

Masranti Plantation Sdn Bhd Audit Summary Report

Organization:	Masranti Plantation Sdn Bhd		
Address:	<p><u>Headquarters Address</u> Wisma Harn Len, No 18, Lot 1634, Section 64, KTLD, Jalan Mendu 5, 93200 Kuching Sarawak.</p> <p>Contact person.: Mr. Soon Hon Jiun (MSPO Compliance Officer cum Management Representative) Contact No.: 014 685 9987 Phone No : 082-895829 Email: soon.masranti@gmail.com</p> <p><u>Estate Address</u> Ladang Masranti, Lot 35, Punda Sabal Land District Simunjan, Samarahan, Sarawak.</p>		
Standard(s):	MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders	Accreditation Body(s): DEPARTMENT STANDARDS MALAYSIA (DSM)	
Representative:	Mr. Soon Hon Jiun		
Site(s) audited:	Ladang Masranti	Date(s) of audit(s):	17th June 2019
EAC Code:	Nil	NACE Code:	Nil
Lead auditor:	Abdul Khalik Bin Arbi (AKA)	Additional team member(s):	Jeffrey Denis Ridu (JDR)
		Trainee Auditor:	Jiram Sidu (JS)

1. Audit objectives

The objectives of this audit were:

- to confirm that the management system conforms with all the requirements of the audit standard;
- to confirm that the organization has effectively implemented the planned management system;
- to confirm that the management system is capable of achieving the organization's policy objectives.

2. Scope of certification

The audit covered one site performing certification scope:

Production of Fresh Fruit Bunches (FFB) for Plantations in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3: General Principles For Oil Palm Plantations And Organized Smallholders

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

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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: 6 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.

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

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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:

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MPOB License No.:	50469150200	Expiry date:	1 May 2019 to 30 April 2020
Scope of Activity:	<i>Menjual dan Mengalih FFB#</i>	Next Surveillance Audit	April 2020
Visit Number:	02 (Stage 2)	Actual Visit Date:	17th June 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	Jiram Sidu (Trainee Auditor)		
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	Organisational and Functional Units/ Processes and Activities	Key Contact / Responsibilities
17 th June 2019	6.30am	AKA, JDR & JS	Meet at meeting point at <ul style="list-style-type: none">• INFRA, Kota Samarahan• Siburan	Estate Personnel
	6.30am		Depart to Masranti Plantation Sdn Bhd	
			Arrive at Estate	
			Opening Meeting Audit Process (Site visit) <ul style="list-style-type: none">• Principle 1: Management commitment and responsibility• Principle 2: Transparency• Principle 3: Compliance to legal requirements• Principle 4: Social responsibility, health, safety and employment condition• Principle 5: Environment, natural resources, biodiversity and ecosystem services• Principle 6: Best practices	
	12.30pm		Lunch	
	1.00pm		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	Preparation for closing		
	5.00pm	Closing Meeting		
	6.00pm	Depart to Kuching		

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Location and Maps

The Plantation area is located in Simunjan District of Samarahan Division, Sarawak, near the district boundary between Serian and Simunjan District. It is found in the upstream area of Sg. Simunjan i.e the Sg Simunjan Kanan- Sg. Stabu area. There are two roads approaching the Project Area. One is heading towards the eastern boundary (Bt Punda Road) and other one is heading towards the southern boundary (Semada Road). The eastern boundary is represented by Sg. Stabu and this river can be accessed by longboats.

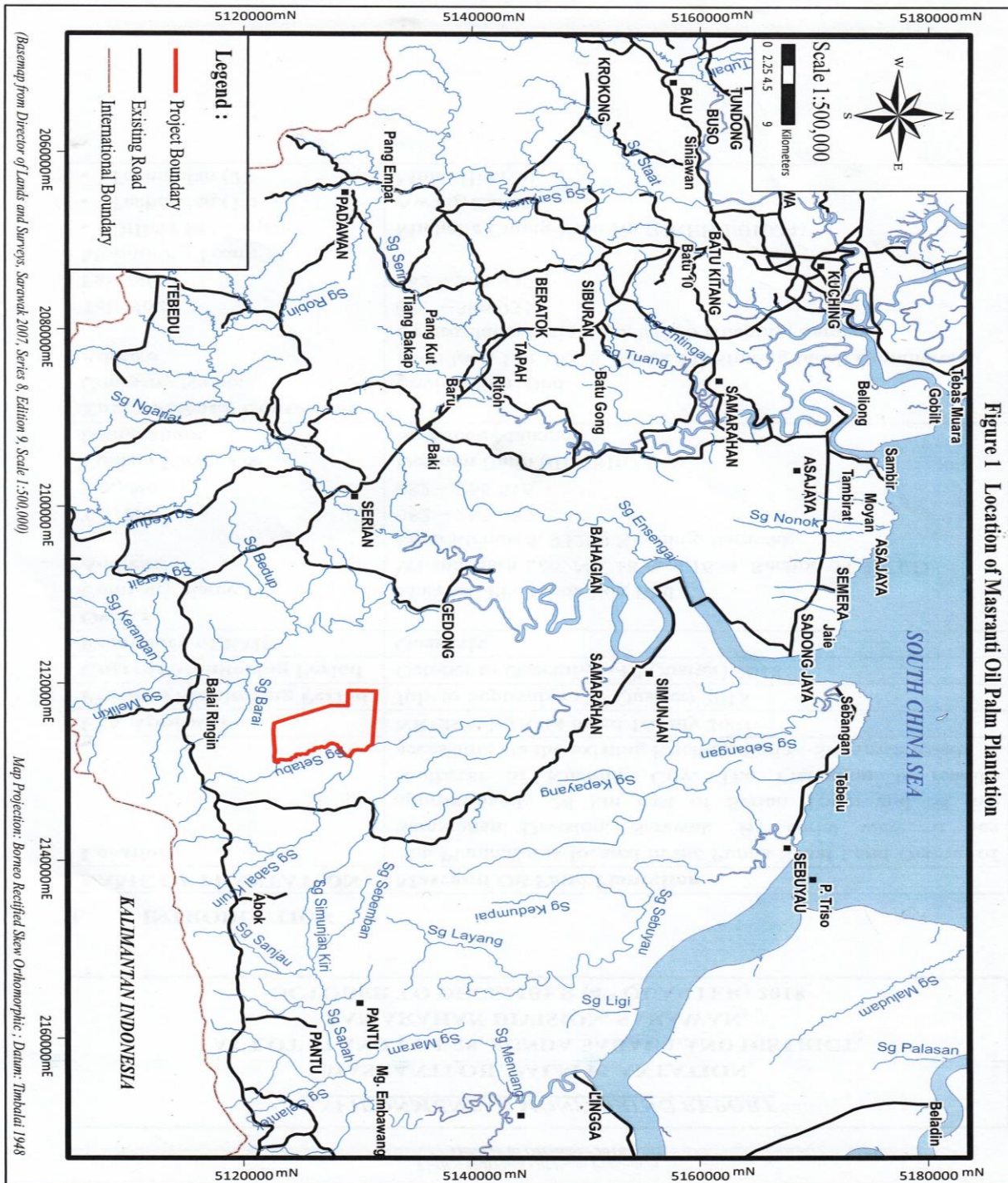


Figure 1 Location of Maseranti Oil Palm Plantation

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The Plantation area is located at the upper sources of Sg Bakong on Lot 6 Dulit Land District and Lot 69 Sawai Land District in Miri Division, Sarawak. The site is east of Niah town along upper sources of Sg. Bakong. The approximate grid reference of the site is latitude 3°37.50'N and 3°42.90'N and longitude 113°57.53'E and 114°04.01'E. The project can be accessed from the Rimbunan Sawit Berhad at the Miri – Bintulu Road. The GPS locations of the state are shown in Table 1.

Table 1: GPS Location

Plantation	Coordinate	Total Area	Planted Area	Unplanted Area & Mill Area	Size Registered with MPOB
Ladang Masranti	N 1°6'51.674" E 110°48'59.457"	5,000 ha	4,469.488 ha	530.512	5,000 ha

Description of Estate Production

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

Table 2: FFB Production

Month	Masranti Plantation Sdn Bhd (Mt)	
	2018 (Actual)	2019 (Projection)
January	4,893.43	5,510.08*
February	2,747.14	4,565.18*
March	3,996.14	4,687.49*
April	4,695.03	4,135.96*
May	5000.70	4,060.04*
June	4,868.07	6,000.00
July	5,938.22	7,200.00
August	7,223.78	8,800.00
September	8,248.44	9,200.00
October	8,826.47	9,200.00
November	6,696.90	6,640.00
December	5,313.31	6,320.00
Total	68,447.63	76,318.75
<i>*Actual</i>		

Stakeholder Consultation and List of Stakeholders Contacted

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/masranti-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 1:**

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Comment on MS2530-3 Compliance Status:

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO –</u> MSPO Policy was available, displayed and implemented. Policy was in dual language (BM & English), which signed by Mr. Low Kuok Shin, Managing Director, dated 6th July 2018.</p> <p>In the policy the company was committed to:</p> <ol style="list-style-type: none"> 1. Sustainable oil palm development in accordance to principles in Malaysia Standard MSPO 2530: Part 3 – General Principles for Oil Palm Plantations and Organized Smallholders. 2. Ensure continuous improvement to the management in sustainable oil palms development. <p><u>Internal Audit</u> Internal audit was conducted on 15th & 16th June 2019. Document record sighted:</p> <ul style="list-style-type: none"> ➤ Internal Audit Plan ➤ Attendant List ➤ Audit Summary Report ➤ Corrective Action Request Form <p>The internal audit procedure was in flowchart and established on January 2019. Procedure was documented in file namely “Standard of Procedure”.</p> <p>Title: Internal Audit Control No.: MPSB-L3-TM-01</p> <p>Based on internal audit conducted, there was 4 findings was found. List of findings as follow:</p> <ol style="list-style-type: none"> 1. Company policy not up to date 2. First Aid Kits Checklist and Monitoring was not available. 3. Safety and Health Organization was not complete. 4. Diesel record was not available. <p>Documents record in the CAR form list as follow:</p> <ol style="list-style-type: none"> 1. Description of Non-Conformance 2. Investigation of root cause 3. Corrective action 4. Verification <p><u>Management Review –</u> Major 1 It was observed the management review report was not comprehensive, as the time period to carry out the mitigating measures arisen from the internal audit was too short. Internal audit was carried out on 15/05/2019 while the management review was on 16/05/2019.</p> <p><u>Continual Improvement -</u> It was observed the Training Plan (Control No. MPSB-L5-HR-05) for Year 2019 was available. Sighted Personnel Training Record (Control No. MPSB-L5-HR-02) completed with Training Effectiveness Evaluation.</p>
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	<p>The document for HIRARC dated 15th January 2019 was available and implemented. Next review 15th Jan 2020.</p> <p>New technologies available and implemented at site is Garmin GPS to monitor workdone in field.</p> <p>It was observed training has been conducted for GPS usage to Field Conductor dated 29th June 2018. Training record was available in file “Program Latihan Keselamatan Bekerja”.</p>
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<p>Comment on Principle 2</p>	<p><u>Transparency of information and documents relevant to MSPO requirements</u> The grievances and complaints form and box were available and placed at front office. Currently no complaint issue.</p> <p>Masranti Plantation Sdn Bhd was the subsidiaries of Harn Len Corporation Berhad. Website: www.harnlen.com.my.</p> <p><u>Transparent method of communication and consultation</u> It was observed the SOP was available in Transparent Method (Control No. MPSB-L3-TM-04) established on January 2019. The communication between stakeholders and the management can done through :-</p> <ul style="list-style-type: none"> a) Stakeholders meeting b) Complaint and grievance form <p>The management was nominated aforementioned representative for the following positions dated 21st January 2019 by General Manager, Mdm Lai Nyuk Fah.</p> <ul style="list-style-type: none"> a) Social Liaison Officer b) Safety and Health Chairman c) Environmental Officer d) Legal Officer e) Safety and Health Officer f) Traceability Officer <p><u>Traceability</u> Procedures for Traceability (Control no. MPSB-L3-TM-05) is available and documented in file “Standard Operating Procedure’.</p> <p>Letter of appointment dated 21st January 2019 for personnel in charge of traceability is to Mr. Daniel Aut.</p> <p>Method of inspection on traceability for FFB was done through verification as per example:</p> <ul style="list-style-type: none"> 1. Weighbridge Advice Ticket from Masranti Mill (Ticket no. 277682 dated 16.6.19) 2. Weighbridge Advice Ticket from Masranti Plantation S/B (Ticket no. 0001200 dated 16.6.19). 3. Grading Form from Masranti Mill (FFBG no 183291 dated 16.6.19). 4. FFB Delivery Note from Masranti Plantation S/B (D/N no. 89361).
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<p>Comment on Principle 3</p>	<p>Regulatory requirements It was observed the estate comply with applicable local, state, national and ratified international laws and regulations, an example:</p> <p>Malaysian Palm Oil Board Registration of Masranti Plantation Sdn Bhd with AKTA LEMBAGA MINYAK SAWIT MALAYSIA 1998 (MPOB), with license Registration No.: 50469150200 with activities “<i>MENJUAL dan MENGALIH FFB</i> “. In period one year start from 1 May 2019 to 30 April 2020 with area stated is 5000 hectares.</p> <p>Natural Resources Environmental Board (NREB) Masranti Plantation Sdn Bhd was obtained EIA approval on 16th July 2001, with reference No.: (15)NREB/6-4/197, with project title; Masranti Oil Palm Plantation on Lot 35, Punda Sabal Land district, Samarahan Division, Sarawak. And the report of EIA was submitted on May 2001.</p> <p>Trading Licence It was sighted, Masranti Plantation Sdn Bhd was registered under “<i>Ordinan Perniagaan, Profesion dan Perlesenan Perdagangan</i>” with registration No. 903710 validity period 30. 08.2018 till 30.08.2019 under Oil Palm Plantation.</p> <p>Land Use Rights The management operation was operated within the Lease of State Land. <ol style="list-style-type: none"> 1. TRN: 08-LCLS-024-002-00028 for Block 2, Lot No. 28 on Pundal-Sabal Land with area 4456.4 hectare. 2. TRN: 08-LCLS-024-002-00027 for Block 2, Lot No. 27 on Pundal-Sabal Land with area 13.048 hectare. <p>Boundary markers were available during audit. Company boundary markers on survey map is also available during audit.</p> <p>Customary Rights The management operation was operated within the Lease of State Land. <ol style="list-style-type: none"> 1. TRN: 08-LCLS-024-002-00028 for Block 2, Lot No. 28 on Pundal-Sabal Land with area 4456.4 hectare. 2. TRN: 08-LCLS-024-002-00027 for Block 2, Lot No. 27 on Pundal-Sabal Land with area 13.048 hectare. <p>(Total hectarage in Land Lease is 4469.448 hectare verses MPOB license stated is 5000 ha (as some were exclude for mill and unplanted area).</p> </p></p>
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<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment (SIA)</u> Major 2 It was sighted Social Impact Assessment report was available with title SOCIAL ASSESSMENT, Control No.: MPSB-L5-SR-02. However, it was not comprehensive, whereas based on document sighted its more to statement. Not reflect social aspect for surrounding area and within plantation.</p> <p><u>Complaints and grievances</u> The Grievance and Complaint form was made available at the front of estate office.</p> <p>It was observed the Standard Operation Procedures (SOP) was available on site (Doc: MPSB-L3-SR-01). It was observed that the stakeholder list has included the surrounding community and schools. eg: Kampung Semada, SK Semada.</p> <p>No complaints sighted.</p> <p><u>Commitment to contribute to local sustainable development</u> It was observed records on CSR projects was available in Stakeholder List and Stakeholder Meeting File.</p> <p>Example of CSR list as follows:</p> <ol style="list-style-type: none"> 1. <i>Penyerahan ayam kepada TKI Sempenea Hari Raya 2019.</i> <p><u>Employees safety and health</u> Occupational Safety and Health was displayed at Estate office and filing. OSH Policy signed by Managing Director and Deputy Managing Director on 22nd March 2019.</p> <p>Major 3 Implementation of safety and health aspects were found lacking.</p> <p>Evidence as follows:</p> <ol style="list-style-type: none"> 1. It was sighted the management had provided appropriate 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). It was recorded in File <i>Rekod Alat-Alat Keselamatan</i>. Based on PPE issuance record, it was found out, no evidence of company provided goggles, apron (Sprayer), no safety cover provided for harvesting tools such as sickle and chisel to the workers. 2. It was observed, Class II Chemicals were mixed with Class III and IV at the chemical store and storekeeper was not given training on chemical handling. 3. No water supply was observed at emergency shower and the wash area at the chemical store especially in case of emergency. 4. Cigarette butts were found at non-designated areas at skid tank and workshop.
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	<p><u>Employment Conditions</u> It was observed, policy available dated 06 July 2018 by Director Low Kueck Shin.</p> <p>It was observed that the minimum wage policy are complied to. Samples of payslips:</p> <ol style="list-style-type: none"> 1. Naharuddin, worker for Bersama Padu Contract;Month: April 2019; Gross pay: RM1,326.00; Net pay: RM1,326.00. 2. Buyung Setya Firmandani, TKI Emp No: B45-03;Basic pay: RM888.51; OT 42Hr x RM7.93=RM333.06; Gross pay: RM1,497.92; Net pay: RM1,497.00. 3. Onggie Mallarada; TKI Emp No: NR-063; Basic pay:RM550.03 (worked 13 days); OT 26 Hr x RM7.93/hr = RM206.18; Allowances: Rm243.20;Gross pay:RM999.41; Net pay:RM999.41. The worker only worked 13 days as seen in the checkroll for estate workers Jan 2019 for Division 3 (Estate II). <p><u>Major 4</u> Basic amenities and facilities were not in compliances with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation. Evidence sighted as The toilet facilities at workshop was in a bad shape.</p> <p><u>Training and Competency</u> Record training was sighted at “Program Latihan Keselamatan Bekerja”. Eg: Safety Briefing (Increase safety awareness) was conducted on 17 January 2019.</p>
<p>Comment on Principle 5</p>	<p><u>Environmental Management Plan</u> Written Environmental Policy, Sexual Harassment, Violence & Abuse Policy, and Zero burning Policy dated 22.03.2019 signed by Managing Director and Deputy Managing Diector.</p> <p>All Policies displayed at Office and at Notice Boards and Labour lines</p> <p>EIA Report dated May 2001 by Ecosol Consultancy Sdn Bhd & NREB Approval dated 16 July 2001 (Ref: (15) NREB/6-4/197 EIA has identified 30 settlements within its vicinity</p> <p>Latest 4th Quarter Environmental Monitoring Report (EMR) submitted to NREB by Envisar Sdn Bhd dated 19 December 2018</p> <p>Aspects & Impacts of all operations covered in the EIA Report above</p> <p><u>Major 5</u> In the EIA term and condition approval, the estate management required to submit Environmental Monitoring Report (EMR) on quarterly basis. However, the 1st Quarterly 2019 EMR report was not available during the audit conduct, the last site visit was done on 12th April 2019.</p> <p><u>Efficiency of energy use and use of renewable energy</u> Energy Consumption Spreadsheet (Form No. MPSB-L5-EN-02</p> <ul style="list-style-type: none"> - maintained monthly and relate to FFB Delivery to monitor its Energy Efficiency - It was sighted diesel usage for end year 2018 was 435,884 L.

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	<p>Electricity supply</p> <p><u>Camp 1</u> Supplied from the Mill</p> <p><u>Camp 2</u> Genset 2</p> <p><u>Camp 3</u> Genset 3</p> <p><u>Camp 4</u> Genset 4</p> <p>Operating hours for all gensets: 4am-6am; 6pm-11pm.</p> <p><u>Waste Management and Disposal</u> Two Dumping Sites for dumping of solid wastes and collection service twice a week. Sited in hilly area and far from rivers.</p> <p>Major 6 It was observed waste management plan document control no.: MPSB-L4 EN-04 was made available in the management record. However, identifying and monitoring sources of waste and pollution was not clear.</p> <p>It was sighted 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 was available with document control no.: MPSB-L5 EN-05.</p> <p><u>Reduction of pollution and emission</u> It was sighted assessment on all polluting activities was conducted. Example of source of pollution sighted come from office, store, workers camp and etc.</p> <p>It was sighted the Action Plan to reduce pollution was available. Example Recycle program was implemented.</p> <p>Latest Awareness Program record was record as follow:</p> <ul style="list-style-type: none"> ➤ Workshop Training and Waste Management, dated 11th June 2019 at MPSB Conference Room, which train by Mr Soon Han Siun, time: 10.00 am – 11.00 noon. Attended by 16 attendees. ➤ Environment, dated 11th June 2019 at MPSB Conference Room, which train by Mr Soon Han Siun, time: 9.00 am – 9.30 noon. Attended by 16 attendees. <p><u>Natural water resources</u> Eastern part is bordered along Sg Stabu. The water quality of the river is monitored by 2 Water Sampling Points at WM1 & WM2. Water quality monitoring is conducted quarterly by EMR</p> <p>Water Supply for the plantation is from the Mill Water Treatment Plant.</p>
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	<p>Water Quality Reports available from its Quarterly EMR submitted to NREB</p> <p><u>Status of rare, threatened, or endangered species and high biodiversity value area.</u> High Conservation Area is none existence as all the surrounding areas have been planted with Oil Palm by other Estates.</p> <p>No fishing and hunting is allowed in the Estate, and the notices to that effect are displayed at their Notice Boards.</p> <p><u>Zero Burning Practices</u> Open burning for solid wastes is not allowed through Notice Boards/Signages</p>																							
<p>Comment on Principle 6</p>	<p><u>Site Management</u> Masranti Plantation Sdn Bhd has Standard operating procedures or GAP which outlines the best management practices. Examples are (1) Planning Control No. MPSB-L4-PL-01 dated Jan 2019; (2) Harvesting Ref No MPSB-L4-PL-13 and (3) Manuring Ref No MPSB-L4-PL-16. SOP examples as follows: (1) Scheduled waste, Control No: MPSB-L4 EN-01; (2) Waste Management Plan control No: MPSB-L4 EN-04. Refer to Standard of Procedure File.</p> <p>SOP which outlines best management practices on legume covers Ref No MPSB-L4-PL08</p> <p><u>Economic and Financial Viability Plan</u> FFB production projection Forecast crop year for 2019:</p> <table border="1" data-bbox="555 1193 1406 1328"> <thead> <tr> <th rowspan="2"></th> <th rowspan="2">Div 1</th> <th rowspan="2">Div 2</th> <th colspan="2">Div 3</th> <th rowspan="2">Div 4</th> <th rowspan="2">Total</th> </tr> <tr> <th>Est 2</th> <th>EJW</th> </tr> </thead> <tbody> <tr> <td>Ha</td> <td>1,242</td> <td>1,048</td> <td>515</td> <td>480</td> <td>1,036</td> <td>4.321</td> </tr> <tr> <td>MT</td> <td>20,053</td> <td>22,667</td> <td>12,160</td> <td>7,360</td> <td>17,760</td> <td>80,000</td> </tr> </tbody> </table> <p>Planted area to follow hectareage for matured palms in the Environmental Monitoring Report for Masranti Oil Palm Plantation, at Lot 27 and Lot 28, Punda Sabal Land District, Samarahan Division, Sarawak (NREB ref: NREB/6-1/2A/14) that is 4,199.008 Ha.</p> <p><u>Transparent and fair price dealing</u> Pricing mechanism set by HQ, Based on contracts agreed between contractors/service providers and OPE it is evident that all parties understand the contractual agreements they enter into and that contracts are fair, legal and transparent. Records of payments to contractors are paid within the period specified in contract agreement. All payments are in HQ.</p> <p><u>Contractor</u> MSPO Terms & Conditions for Contractor seen for : (1) Bersamapadu Enterprise - Mr Liu Poh Kong on 17/05/2019. (2) Wintrip Sub Contractor Sdn Bhd - Mr Tan Kim Seong on 17/05/2019. (3) Grace Contractor for transport of FFB - Mr Ling Kui</p>		Div 1	Div 2	Div 3		Div 4	Total	Est 2	EJW	Ha	1,242	1,048	515	480	1,036	4.321	MT	20,053	22,667	12,160	7,360	17,760	80,000
	Div 1				Div 2	Div 3			Div 4	Total														
		Est 2	EJW																					
Ha	1,242	1,048	515	480	1,036	4.321																		
MT	20,053	22,667	12,160	7,360	17,760	80,000																		

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	<p>Liong on 17/05/2019.</p> <p>Contract agreements are signed between contractors and Masranti Plantation Sdn Bhd.</p> <p>The terms and conditions of the contract are explained to contractor.</p> <p>A copy of the contract is given to the contractor.</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 6		Major 1			
	Date Recorded>	17 th June 2019	Due Date>	17 th Aug 2019	Date Closed>	26 th July 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.1.3.1	
Document Ref.:	Criteria 3: Management Review		Issue / Rev. Status:		Closed	
Details of Nonconformity:	The implementation of management review was found lacking.					
Objective Evidence:	It was observed the management review report was not comprehensive, as the time period to carry out the mitigating measures arisen from the internal audit was too short. Internal audit was carried out on 15/5/19 and Management review on 16/5/19.					
Close-out evidence:	Management review meeting has been conducted on 10th July 2019. Kindly find the attachment of attendance list, minutes meeting and agenda (refer Attachments 1, 2 & 3).					

Non Conformity	N° 2 of 6		Major 2			
	Date Recorded>	17 th June 2019	Due Date>	17 th Aug 2019	Date Closed>	26 th July 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.1.1	
Document Ref.:	Criteria 1: Social Impact Assessment (SIA)		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Social impact Assessment was found inadequate.					
Objective Evidence:	It was sighted Social Impact Assessment report was available with title SOCIAL ASSESSMENT, Control No.: MPSB-L5-SR-02, however, it was not comprehensive, as it was mere statement with no reflect on social aspect of surrounding community and plantation itself.					
Close-out evidence:	An action plan has been carrying out with following program, Social Liaison Officer will conduct stakeholder meeting on 23th July 2019 to gather information from relevant stakeholder. Estimate documentation establishment will be compound at Early of November 2019 (refer Attachments 4 till 11).					

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Non Conformity	N° 3 of 6		Major 3			
	Date Recorded>	17 th June 2019	Due Date>	17 th Aug 2019	Date Closed>	26 th July 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.4.2	
Document Ref.:	Criteria 4: Employees safety and health		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Implementation of safety and health aspects were found lacking.					
Objective Evidence:	Evidence as follows: <ol style="list-style-type: none"> 1. It was observed, Class II Chemicals were mixed with Class III and IV at the chemical store and storekeeper was not given training on chemical handling. 2. No water supply was observed at emergency shower and the wash area at the chemical store especially in case of emergency. 3. Cigarette butts were found at non-designated areas at skid tank and workshop. 					
Close-out evidence:	<ol style="list-style-type: none"> 1. Separation of Class II Chemical with Class III and IV. Training has been conducted on 10th July 2019. (Refer to attachment 12 & 13). 2. Installation of piping will be done according to schedule which fall on 10th Aug 2019. 3. Conduct briefing and installation of signage at designated area. 					

Non Conformity	N° 4 of 6		Major 4			
	Date Recorded>	17 th June 2019	Due Date>	17 th Aug 2019	Date Closed>	26 th July 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.5.11	
Document Ref.:	Criteria 5: Employment Conditions		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Basic amenities and facilities were not in compliances with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.					
Objective Evidence:	The toilet facilities at workshop was in a bad shape.					
Close-out evidence:	Replacement of new door for toilet at workshop. Tentative date to done this project before 10 th August 2019.					

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Non Conformity	N° 5 of 6		Major 5			
	Date Recorded>	17 th June 2019	Due Date>	17 th Aug 2019	Date Closed>	26 th July 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.5.1.3	
Document Ref.:	Criteria 1: Environmental management plan		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Implementation of environmental aspect was found lacking.					
Objective Evidence:	In the EIA term and condition approval, the estate management required to submit Environmental Monitoring Report (EMR) on quarterly basis. However, the 1st Quarterly 2019 EMR report was not available during the audit conduct, the last site visit was done on 12th April 2019.					
Close-out evidence:	Already receive 1 st Quarter Environmental Monitoring Report for Masranti Plantation Sdn Bhd Year 2019.					

Non Conformity	N° 6 of 6		Major 6			
	Date Recorded>	17 th June 2019	Due Date>	17 th Aug 2019	Date Closed>	26 th July 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.5.3.2	
Document Ref.:	Criteria 3: Waste management and disposal		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Identification and monitoring sources of waste and pollution was found not comprehensive.					
Objective Evidence:	It was observed waste management plan document control no.: MPSB-L4 EN-04 was made available in the management record. However, identifying and monitoring sources of waste and pollution was not clear.					
Close-out evidence:	Procedure to be review and amend. Tentative date of solution by 10 th August 2019.					

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8. General Observations & Opportunities for Improvement

Positive Observations:

- The support from Masranti 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.

Appendix 1: List of Stakeholders Interviewed

Stakeholder	Issue Raised	Remarks
<u>Masranti Palm Oil Mill Sdn Bhd</u> External Mill Manager	No issue raised	Nil
External Supplier	No issue raised	Nil
<u>Local Community</u> Tuan Rumah	No issue raised	Nil
<u>Government Agencies</u> MPOB Pegawai Penyelidik	No issue raised	Nil

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The Corrective Action Form Acknowledgement

Signed on behalf of Masranti Plantation Sdn Bhd	Signed on behalf of SGS Malaysia Sdn Bhd
 <p>Company No. 530056-X</p> <p>Mr Sean Hon Jinn MSPO Compliance Officer 17th June 2019</p>	 <p>Mr. Abdul Khalik Bin Arbi Lead Auditor 17th June 2019</p>

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