	N°1 of 2		Major 1			
	Date Recorded>	14 th August 2019	Due Date>	14 th November 2019	Date Closed>	26 th August 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.2.2	
Document Ref.:	Criteria 2: Complaints and Grievances		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Awareness on complaints and grievances procedures and how to make complaints were found lacking.					
Objective Evidence:	Based on interview with stakeholders (Tuai Rh Marsam Jok, Mr Hii Ka Hock and Samsuddin Bin Malik) it was noted that they were not aware of the complaints and grievance procedures.					
Close-out evidence:	All the stakeholders has been debrief on the complaints and grievance procedures on the 21/8/19 (For Mr. Hii Ka Hock and En. Samsuddin) and 22/8/19 (For Tuai Rh. Mersam Jok). Refer appendix A1.					

Non Conformity	N°2 of 2		Major 2			
	Date Recorded>	14 th August 2019	Due Date>	14 th November 2019	Date Closed>	26 th August 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.2.4	
Document Ref.:	Criteria 2: Complaints and Grievances		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Complaints and grievances were not able to be made at anytime					
Objective Evidence:	It was sighted complaints box and forms were located inside the office and closed after office hours.					
Close-out evidence:	The complaint box and form has been relocated to a suitable place at the plantation office in order to have continuous access for submitting complaints and grievances to the management. Refer appendix A2.					

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Appendix A1

Mr. Hii Ka Hock and En. Samsuddin has been given the Complaints and Grievances Procedure briefing at the office on 21/8/2019 while Tuai Rumah Mersam Jok at his residence on 23/8/2019



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Appendix A2

Complaint box has been moved from inside the office and re located at outside of the office.



8. General Observations & Opportunities for Improvement

Positive Observations:

- The support from Pusaka KTS Forests Plantation Sdn. Bhd. personnel, especially the ground staff contribute to the smoothness and successful of the audit process.
- The spirit of unity and enthusiasm of the personnel towards achieving MSPO certification is impressive.
- The unit has dedicated staffs who are assets to the company. Their cooperative, knowledgeable and hospitality are commendable
- Organised documentation & highly commitment towards certification




Important Observations and Opportunities for Improvements:

- The root causes of nonconformities should be clearly identified and tackle in appropriate method.
- The management should appoint suitable person to implement and maintain the traceability system to ensure all document recorded.
- Action taken on complaints and grievance by stakeholders should be highlight and discuss.
- Safety and health practices should be fully implemented.
- All waste products and sources of pollution are been identified and documented accordingly.

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Appendix 1: List of Stakeholders Interviewed

Stakeholder	Issue Raised	Remarks
<u>Wawasan Sedar Palm Oil Mill</u> 80mt/hr <u>Andrew Anak Esi</u> External Mill Manager	No issue raised	
<u>Long Terdila, Batu 16</u> <u>Tuai Rh Marsam Jok</u> External Contact No.: 017 390 2608	No issue raised	No Comment
<u>Fortune Trading Company</u> External Transporter Owner Mr Hii Ka Hock 017 851 8339	No issue raised	No issue raised
WWF <u>Interview via phone call</u> WWF-Malaysia (Sarawak Office) Tel: 082-247420/ 257420 Interview via phone (time call: 1 st Call: 2.00 pm)	No issue raised	No issue raised
Department of Environment (DoE) En Shahril Puan Zulaiha Cannot call 14.47pm	No issue raised	No issue raised

Signed on behalf of Pusaka KTS Forests Plantation Sdn. Bhd.	Signed on behalf of SGS Malaysia Sdn Bhd
  Mr Stephen Lee (Senior Plantation Manager)	 Mr. Abdul Khalik Bin Arbi Lead Auditor

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