



MSPO CERTIFICATION SUMMARY REPORT

ABEDON SDN. BHD.

SURVEILLANCE 01

Date: 16/04/2019

TUV NORD (Malaysia) Sdn Bhd
No. 9F-1A, 9th Floor, Tower 2 @ PFCC
Jalan Puteri ½, Bandar Puteri Puchong
47100 Puchong, Selangor.
Phone: +603 8600 4031/4032
Fax: +603 8600 4550

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Company Name: Abedon Sdn. Bhd.

Certifying Unit: Abedon sdn. Bhd.

Client Number: 92-044

Audit Type: ASA 01



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Abbreviations

CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
DOE	Department of Environment
EFB	Empty Fruit Bunch
EIA	Environment Impact Assessment
FFB	Fresh Fruit Bunch
GAP	Good Agricultural Practice
GPS	Global Positioning System
ISCC	International Sustainability & Carbon Certification
ISO	International Standard Organisation
MSPO	Malaysia Sustainable Palm Oil
NC	Non Conformity
OSH	Occupational Safety and Health
P&C	Principle and Criteria
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable Sustainable Palm Oil
RTE	Rare, Threatened and Endangered Species
SA8000	Social Accountability 8000
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
WHO	World Health Organization
MPOB	Malaysian Palm Oil Board
MPOCC	Malaysia Palm Oil Certification Council
SDS	Safety Data Sheet

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1. INTRODUCTION

Abedon Sdn. Bhd. has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct surveillance audit for its two oil palm estates according to MS 2530-3:2013 Part 3 General principles for Plantations and Organised Smallholders.

1.1. Objective

The objective of this surveillance audit is to assess the Abedon estates by an independent certification body with the aim for compliance of the standards.

1.2. Scope

The audit is based on the documentation developed by the group office and estates.

The supporting documents are provided to the audit team as well as information received by means of interviews and background investigation.

The documents and information are reviewed against the requirements and criteria based on MSPO 2530-3:2013 Part 3 General principles for Plantation and Organised Smallholders.

TUV NORD Malaysia has employed a risk-based approach in the audit, focusing on the identification of significant risks and reliability of the assessment and reporting.

In addition, the following reference are used as part of the assessment; the compliance of the requirements out of the guidelines applied was checked.

1. Malaysian Sustainable Palm Oil Part 3: General Principles for Plantation and Organised Smallholders audit guidance;
2. Issuance of MSPO Logo Usage License by MPOCC under the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme.

1.3. Appointment and qualification of team members

The audit team consists of one team leader and three team members. The team members contribute to the review of documents, the assessment of the project activity and preparation of the report.

Qualification of the Lead Auditor: Mohamad Norhisham Bin Mohd Salleh

Requirement	Qualifications
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Graduate in Applied Science (Major in Agrobiology).

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Requirement	Qualifications
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	5 years working experience in palm oil estates.
Attended the MS 2530 series of standards training.	Successfully completed MS2530 series training,
Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	Qualified as lead auditor for MSPO scheme.
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia, English and / or any other local language.	Able to communicate in Bahasa Malaysia and English.
Field working experience in the palm oil sector, or demonstrable equivalent	5 years working experience in palm oil estates.
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	5 years working experience in palm oil estates.
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Auditor for RSPO and MSPO scheme.
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Successfully completed SA 8000 Basic training and auditor for RSPO and MSPO schemes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Successfully completed ISO 14001 LA course and auditor for RSPO and MSPO scheme.

Qualification of Team Members

Requirement	Assessor	Qualification	Compliance
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life	Muhammad Khairul Anuar Bin Azizul Hasan	Graduate in Applied Science (Major in Plantation and management)	Yes
	Sheron Pui Ling Wui	Graduate in Medical Science (Life Science)	Yes

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Requirement	Assessor	Qualification	Compliance
Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Ariff Bin Lokman	Graduate in Plantation industry management.	Yes
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	Muhammad Khairul Anuar Bin Azizul Hasan	Qualified MSPO auditor. Have conducted audits for both MSPO and RSPO schemes.	Yes
	Sheron Pui Ling Wui	Qualified MSPO auditor. Have conducted audits for both MSPO and RSPO schemes.	Yes
	Ariff Bin Lokman	Qualified MSPO auditor. Have conducted audits for MSPO audit.	Yes
Successfully completed MS 2530 series of standards training	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully completed MSPO Lead auditor training course.	Yes
	Sheron Pui Ling Wui	Successfully completed MSPO Lead auditor training course.	Yes
	Ariff Bin Lokman	Successfully completed MSPO Lead auditor training course.	Yes
Conducted a minimum six (6) on-site audits for a total of at least 20 man-days of audit experience as an auditor-in-training under the direction and guidance of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes.	Muhammad Khairul Anuar Bin Azizul Hasan	Qualified as auditor base on audit log.	Yes
	Sheron Pui Ling Wui	Qualified as auditor base on audit log.	Yes
	Ariff Bin Lokman	Qualified as auditor base on audit log.	Yes
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia, English and / or any other local language.	Muhammad Khairul Anuar Bin Azizul Hasan	Able to communicate in Bahasa Malaysia and English.	Yes
	Sheron Pui Ling Wui	Able to communicate in Bahasa Malaysia and English.	Yes

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Requirement	Assessor	Qualification	Compliance
	Ariff Bin Lokman	Able to communicate in Bahasa Malaysia and English.	Yes
Field working experience in the palm oil sector, or demonstrable equivalent	Muhammad Khairul Anuar Bin Azizul Hasan	7 years working experience in oil palm plantations	Yes
	Sheron Pui Ling Wui	Qualified MSPO auditor. Have been conducting audit for both MSPO and RSPO	Yes
	Ariff Bin Lokman	7 years working experience in oil palm plantations	Yes
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully completed IMS ISO 9001, ISO 14001, and ISO 4500 Lead Auditor course.	Yes
	Sheron Pui Ling Wui	Successfully completed ISO 45001:2018 Lead Auditor course.	Yes
	Ariff Bin Lokman	Successfully completed IMS ISO 9001, ISO 14001, and ISO 4500 Lead Auditor course.	Yes
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully completed SA8000 Basic Training.	Yes
	Sheron Pui Ling Wui	Successfully completed SA8000 Basic Training.	Yes
	Ariff Bin Lokman	Successfully completed SA8000 Basic Training.	Yes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully completed IMS ISO 9001, ISO 14001, and ISO 4500 Lead Auditor course.	Yes
	Sheron Pui Ling Wui	Successfully completed ISO 14001 LA course and auditor for RSPO and MSPO scheme.	Yes
	Ariff Bin Lokman	Successfully completed IMS ISO 9001, ISO 14001, and ISO 4500 Lead Auditor course	Yes

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2. METHODOLOGY

The audit approach consists of the following steps:

- Contract review;
- Appointment of team members and technical reviewer;
- Contact client for relevant documentation according to the applicable MSPO standards;
- Audit planning;
- Background investigation, desk review of submitted documents;
- On-Site assessment, inspections, interviews with operational personnel, stakeholders and its contractors; review of documentation;
- On-site reporting
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Final audit reporting
- Peer review
- Address Peer Review Comments (if any)
- Final approval and issuance of certificate.

.Annual Surveillance 01:

Annual surveillance 1 is conducted on 18/02/2019 to 21/02/2019 covers the following activities but not limited to below:

- Onsite visit, observations and inspections of estate facilities and field activities;
- Interview operation personnel and field workers for understanding for the work assigned;
- Reviewed revised and updated documentation established and implemented;
- Operating records;
- Training records;
- Reports established;
- Work plans established;
- Stakeholders consultation meeting;
- Review and closed out of non-conformance raised during stage 1 audit;
- Assessment reporting;

For list of all reviewed documents refer to chapter 7, Table 7-1.

On-site Assessment

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The audit of the estates is conducted according to the MS 2530-3:2013 Part 3 for Plantation and Organised Smallholders.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of stakeholders, communities, staff, workers and their families, review of documentation and data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment.

For the surveillance audit, the selected estates is based on the formula $S = 0.8\sqrt{n}$ where S = sample size and n = number of estates which is in accordance to MSPO certification procedure.

Based on the formula, the sample size for the estate $S = 1.13$ therefore round up to the next integral of 2 estates. Thus, a total of 2 estates selected for the onsite assessment and inspection as listed in Table 2-1 below:

Table 2-1: List of Estates Selected

Name of Estate	Coordinates
Kolopis Estate	N 05°17'52" E 117°57'24"
Tanaki Estate	N 05°19'47" E 117°56'18"

Non-conformance:

On the basis of the desk review, evidences presented during the audits as well as from the onsite visits non-conformance (NC) Major or Minor as well as Observations (OBS) may be raised during the audit.

Major non-conformance shall be addressed and responded with 60 days from closing date of audit. All minor non-conformances are required to submit action plan within 30 days from closing date of audit for review and acceptance. Implementation of Minor NCs and OBS will be review and verify in the next audit.

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3. ORGANISATION INFORMATION

Tanaki and Kolopis Estates are owned by Abedon Sdn. Bhd.

The details of the two estates as below:

Name of Estate	Location	Coordinates
Kolopis Estate	Off 56KM, Jalan Lahad Datu-Sandakan, 90200 Kinabatangan, Sabah	N 05°17'52" E 117°57'24"
Tanaki Estate	Off 56KM, Jalan Lahad Datu-Sandakan, 90200 Kinabatangan, Sabah	N 05°19'47" E 117°56'18"

3.1. Production volume

Name of Estate	Area (Ha)		Projected FFB Production (mt) (Jan 2019 to Dec 2019)
	Total*	Production**	
Kolopis Estate	2,489.86	2,085.14	35,000
Tanaki Estate	2,628.03	2,273.53	36,000
Total FFB			71,000

*includes productive and non-productive area (infrastructures, conservation, HCV, housing & office compound use, set aside area etc.)

**Immature + Mature Area

3.2. Planting Program for Each Estate

Year / estate	Kolopis Estate	Tanaki Estate
Year 1993	-	-
Year 1994	-	-
Year 1995	-	727.81
Year 1996	417.15	243.97
Year 1997	-	-
Year 1998	-	-
Year 1999	-	-
Year 2000	-	554.05
Year 2001	-	-
Year 2002	-	-
Year 2003	-	-
Year 2004	-	-
Year 2005	-	-
Year 2006	-	-

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Year 2007	-	-
Year 2008	-	-
Year 2009	-	-
Year 2010	-	95.07
Year 2011	-	-
Year 2012	391.95	-
Year 2013	466.44	-
Year 2014	-	-
Year 2015	261.14	-
Year 2016	-	39.52
Total Mature	1,536.68	1,660.42
Replant Year 2017 – Y3	-	47.32
Replant Year 2018 - Y2	-	565.79
Replant Year 2019 - Y1	548.46	-
Total Immature	548.46	613.11
Total Oil Palm	2,085.14	2,273.53

3.3. Replanting program for each estate

Year of replanting	Planted area (ha) in each estate		Total area to be replanted (ha)
	Kolopis Estate	Tanaki Estate	
2018	-	223.21	223.21
2019	548.46	-	548.46
2020	-	727.81	727.81
2021	417.15	243.97	661.12
2022	-	-	-
2023	-	-	-
2024	-	554.05	554.05
TOTAL	965.61	1,749.04	2,714.65

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3.4. Maps of Company Location and Plantations

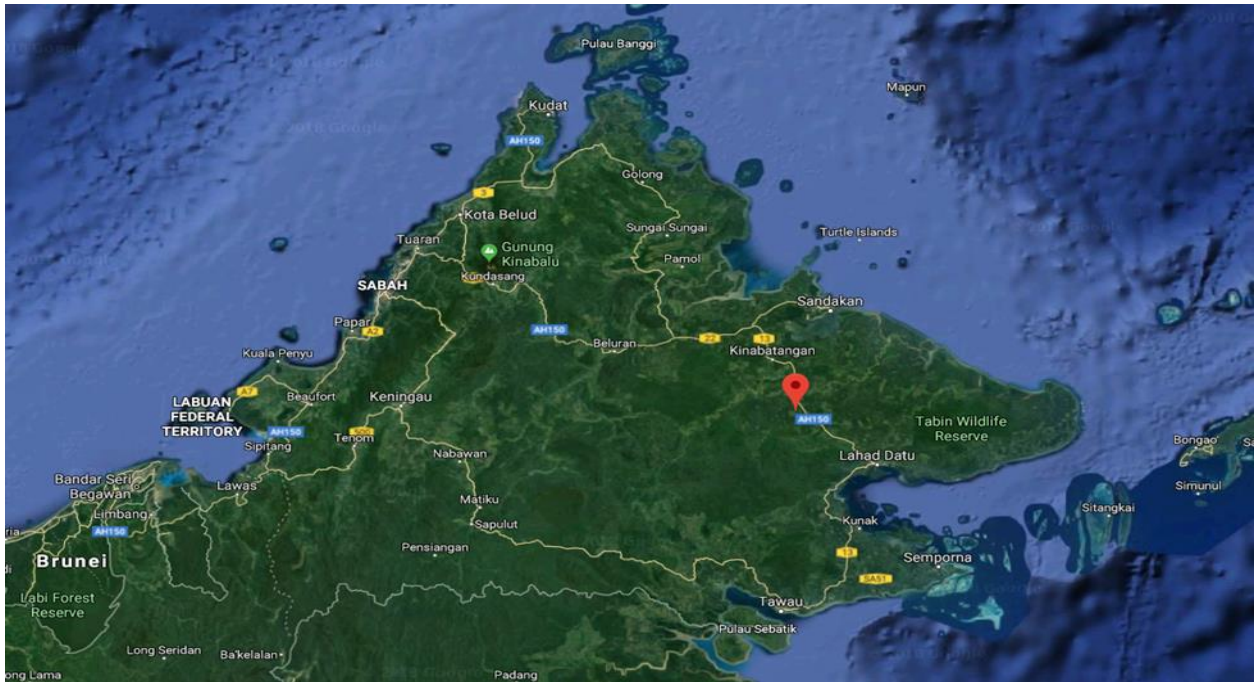


Figure 1: Location of Tanaki Estate and Kolopis Estate.

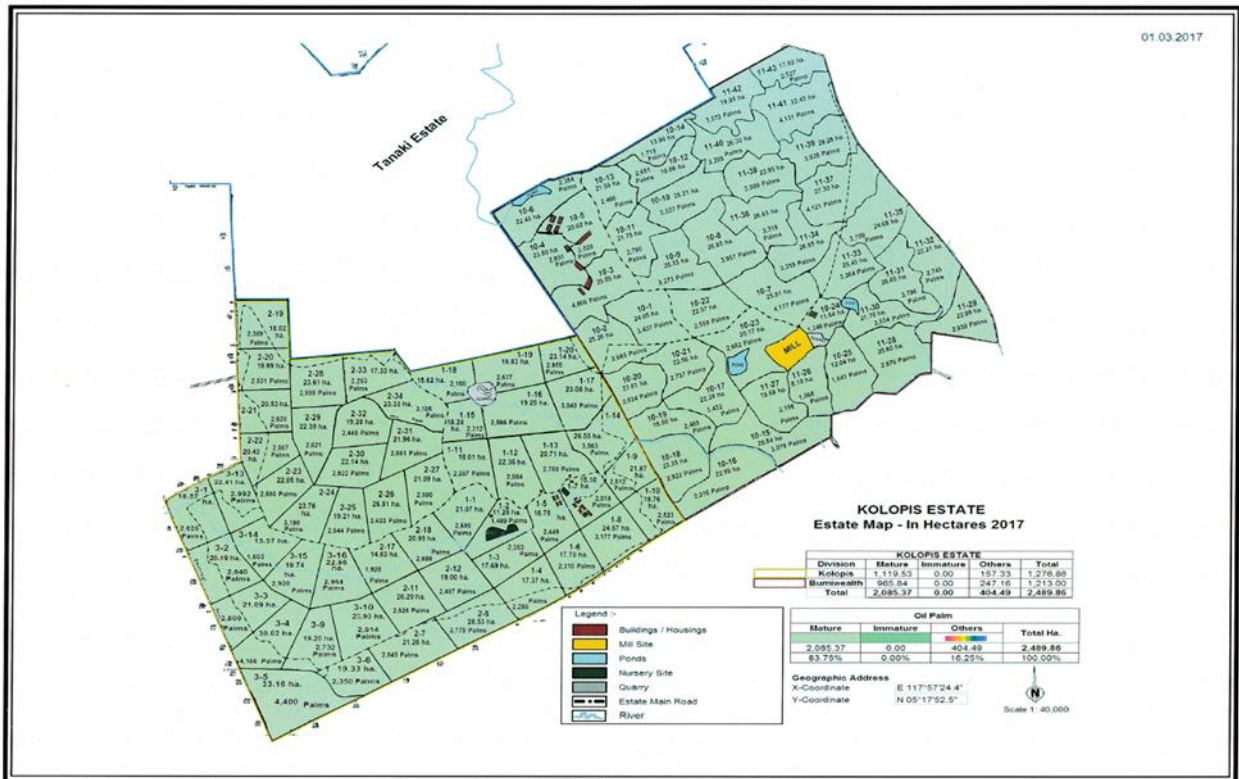


Figure 2: Kolopis Estate map (Kolopis Division and Bumiwealth Division).

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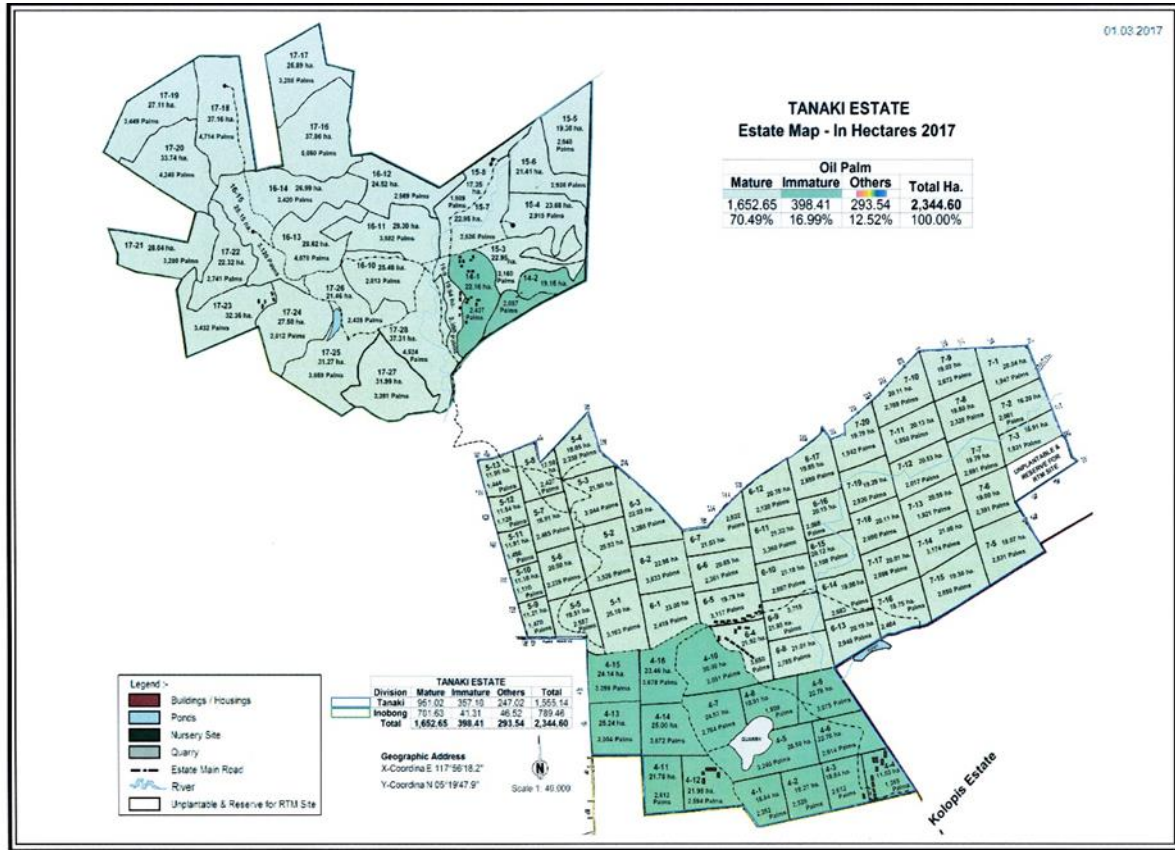


Figure 3: Tanaki Estate map (Tanaki Division, Inobong Division).

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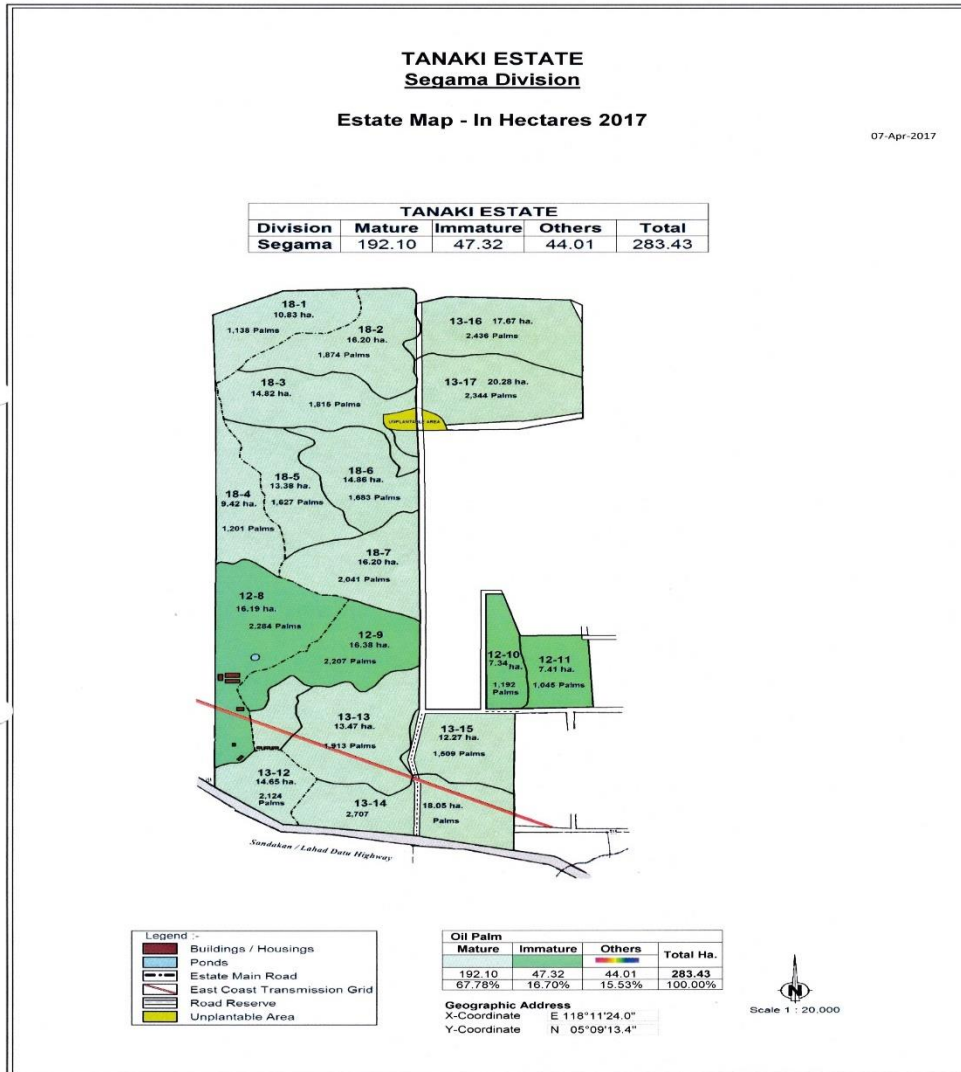


Figure 4: Tanaki Estate (Segama Division)

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4. CERTIFICATION ASSESSMENT

4.1. Annual surveillance 1

The objective of the audit is to assess the activities of the estates are in compliance with MS 2530-3:2013 Part 3 General principles for Plantations and Organised Smallholders.

4.1.1. Surveillance Audit:

The surveillance audit is conducted on 18/02/2019 to 21/02/2019 covering two selected estates – Kolopis Estate and Tanaki Estate.

During previous audit, there is one major and one observation are raised. The Major non-conformances raise during previous audit is closed out by means of documents review that are establish, revised and implemented appropriately and preventive actions taken. OBS raise will be review and verify in the next audit.

For details of the assessment, refer summary of assessment for each indicator in section 4.3 of this report.

The number of audit findings raised in this audit refer to Section 4.6 of this audit report.

4.2. Stakeholders' Consultation

TUV NORD (Malaysia) Sdn. Bhd, has published the public notification on 18/01/2019 as to accommodate stakeholder's consultation meeting for stakeholders to provide comments. As at audit date on 20/02/2019 there are no comments received.

Invitation letters are sent on 12/02/2019 to invite relevant stakeholders to attend a local stakeholders' consultation on 18/02/2019 to gather information from the local communities in accordance to §7, 3.2 of the Certification Procedure requirements.

The topics of discussion are as below:

1. Introduction of MSPO certification.
2. Development of oil palm plantations.
3. Community service and support provided.
4. Wildlife management and wildlife corridor.
5. Type of wildlife sighted at the plantations and wildlife corridor.
6. Local communities' development.

The following relevant Principles & Criteria of the applied standard are discussed during the stakeholders' consultation:

1. Principle 2 Criteria 2 Indicator 1: Consultation and Communication with stakeholders:
The stakeholders could confirm they have attended meetings with the company on MSPO certification.
2. Principle 4 Criteria 2 Indicator 3 & 4: A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint
The stakeholders' advice they are informed a logbook and form is available at the office to lodge any complaints or suggestions.

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3. Principle 4 Criteria 3 Indicator 1: Contribute to local development in consultation with the local communities.

The local communities could confirm the company has provide assistance and support to communities.

4. Principle 6 Criteria 4 Indicator 1: Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information

The contractors who provides maintenance and service could confirm they are briefing on MSPO requirements.

There are no issues raised during the stakeholder's consultation in terms of tenure and/or use rights, social or environmental aspects of management and operations that need to be addressed by the certified unit. It can be concluded the relevant Principles and Criteria clauses of the applied standard are in compliance.

The list of stakeholders who attended the meeting refer to Table 7-1.

Item	Subject discussed	Audit team findings	Company response and proposed action to be taken
1	Any information from the Company on MSPO audit?	During the interview with the stakeholders, they are aware of Abedon estates MSPO certification.	Positive comments towards Abedon Estates management.
2	Social issues	There are no social issue or concern raised during the stakeholders meeting.	Positive comments towards Abedon Estates Management
3	Economy / livelihood Is there any impact on livelihood after the introduction of MSPO?	There is no negative impact of MSPO certification as stakeholders aware on advantages gain such as providing jobs opportunities, Abedon estates taking care of workers needs and housing amenities.	Positive comments towards Abedon Estates management.
4	Does MSPO largely benefits the local community?	Local communities acknowledged there is improvement in income since working with the estates.	Positive comments towards Abedon Estates management.
5	Environmental understanding	There are increase in environmental awareness among stakeholders due to exchange of knowledge made by the estates during stakeholders meeting.	Positive comments towards Abedon Estates management.
6	Are there any estates management practices that affect you?	Stakeholders attended meeting confirmed they does not encounter any negative impact from estates operation.	Positive comments towards Abedon Estates management.
7	Do you consider the management is in	Stakeholders confirmed no breach of MSPO principle and criteria. They comment Abedon Estates	Positive comments towards Abedon Estates management.

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Item	Subject discussed	Audit team findings	Company response and proposed action to be taken
	conflict with the MSPO principles and criteria?	Management was committed to the MSPO certification.	
8	Do you have any suggestions for management?	No suggestion made by any stakeholders, positive comments from stakeholders.	Positive comments towards Abedon Estates management.

4.3. Summary of Assessment

MSPO Principle and sample of the Criteria Assessment Summary

The assessment team conduct a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits with all criterions will be assessed. Evidences are sought for conformity with the MSPO 2530-3. The summary of the assessment as below, where the "Findings/Comments" column reflects the findings in accordance with each criteria and indicator or evidences and when non conformity is found. Summary of the non-conformity can be found below

Principle 1: Management Commitment & responsibility

Indicator	Summary of Assessment	Compliance
4.1.1.1	<p>KHB Lahad Datu region adopted KHB group Sustainability policy dated 02/01/2019 sign by Chief Executive Officer.</p> <p>Example of statements describe in the policy:</p> <ol style="list-style-type: none"> 1. Commitment to adhere to all relevant laws, and MSPO certification principles and criteria that will ensure a sustainability future and continuous improvement. 2. Ensure the protection and conservation to the high Conservation Value (HCV) areas and all resources. 3. Ensure no deforestation by implementing High Carbon Stock (HCS) Approach Methodology. <p>The policy is publicly available and display at notice board, workers quarters, guard house and company website.</p>	Yes
4.1.1.2	<p>KHB Lahad Datu region adopted KHB group Sustainability policy dated 02/01/2019 sign by Chief Executive Officer.</p> <p>The policy has a statement on:</p> <ul style="list-style-type: none"> • Commitment to adhere to all relevant laws, and MSPO certification principles and criteria's that will ensure a sustainability future and continuous improvement. 	Yes
4.1.2.1	<p>KHB Lahad Datu region adopted KHB group SOP for internal audit, procedure number KHB/G/SOP-49 revision 03 dated 09/02/2018.</p> <p>The procedure describes internal audit to be conducted quarterly every 12 months.</p>	Yes
4.1.2.2	<p>Internal audit conducted at Tanaki on 28/01/2019 and Kolopis Estate on 29/01/2019.</p>	Yes

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Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	<p>The internal audit consists of two categories:</p> <ol style="list-style-type: none"> 1. Physical audit: field visit to sites, example; operation, laboratory. 2. Documentation audit: review on mills documentations and records. <p>Results of internal audit:</p> <ol style="list-style-type: none"> 1. Kolopis Estate: 3 physical findings and 17 documents findings. 2. Tanaki Estate: 4 physical findings and 27 documents findings. <p>All physical and documentation audit findings are closed successfully on 11/02/2019 for both Tanaki Estate and for Kolopis Estate.</p>	
4.1.2.3	<p>Internal audit results are presented in the management review meeting conducted on 11/02/2019.</p> <p>The outcome of the internal audit on findings found and closed out of the findings raised.</p>	Yes
4.1.3.1	<p>Management review is conducted on 11/02/2019. The agenda of the management review include:</p> <ol style="list-style-type: none"> 1. Last year external audit results 2. Results of the internal audit conducted on 28/01/2019 for Tanaki Estate and 29/01/2019 for Kolopie Estate and corrective action taken. 	Yes
4.1.4.1	<p>KHB Lahad Datu region establish Continuous Improvement Plan dated 0/12/2018. The plan includes topics :</p> <ol style="list-style-type: none"> 1. Pesticide. 2. Environment. 3. Waste reduction. 4. Social Impacts. 5. Health and safety 6. Legal compliance and transparency. <p>The CIP includes improvement action, review and monitoring and person in charge for follow up purposes. .</p>	Yes
4.1.4.2	<p>KHB Lahad Datu region adopted KHB Group SOP on new information, techniques, and equipment, SOP number: KHB/G/SOP-46 dated 09/02/2018.</p> <p>The SOP describes :</p> <ol style="list-style-type: none"> 1. Identification of new technology via identification and evaluation of new information, technique, and equipment. 2. Implementation of new technology via training and monitoring report for effectiveness. 	Yes

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Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
4.1.4.3	<p>The SOP on New Information, techniques, and equipment number KHB/G/SOP-48 dated 09.02/2018 describe training to personnel to be conducted as part of implementation and control.</p> <p>Training on new technology has been conducted:</p> <ol style="list-style-type: none"> 1. Lintramax system training was conducted by Kretam IT technician, dated 07/01/2019 to 10/01/2019. 2. Dolphin sterilizer automation training conducted by Dolphin representative dated 28/06/2018. 	Yes

Indicator	Summary of Assessment	Compliance
4.2.1.1	<p>KHB Lahad Datu region adopted KHB group SOP on Information Procedure, document number: KHB-HR-P07 dated 01/06/2015.</p> <ol style="list-style-type: none"> 1. The SOP describes: Estate manager responsible to provide information. Example 15 days for non-confidential information. 2. List of documents available to public. 3. Manager to provide information to requestor within 15 days. <p>The SOP is displayed at the notice board of each estate.</p> <p>Request for information form is established dated 01/06/2015. .</p> <p>Example Kolopis estate stakeholder, request information dated 05/04/2018 and estate respond to the request of information on same day.</p> <p>Latest stakeholder meeting conducted on 10/07/2018. The meeting was used to inform stakeholders regarding any information.</p> <p>During site interview, the interviewed workers are aware of the policy and information displayed on the notice board. Estate manager has confirmed the information will be share upon request Method of disseminating the information through stakeholders meeting and display at notice boards.</p>	Yes
4.2.1.2	<p>KHB Lahad Datu region has established List of Documents and Transparency Status dated 15/02/2019.</p> <p>The list of publicly available documents as follows:</p> <ul style="list-style-type: none"> • Complaint and Grievance Procedure • All company policies. 	Yes
4.2.2.1	<p>KHB Lahad Datu Region adopt KHB group Communication and Consultation Procedure dated 01/08/2018.</p> <p>This procedure states Estate Manager / Senior Estate Manager or Chief Plantation Officer in charge on the communication and consultation with stakeholders.</p> <p>The purpose of this procedure is to maintain open and transparent methods of consultation and communication with all stakeholders and any other affected or interested parties.</p> <p>Flow chart for consultation and communication process displayed at estates notice board.</p>	Yes

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	<p>KHB Lahad Datu region adopt KHB group SOP Stakeholder Engagement / Negotiation document number: KHB/G/SOP-35 effective date 01/04/2015.</p> <p>This procedure describes request and response, consultation meeting and compliance & grievances handling process for stakeholder.</p>	
4.2.2.2	<p>KHB Lahad Datu Region appointed the Senior Estate Manager as the person in charge for communication with stakeholders.</p>	Yes
4.2.2.3	<p>KHB Lahad Datu region adopt KHB group SOP Stakeholder Engagement / Negotiation document number KHB/G/SOP-35 dated 05/05/2017.</p> <p>The procedure describe the list of stakeholders will be updated twice a year or when it is required.</p> <p>KHB Lahad Datu region list of stakeholders dated 23/01/2019 includes Government Agencies, NGOs, School, Neighbour Estate, Supplier, Village Representative, and Internal Stakeholders.</p> <p>Latest Group Stakeholder meeting conduct on 10/07/2018 includes information related to MSPO.</p>	Yes
4.2.3.1	<p>KHB Lahad Datu region adopt KHB Group SOP for traceability document number KHB/G/SOP-57 revision 0 dated 01/12/2017.</p> <p>The SOP describes:</p> <ol style="list-style-type: none"> 1. Traceability document shall be kept for 5 years. 2. QCU lose fruit and bunch checklist for quality. 3. Mill FFB physical check for quality and productivity. 	Yes
4.2.3.2	<p>Internal audit has been conducted on 28/01/2019 until 30/01/2019 for all sites within KHB Lahad Datu region. There are no findings in traceability</p> <p>KHB Lahad Datu region has established traceability committee led by Estate Manager</p>	Yes
4.2.3.3	<p>SOP for traceability, document number KHB/G/SOP-57 revision 0, revision dated 01/12/2017 states the person in charge for sustainability:</p> <ol style="list-style-type: none"> 1. Senior Estate Manger / Estate Manager in charge of implementing procedure. 2. Assistant Manager / staff shall assist Estate manager in implementing of procedure. 3. Assistant Manager / staff responsible for taking all records and updated accordingly. 	Yes
4.2.3.4	<p>The SOP for traceability, implementation and monitoring; states list of records for traceability, Example:</p> <ol style="list-style-type: none"> 1. FFB weighbridge ticket. 2. FFB log book. <p>Traceability documents such as field / harvesting block docket to mill weighbridge for all sites are available and cross check for tracking purposes.</p>	Yes

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.1.1	<p>KHB Lahad Datu region estates has established list of license and follow up on updates on validity of each license.</p> <p>Example of updated licenses:</p> <ol style="list-style-type: none"> 1. Business license valid until 31/12/2019 issued by Pejabat Daerah Kinabatangan. 2. MPOB license valid from 01/12/2018 until 30/11/2019. 3. Diesel permit, for diesel of capacity 20,000 litre valid from 01/07/2018 to 01/07/2019. 4. License air receiver valid from 08/06/2018 until 05/09/2019. 	Yes
4.3.1.2	<p>KHB Lahad Datu region has established List of Related Laws, Regulations and Guidelines dated 07/02/2019.</p> <p>Example of laws and regulations applicable to estate:</p> <ol style="list-style-type: none"> 1. Land Ordinance (Sabah chapter 68) 2. Minimum wages Order 2012 2016 & Amended 2018. 3. Labour Ordinance (Sabah Chapter 67). 4. Occupational Safety and Health Act 1994 (Act 514). <p>Observation:</p> <p>KHB Lahad Datu has established Legal Register dated 08/02/2019. Management may consider include specific clause of the Laws and Regulations applicable to the estate.</p>	OBS 1
4.3.1.3	<p>KHB Lahad Datu region adopted KHB group SOP Mechanism for implementation of legal requirements and system for Tracking changes in laws, document number KHB/G/SOP-36 revision number 02 dated 09/02/2018.</p> <p>The SOP describe:</p> <ol style="list-style-type: none"> 1. Flowchart for mechanism of implementation of legal requirements which includes steps in updating. 2. Evaluate the effectiveness of the changes in laws. 3. To assesses the current practices and suggest changes (if any) in consultation with the head of plantation/mill. 	Yes
4.3.1.4	<p>SOP Mechanism for Implementing of Legal requirements and system for Tracking Changes in Laws, document number: KHB-G-SOP-36, revision 4, dated 09/02/2018.</p> <p>The SOP states Human Resource and Sustainability team is responsible in updating and tracking changes in laws.</p>	Yes
4.3.2.1	<p>The estates land in KHB Lahad Datu region are country leased with tenure of 99 years therefore do not diminish the land user rights of others..</p> <p>There is no land issue raised during stakeholders meeting conducted on 10/07/2018 and no grievance records.</p>	Yes

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.2.2	The estates land titles for KHB Lahad Datu region are country leased, land right use for agricultural. The land tenure was for the period of 99 years. . The land titles are review to confirm land title type, tenure of lease and usage right.	Yes
4.3.2.3	KHB Lahad Datu region adopted KHB group SOP Boundary Marking / Demarcation, document number KHB-G-SOP-38 dated 09/02/2018. Stated in the SOP, boundary mark using wooden peg for visibility and ground verification of boundary stones. Estate boundary coordinates for both estates established. Wooden peg and boundary stone are clearly sighted during observation at boundary areas.	Yes
4.3.2.4	KHB Lahad Datu region adopted KHB grop Free, Prior Informed Consent (FPIC) procedure document number KHB/G/SOP-54 revision number 01, dated 09/02/2018. The SOP described the method for resolving dispute: <ol style="list-style-type: none"> 1. Consultation. 2. Mediation. 3. Arbitration. 4. Adjudication. 	Yes
4.3.3.1	The estates land are country leased and not customary land.	Yes
4.3.3.2	There is no customary right land leased or owned by KHB Lahad Datu region. Therefore, no maps established.	Yes
4.3.3.3	KHB Lahad Datu region has established Free, Prior Informed Consent (FPIC) procedure, document number KHB/G/SOP-54, revision number 01, revision dated 09/02/2018. The SOP described on process on resolution on land right. There are no issue of land use rights raised during stakeholders meeting and no grievance records.	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	KHB Lahad Datu region has establish Social Impact assessment cover applicable issues related to both estates. The SIA include information from survey with internal and external stakeholder. The SIA includes a summary of positive and negative impacts and the time bound plan to monitor for completion. The SIA will be reviewing once a year with feedback from stakeholders. Social Impact assessment and time bound plan established as follow:	OBS 2

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<ul style="list-style-type: none"> Kolopis Estate 2019 dated 01/02/2019. Tanaki Estate 2019 dated 08/02/2019. <p>Observation: Management could improve in the stakeholder's survey assessment for next SIA.</p>	
4.4.2.1	<p>KHB Lahad Datu region has established Complaint & Grievance procedure, dated 01/08/2018 in both English and Bahasa Malay languages.</p> <p>The procedure describes investigation and resolution within 30 working days. However, if the issue cannot be resolved internally dispute will be referred to arbitration panel as agreed by both parties within 30 working days.</p> <p>Two forms establish for internal or external party to submit complaint.</p> <ul style="list-style-type: none"> Complaint and grievance form dated 01/06/2017. Appeal form dated 01/06/2017. <p>Complaint procedure displayed at notice boards for both Kolopis and Tanaki Estates.</p> <p>Site interview with field workers at Tanaki and Kolopis estate indicates that they understand the process to make complaint or grievance. Workers confirmed they aware on the complaint process and the complaint can be make when required.</p>	Yes
4.4.2.2	<p>KHB Lahad Datu region has established two forms for internal or external party to submit complaint.</p> <ul style="list-style-type: none"> Complaint and grievance form dated 01/06/2017. Appeal form dated 01/06/2017. <p>There are no complaints lodged for both estates as at audit date.</p> <p>During interview with estate management confirmed they aware complaint received shall be resolved in timely manner.</p>	Yes
4.4.2.3	<p>KHB Lahad Datu established Borang Aduan / Rungutan KHB-HR-P05/F01 dated 01/06/2017 and Borang Rayuan KHB-HR-P05/F02 dated 01/06/2017.</p> <p>The complaint form and complaint box available at office, guardhouse, and muster ground and in front of store.</p> <p>The complaint box is checked weekly for any complaints lodged.</p>	Yes
4.4.2.4	<p>KHB Lahad Datu estates have conduct briefing to create awareness on complaint procedure among workers and staff.</p> <p>Complaint briefing conducted on 25/01/2019 at Kolopis estate and on 29/09/2018 for Tanaki estate attended by all levels of workers and staff.</p> <p>During Interview with workers and their dependents demonstrate they understand the complaint procedure and can lodged at any time.</p> <p>At the stakeholders' consultation, stakeholders confirmed they are aware on complaint process.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.2.5	Complaint records for year 2017 are available and well maintained.	Yes
4.4.3.1	KHB Lahad Datu region has provide job opportunity to local communities such as operate store in the estate, employ locals for general workers, and office administrative work. Both Kolopis and Tanaki estate provide contributions to local communities. Example supports to local schools.	Yes
4.4.4.1	KHB Lahad Datu region adopted KHB group safety and health procedure, document no. KHB/G/SOP-26/S&H revision 3, reviewed date 07/11/2018 approved by Chief Plantation Officer. The policy is made available at estates notice board, workshops, stores, workers housings area and KHB website.	Yes
4.4.4.2	KHB Lahad Datu region estates have been established Occupational Safety and Health plan covering all operations. The safety and health policy is displayed at the notice board office area, muster ground area, line site and workshop area. Sighted records of Safety and Health briefing conducted on 11/02/2019. KHB Lahad Datu estates has establish OSH plan covering all activates and include the HIRARC. The HIRARC has identify respective operations of the estates. In each operation, the identify activity includes hazards, risks and effects, existing control, risk assessment (likelihood, severity, risk level and description), risk control proposal, PIC, Risk Assessment After Risk Control and date. Training on safety and health training conducted on 11/02/2019 at muster ground, Kolopis Estate conducted. Safety Data Sheet (SDS) for all agro-chemicals used by the estates are available and kept at the stores Appropriate PPEs are provided to workers based on the SDS and CHRA report. Records of PPE issued are reviewed and well maintained. KHB Lahad Datu region adopt KHB group SOP Chemical Handling Doc. No. KHB/G/SOP-13 Rev 04 dated 09/02/2018 for the proper handling and storage of chemical to protect the environment and minimise chemical contamination to human. KHB Lahad Datu region adopt KHB group SOP Chemical Storing Doc. No. KHB/G/SOP-16 rev. 05 dated 09/02/2018 to ensure estate chemicals are handled according to procedure with regards to taking delivery, recording, storage and issue and chemicals are stored and organized in a systematic manner so as to prevent theft, spillage and causing harm to personnel or environment. KHB Lahad Datu region appoint the Estate Manager as responsible person for Safety and Health Committee. OSH committee meetings are held quarterly according to JKKP requirements. Sighted 3 meeting reports conducted on 29/06/2018, 28/09/2018, and 28/12/2018.	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>KHB Lahad Datu region adopt KHB group SOP Emergency Plan Procedure (ERP) Doc. No. KHB/G/SOP-26/S&H-36 rev. 01 dated 03/11/2016 to deal with all emergencies at all premises, housing and working site.</p> <p>An emergency is one which has the potential to cause serious injury, loss of life or damage of property. Various types of emergency could break out and may be caused by a number of different factors. It would normally require the assistance of outside emergency services to handle it effectively.</p> <p>The ERT flow chart and emergency contact telephone numbers are made available at the estates noticeboards.</p> <p>First aid kits are available at relevant operation activities such as harvesting, chemical spraying, pre-mix area, workshop, labour quarters and offices. First aid training are provided to first aider by the estate clinic medical nurses.</p> <p>Accidents and injuries records are well maintained. Reporting to JKKP in accordance to requirements are available and reviewed</p>	
4.4.5.1	<p>KHB Lahad Datu region has established Social Policy dated 03/01/2017 signed by Chief Executive Officer.</p> <p>The Policy state Prohibit any form of forced or trafficked labour or unlawful employment of people.</p> <p>Policy is displayed at notice boards and available in English and Bahasa Malaysia.</p> <p>Onsite interview with worker indicates them aware on the company policies. Worker also confirmed estate has respect in human rights.</p> <p>Policies training conducted as below:</p> <ul style="list-style-type: none"> • Kolopis estate dated 07/09/2019 • Tanaki estate dated 25/07/2018 	Yes
4.4.5.2	<p>KHB Lahad Datu region established Policy of Code of Conduct and Human Right Policy dated 03/01/2017.</p> <p>The policy includes statement provides fair and equal employment opportunities for all employees.</p> <p>Policy is displayed in notice boards available in English and Malay language.</p> <p>KHB Lahad Datu region estates adopt KHB group SOP Recruitment and Selection Procedure, dated 01/12/2014.</p> <p>Procedure states recruitment based on skill, company needs and experience.</p> <p>During the site interview of workers there is no discrimination practice in the work place and treated fairly.</p> <p>Site Interview with female workers confirmed no sexual discrimination at the estates and equal opportunity provided.</p> <p>Medical fitness test for all newly hired worker and staff to ensure fit for work. Example medical checkup dated 30/10/2018.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.5.3	<p>KHB Lahad Datu region established contract agreement for workers. The contract agreement is in accordance with applicable laws and regulations of Sabah labour ordinance and Minimum Wage Order 2018.</p> <p>Both local and foreign workers are provided with a contract agreement sign between company and worker.</p> <p>Pay in line with Minimum Wage regulations 2018.</p>	Yes
4.4.5.4	<p>KHB Lahad Datu region monitors contractor pays the workers' wages according to legal requirements.</p> <p>Contractor's workers' wages pay slip is review and according to minimum wage regulation 2018.</p>	Yes
4.4.5.5	<p>KHB Lahad Datu region established list of workers contains of worker name, gender, and date of birth, date of entry, wage, and period of employment and job tasks assigned.</p>	Yes
4.4.5.6	<p>KHB Lahad Datu region established worker contract for every worker hired.</p> <p>Contract agreements are available in two languages, Bahasa Malaysia and English for better understanding by foreign workers.</p> <p>Each worker is briefed on the contract agreement terms and conditions, wage, benefits, job task and a copy provided.</p> <p>Onsite interview with workers confirmed they have the copy of contract and understand the content in the contract agreement.</p>	Yes
4.4.5.7	<p>KHB Lahad Datu region adopted KHB group SOP Working Hours document number KHB/G/SOP-27 revision 4, dated 09/02/2018.</p> <p>The working for the estate starts from 6.00am to 2,00pm with rest time from 10:30 to 11:00am.</p> <p>Workers time recording is via morning muster check roll. The working hours is displayed at muster ground and store area.</p> <p>Working overtime when required will be paid according to Sabah Labour Ordinance requirements of 1.5 times for Saturday and 2 times for working on rest days or public holidays.</p> <p>On-site interview with worker indicates they are aware on the working hours, rest hours and OT is 1.5 time for normal day, public holiday is 2.0 times.</p>	Yes
4.4.5.8	<p>KHB Lahad Datu region established SOP Working Hours, revision number 04 dated 09/02/2018.</p> <p>In the SOP a flow chart describes working hours from 5:30am to 2:00pm and stated, "If daily rated workers were requested to work on extra hours after 2:00pm they will entitle for overtime pay".</p> <p>Reviewed on the pay slip and check roll of worker for working hours and OT comply with legal regulations.</p> <p>Interviews with workers demonstrate they understand and aware of the working hours and confirmed they are paid according to legal requirement.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.5.9	<p>Workers pay slip sighted with wage paid according to minimum wage regulations 2018 for those paid monthly or hourly.</p> <p>Those paid as tasks or piece rate are based on the agreed rate. In the event the job task wage is lower than the minimum wage, the management will top-up by assigning duties within the working hours to reach the minimum wage scale.</p> <p>List of wages for 2019 has sighted and payment was according to the minimum wage of RM1, 100.00 as per Minimum Wage Order 2018.</p>	Yes
4.4.5.10	<p>KHB Lahad Datu region provide benefits to workers such as free medical, workers compensation scheme, housing, free water, free electricity, free transport, schools for foreign workers children, child care centre, religious worship place, sport amenities and contributions for festive seasons.</p>	Yes
4.4.5.11	<p>KHB Lahad Datu region housing follow industry best practices for living quarters. Site observation the living quarters has basic amenities where the house has sufficient space for the family or those unmarried. Water, electricity, sport and recreational area, clinic, creche and gardening area behind the house are provided.</p>	Yes
4.4.5.12	<p>KHB Lahad Datu region adopt KHB group social policy sign by Chief Executive officer dated 03/01/2017.</p> <p>The policy clearly state ensuring the procedure is in place to prevent sexual harassment.</p> <p>The policy is display at notice boards of office and housing area.</p> <p>Review on complaints records indicate no cases of sexual harassment.</p> <p>Complaint and grievance records reviewed and confirmed no complaints made on sexual harassment or violence.</p> <p>Interview with female workers confirmed no sexual harassment case happen and they are aware on sexual harassment or violence reporting system.</p>	Yes
4.4.5.13	<p>KHB Lahad Datu region adopt KHB group established Code of Conduct and Human Right Policy dated 03/01/2017.</p> <p>This policy states Respect the right of freedom of association.</p> <p>Each of estate has established their own JCC committee as a platform of communication between workers and management.</p> <p>Example JCC conducted at Tanaki estate on 21/12/2018.</p>	Yes
4.4.5.14	<p>KHB Lahad Datu region adopt KHB group social policy include a statement "ensure that NO child (a person under the age of 15 years) or young person (who has attained the age of 15 years but has not attained the age of 18 years) shall be or permitted to be, engaged in any employment other than those allowed by the law.</p> <p>Sighted the worker personal file and workers master list indicate no children employed by the estates.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	Onsite observation, no child labour or young person employed by estates. All the workers are above 18 years prior joining the estates.	
4.4.6.1	KHB Lahad Datu region estates established training program for year 2019. Sighted records of training including training materials, attendance and photos. Example training conducted: 1) Estate weighbridge on 06/02/2019 2) Waste disposal conducted on 12/02/2019	Yes
4.4.6.2	KHB Lahad Datu region estates establish individual training evaluation according to the job description. Sighted list of training that cover the requirements for workers.	Yes
4.4.6.3	KHB Lahad Datu region estates established Training Programme for 2019. Example list of training programme: <ul style="list-style-type: none"> • Safety and Health • General training • SOP training 	Yes

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.1.1	KHB Lahad Datu region adopted KHB group Environmental Policy dated 02/01/2018 sign by Chief Executive Officer. The policy is made available at the noticeboards of main office, estates office and other work operation areas. KHB Lahad Datu region has established Environmental Aspect and Impact Assessment and Environmental Management Plan dated of review 28/12/2018. Environmental Policy training conducted on 13/02/2019. Environmental Committee meeting is conducted periodically. Sighted meeting minutes on environmental issued discussed such as management of scheduled waste and monitoring.	Yes
4.5.1.2	Objectives of EAIA: <ul style="list-style-type: none"> • To ensure a continuous awareness of the need to check and monitor key environmental components for KHB Lahad Datu region and take appropriate remedial measures to avoid environmental degradation. • To protect the environment of KHB Lahad Datu region from neglect, mismanagement and irresponsible activities in palm oil mill operations. • To ensure conformation to all the activities are within the law/Acts and legislation of State and Nation. 	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>The EAIA include the study of environmental aspects and impacts with following:</p> <ol style="list-style-type: none"> 1. Environmental Impact Assessment – Evaluation for Criteria Chart 2. Environmental Impact Assessment – Ranking 3. Table identifying the activity, Aspects, Impacts, Ranking, mitigation / improvement plan, monitoring plan and responsibility. 	
4.5.1.3	<p>The EAIA has a table describing the activity, environmental aspects environmental impacts, ratings, mitigation / improvement plan, monitoring plan and responsible person.</p> <p>Example of impact and aspect assessment:</p> <p>Activity: Fertiliser Application</p> <p>Aspect: Potential of phytotoxicity.</p> <p>Impact: GHG Emission</p> <p>Ranking:</p> <p>Mitigation / Improvement Plan: To follow the fertilizer recommendation program.</p> <p>Monitoring plan: On-going</p> <p>Responsibility: Estate Manager</p>	Yes
4.5.1.4	<p>In the EAIA, an action plan is establish describing the identification of waste products / pollutants, environmental aspects (negative or positive), Action Plans, Monitoring and Continuous Improvement Programme, documents to review and Management Review and comments</p>	Yes
4.5.1.5	<p>Sighted Environmental Policy training conducted on 13/02/2019.</p>	Yes
4.5.1.6	<p>Environmental Committee meeting is conducted periodically. Sighted meeting minutes on environmental issued discussed such as management of scheduled waste and monitoring</p> <p>Sighted Environment meeting session 2 2018 conducted on 10/04/2018.</p> <p>Sighted environmental meeting schedule for year 2019 established. Example: environment meeting schedule on 15/06/2019 and 04/12/2019.</p>	Yes
4.5.2.1	<p>KHB Lahad Datu region establish baseline for diesel consumption from 2016 to 2018. The baseline is a benchmark to compare against the actual usage of fuel per metric ton FFB produced.</p> <p>Sighted fuel consumption records for January to December 2018. Actual diesel consumption compared against budget is higher due to low crop.</p> <p>Fuel efficiency improvement plan for year 2019 established dated 07/01/2019.</p>	Yes
4.5.2.2	<p>KHB Lahad Datu region establish budget for fuel consumption for year 2019.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	Records of fuel consumption for month of January 2019 For FFB transportation, machinery, electrical, tractor and contractor fuel consumption.	
4.5.2.3	KHB Lahad Datu region estates do not use renewable energy either from solar, biomass or biogas sources currently.	Yes
4.5.3.1	<p>KHB Lahad Datu region Environmental Aspect and Impact Assessment and Environmental Management Plan date of review 28/12/2018 includes waste identification and disposal method.</p> <p>Waste identification and source of pollution</p> <ul style="list-style-type: none"> - Rotten bunches – palm/harvesting area - Fertilizer bag – plantation - Used filter, rags (SW410) – vehicles - Clinical waste – estate clinic - Contaminated sand (SW408) – generator set, water treatment plant, store 	Yes
4.5.3.2	<p>KHB Lahad Datu region has established Environmental Aspect and Impact Assessment and Environmental Management Plan date of review 28/0122018 that include waste identification and disposal method.</p> <p>Topic 9 in EMP describer waste identification and disposal method listing the table type of waste source, location disposal method, document related and responsibility</p> <p>Source of wastes and pollutions – harvesting area, premixing chemical area, estate clinic, workshop store and etc. Monitoring sources of pollution are the responsibility of estate management team.</p> <p>Reuse of empty chemical containers for spraying, rotten bunch and fronds for enhancing soil nutrients, recycling of plastics, paper, metal and glass to generate income.</p>	Yes
4.5.3.3	<p>KHB Lahad Datu region adopted KHB group SOP Obsolete PPP Disposal Doc. No. KHB/G/SOP-17 rev.04 dated 04/08/2018 to manage and handle obsolete chemicals.</p> <p>The SOP describe identify the obsolete chemical and method of disposal.</p> <p>During inspection of chemical stores there are no obsolete chemicals and crosscheck with the stock card.</p> <p>KHB Lahad Datu region adopted KHB group SOP Surplus Chemical Handlings Doc. No. KHB/G/SOP-15 rev. 04 dated 09/02/2018 to manage surplus chemicals.</p> <p>The SOP has a flow chart detailing the process from chemical store for surplus of pre-mix chemical storage</p> <p>KHB Lahad Datu region adopted KHB group SOP surplus chemical handlings, document number: KHB/G/SOP-15 dated 09/02/2018. The procedure describe on any surplus of pre mixed will be transport back into pre- mix area and will be used for next day activity.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.3.4	<p>KHB Lahad Datu region adopted KHB group SOP Empty Chemical Containers disposal, Doc. No. KHB/G/SOP-18 rev. 04 dated 09/02/2018 to manage empty chemical containers disposal.</p> <p>The SOP describe the steps of activities that include triple rinsing, container cap to be removed to prevent reused for other purposes, puncture and marked.</p> <p>Unused chemical containers are disposal by 3rd party DOE authorized scheduled waste collector. Sighted the delivery note of scheduled wastes collected</p> <p>KHB Lahad Datu region adopt KHB group SOP Chemical Handling document number KHB/G/SOP-13 dated 25/06/2018. The procedure describes empty chemical containers to be disposed by license agent.</p> <p>Sighted records of empty container as at December 2018;</p> <p>Sighted delivery note of scheduled wastes dated 15/02/2019 issued by 3rd party contractor.</p>	Yes
4.5.3.5	<p>Domestic waste stated in list of waste in EMP 2018. Domestic wastes are disposed in landfill. From site observation, the landfill is far away from water source and housing area.</p> <p>Domestic waste collection program sighted for twice per week for both estates. Landfill has established signage for awareness regarding safety at the landfill area. Landfill with good proper fencing.</p> <p>There are recycle program conducted for segregation of recycle waste located at housing area.</p>	Yes
4.5.4.1		Yes
4.5.4.2	<p>KHB Lahad Datu region estates have established EAIA and environmental management plan 2019, review date 28/12/2018.</p> <p>Example of pollutants:</p> <ol style="list-style-type: none"> 1. GHG for diesel or moving vehicles. 2. Cadmium and lead for electrical waste. <p>Control of pollution by means of periodically monitoring.</p>	Yes
4.5.5.1	<p>EKHB Lahad Datu region has established water management plan dated 04/01/2019 with following commitment:</p> <ul style="list-style-type: none"> • Establish and maintain security patrolling and observation for water catchment area. • Establish and maintain buffer zones for rivers and water catchment area. • Prevent and monitor the pollution of the waterways within the estate <p>The water source and water catchment for each estate are identify in the plan.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>The rainfall data is capture in the plan for monitoring of operation and domestic usage.</p> <p>The usage of water is monitor using flow meter for domestic and operation to ensure efficient water usage.</p> <p>Domestic water is treated to meet WHO standard.</p> <p>A 3rd party is appointed is conduct water quality tests and analysis every six months. Test results are reviewed and comply with WHO requirements.</p> <p>KHB Lahad Datu region adopted the group SOP Buffer Zone Restriction (With reference to Streams and Rivers) Doc. No. KHB/G/SOP-04 rev 5 dated 05/05/2017</p> <p>The SOP describes to protect designated rivers and streams within our properties from fertilizer and chemical weeding activities from contaminating the rivers and streams. The restriction is 20 meters from riverside or at least 2 palm length to the riverside.</p> <p>Training conducted for the chemical sprayer example at both estates include the riparian reserves. Interview the workers understand the riparian areas and no chemical used/sighted during the site visit.</p> <p>The buffer zone can be identified through signboard or marking on the last palm nearest to the stream or river during field visits.</p> <p>KHB Lahad Datu region estates do not use bore wells for water supply.</p>	
4.5.5.2	During field inspections sighted there are no construction of bunds, weirs and dams across main river flowing in both estates.	Yes
4.5.5.3	Rain harvesting is practice at the estates labour line, workshop, and chemical mixing areas.	Yes
4.5.6.1	<p>KHB Lahad Datu region established Baseline Biodiversity Assessment and Planning For Unplanted Area, Water Catchment Area and Buffer Zones dated 10/01/2018.</p> <p>The assessment has identify the type of fauna found in the unplanted areas, buffer zones and riparian reserves.</p> <p>Type of fauna found such as different insect species, birds and animals (wild boar, long tail monkeys, and wild cats).</p> <p>The list of sighted wild life are in comparison to the Sabah Wildlife Conservation list where all wildlife are protected under Sabah law.</p> <p>The assessment conducted include the surrounding smallholder's areas.</p>	Yes
4.5.6.2	<p>There are RTE identified in the biodiversity assessment that are protected according to Sabah Wildlife Conservation Enactment 1997 and Wildlife Regulation 1998.</p> <p>Training and briefing are provided to workers and smallholders around the KHD Lahad Datu region estates vicinity.</p> <p>Signage are installed to discourage hunting, capturing and fishing with penalty in accordance to Sabah Wildlife Conservation Enactment stated.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.6.3	Monitoring plan is established to monitor the respective areas either weekly, monthly, quarterly or yearly. Monitoring activities conducted are review and well maintained.	Yes
4.5.7.1	KHB Lahad Datu Region establish Policy of zero burning, dated 11/01/2016 approved by Chief Plantation Officer. During on site verification at field operation at replanting area, domestic wastes landfill sites and labour quarters no open burning activities found.	Yes
4.5.7.2	KHB Lahad Datu Region establish Policy of zero burning, dated 11/01/2016 approved by Chief Plantation Officer. There is no disease observed at KHB Lahad Datu region estates that require burning that impact replanting activities.	Yes
4.5.7.3	KHB Lahad Datu Region established Zero Burning Policy dated 0701/2015. There are replanting and no open burning activities found.	Yes
4.5.7.4	KHB Lahad Datu Region has established SOP Replanting, document number KHB/G/SOP-07, dated 09/02/2018. The procedure states fell palms are completed shredded or chipped. KHB Lahad Datu region replanting activities by felled and chipped of the old palms. No open burning observed in the replanted areas.	Yes

Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	KHB Lahad Datu adopt the group SOP for best practice. Example: <ol style="list-style-type: none"> SOP Fertilizer application dated KHB/G/SOP-29 revision 03 revision dated 01/10/2017. SOP Harvester dated KHB/G/SOP-26/S&H-04 revision 02 revision dated 03/10/2017. Training on SOP has been conducted. Example: <ul style="list-style-type: none"> SOP spraying training conducted on 10/02/2018. Implementation on SOP includes records of application, stock balance for chemical and fertilizer application and daily monitoring assessed. Interview workers in field could demonstrate understanding on SOP and safety precautions.	Yes
4.6.1.2	KHB Lahad Datu region adopts KHB group SOP Replanting-Soil Conservation / Terracing KHB/G/SOP-07 dated 09/02/2018. The SOP describe planting on slope, degree and management plan to prevent soil erosion.	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
	<p>KHB Lahad Datu region adopt KHB group SOP <i>Leguminous Cover Crop</i> plants planting document No: KHB/G/SOP-06 revision no: 4 revision date 09/02/2018. The procedure describes the establishment of legume covers crops at replanting rea to prevent soil erosion and conserve soil nutrients.</p> <p>SOP Water and river contamination handling KHB/G/SOP-09 dated 09/02/2018. The procedure describes method in preventing water contamination such as establishment of buffer zone at river areas, monitoring and patrolling at river and water source for any sign of contamination.</p>	
4.6.1.3	<p>KHB Lahad Datu region adopted KHB group Change of Land Use and field block number document number KHB/G/SOP-56 dated 09/02/2018.</p> <p>The procedure describe on new block numbers based on alphabet and year of planting. Visual identification for each block is established.</p> <p>This could be observed during field visits.</p> <p>Example:</p> <ol style="list-style-type: none"> 1) Phase: 07, block: 08, Hectare: 16.02, year planting: 1995. 2) Phase: 16, block: 11, Hectare: 24.30, year planting: 1995. 	Yes
4.6.2.1	<p>KHB Lahad Datu has establish long-term plan & financial projection for year 2017-2023.</p> <p>The content of financial plan includes;</p> <ul style="list-style-type: none"> - Financial Projection - Long Term Management Plans – Opex & Capex - Oil Palm Mature – Budget & Projection Operation Cost 2 - Oil Palm Immature – Budget & Projection Operation Cost - Capital Expenditure Budget & Projection Plans - Replanting program - FFB yield. 	Yes
4.6.2.2	<p>KHB Lahad Datu establish replanting programme for year 2017 – 2023 for all divisions of Kolopis and Tanaki estates.</p>	Yes
4.6.2.3	<p>KHB Lahad Datu region long-term plan & financial projection F for year 2019-2023 includes:</p> <ol style="list-style-type: none"> 1. FFB projection [MT]. 2. Yield/Ha [MT/Ha]. 3. FFB Price forecast/MT. 4. Estate operating cost/MT. 5. Planting material <p>Financial indicators are total revenue, gross income and profit..</p>	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.2.4	KHB Lahad Datu region estates establish monthly progress report capturing FFB production, yield, operation expenses, etc., to compare against the projections.	Yes
4.6.3.1	KHB Lahad Datu region estates outsourced road maintenance and FFB transportation to 3 rd party contractors. Sighted General Work Order Agreement for FFB transport signed by both parties with the agreed terms and conditions. The agreement describes the service period, rates and payment terms.	Yes
4.6.3.2	The contract terms and conditions is duly agreed and signed by both parties, therefore consider as fair, legal and transparent. Payment are made in accordance to the terms and conditions stated in the contract and on a monthly basis upon verified by the estate management.	Yes
4.6.4.1	The contract agreement describes the contractor's obligation and responsibility to comply with all Rules, Regulations and requirement set by the company such as KHB policies. Training for contractor workers conducted on 01/02/2019 on MSPO sustainability awareness.	Yes
4.6.4.2	The contract agreement dated 01/02/2019 is duly signed by both parties as acceptance.	Yes
4.6.4.3	In the contract agreement general terms and conditions states contractor has to comply to the sustainability certification standards such as RSPO, MSPO and ISCC and subject to be audited by the appointed Certification Body.	Yes
4.6.4.4	The records for monitoring work performed by the contractor is duly signed by both parties upon completion of the tasks. Payment invoice is verify by estates management team prior payment is made.	Yes

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Principle 7: Development of new planting		
Indicator	Summary of Assessment	Compliance
4.7.1.1	There are no new planting occurs in the estates. For Tanaki estate, The first planting in 1995 and replanting will be on 2018. First planting for Kolopis Estate in 1996 with 2 nd replanting will be in year 2019. There are no assessment conducted since there are no new planting in both estates (Kolopis and Tanaki Estates).	Yes
4.7.1.2	There are no new planting in both estates. However, there are replanting according to the replanting program. Environmental Impact Assessment for replanting conducted on January 2013 for proposed replanting fat Kolopis and Tanaki Estates. The EIA report has include recommendations for monitoring, The EIA is approved by Department of Environment dated 02/10/2012	Yes
4.7.2.1	KHB Lahad Datu region soil maps are review and there are no peat land in all divisions of both Kolopis and Tanaki Estates. Therefore not applicable.	Yes
4.7.3.1	Review on planting statement and from field observations no new planting in KHB Lahad Datu region estates. Therefore, no SEIA establish.	Yes
4.7.3.2	Review on planting statement and from field observations no new planting in KHB Lahad Datu region estates. Therefore, no SEIA establish.	Yes
4.7.3.3	Review on planting statement and from field observations no new planting in KHB Lahad Datu region estates. Therefore, no SEIA establish	Yes
4.7.3.4	. There are no scheme smallholders' involved KHB Lahad Datu region estate certification. Therefore not applicables.	Yes
4.7.4.1	There are no new planting in KHB Lahad Datu region estates. Therefore, no soil maps establish.	Yes
4.7.4.2	There are no new planting in KHB Lahad Datu region estates. Therefore, no topographic information establish.	Yes
4.7.5.1	The planting statement, estates maps and land titles were reviewed. There are no new planting, therefore not applicable.	Yes
4.7.5.2	The planting statement, estates maps and land titles are reviewed. There are no new planting, therefore no plans established.	Yes
4.7.5.3	The planting statement, estates maps and land titles are reviewed. There are no new planting, therefore no documents establish.	Yes
4.7.6.1	Planting statement, estate maps and land titles are reviewed. There are no new plantings, therefore no FPIC conducted.	Yes
4.7.6.2	Planting statement, estate maps and land titles are reviewed. There are no new plantings, therefore no management plan establish to maintain scared sites.	Yes
4.7.6.3	Planting statement, estate maps and land titles are reviewed. There are no new plantings, therefore, no documentary proof of the transfer of rights and of payment or provision of agreed compensation establish.	Yes

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4.7.6.4	Planting statement, estate maps and land titles are reviewed. There are no new plantings, therefore, no compensation land acquisitions and relinquishment of rights establish.	Yes
4.7.6.5	Planting statement, estate maps and land titles are reviewed. There are no new planting, therefore, no assessment of legal and recognised customary rights establish.	Yes
4.7.6.6	Planting statement, estate maps and land titles are reviewed. There are no new plantings, therefore, no system for identifying people entitled to compensation and for calculating and distributing fair compensation establish.	Yes
4.7.6.7	Planting statement, estate maps and land titles are reviewed. There are no new plantings, therefore, no compensation claims documented and made publicly available.	Yes
4.7.6.8	Planting statement, estate maps and land titles reviewed and there are no new planting. Therefore, no impact to local communities.	Yes

4.4. Status of Non-Conformities Previously Identified

	The stage 1 audit findings of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have implemented to address the identified audit findings. Details of the follow up action taken on stage 1 audit findings were recorded in the Stage 1 audit report.
X	The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have implemented to address any nonconformity identified.
	The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have not been implemented effectively. The non-conformity will be re-raised.
	Not applicable. No non-conformity raised in previous audit.
<p><i>Note 1: If a minor non-conformity raised in last audit, is not closed out, then this finding will be re-raised to a Major non-conformity.</i></p> <p><i>Note 2: All minor NCs raise in last audit are required to capture in this report together with the closing of the non-compliance.</i></p>	

4.5. Detail of Audit Findings in last audit

AUDIT OUTCOME	
MAJOR Non-Conformities	1
MINOR Non-Conformities	0
Observations	1

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Non Conformity Number < 01 >	
Indicator: 4.6.1.1	
Standard operating procedures shall be appropriately documented and consistently implemented and monitored	
Location	Tanaki Estate
Description of Finding / Objective Evidence:	
SOP are in place and have been develop across many operations of the estate. However, the range of document for SOPs available have not include MSPO requirements. For example, sop on internal audit, Pest & diseases-Ganoderma, updating of legal requirement	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
Raised by: Terence Ang Wai Sheng	Date Raised: 26/03/2018
Deadline for implementation:	
Root Cause Analysis (by company):	
The SOPs had prepared by Sustainability Team in Sandakan Region for many major operations of the estate before the first ISCC certification in 2014 and some had prepared during RSPO Certification in 2016. During the preparation of the SOPs, ISCC and RSPO had mentioned but MSPO was not mentioned as this is new and the latest certification in 2018 for the Company's Group	
Correction (by company):	
The SOPs will be updated and all clauses of ISCC, RSPO and MSPO will be included or change to a general statement such as "Sustainable Certification" to cover all related current certification scheme and future requirement. This will be corrected immediately by Sustainability Team from Sandakan Region. There are total of 10 SOPs had been updated to meet the requirements.	
Corrective / Preventive Action (by company)	
The Sustainability Team in Sandakan Region will review and updating all SOPs from time to time or when required. Any new requirement from the new certification shall be listed for priority compliance action	
Review of Correction & Corrective / Preventive Action	
Sighted updated and revised list of SOPs. This includes SOP for Pest and Disease- Ganoderma, KHB/G/SOP-12 dated 09/02/2018, SOP on Mechanism for Implementation of Legal Requirement and System for Tracking of Changes KHB/G/SOP-36 dated 09/02/2018 and SOP for Internal Audit, KHB/SOP-49 dated 09/02/2018. Based on evidence submitted, the major non-conformity is considered closed. Implementation will be verify in next surveillance audit.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Lead Auditor / Auditor: Terence, Ang Wai Sheng	Date Closed: 02/03/2018
Review of Implementation for Major NC (where applicable)	

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Non Conformity Number < 01 >

KHB Lahad Datu region has established SOP in compliance with the MSPO requirement.

Example:

1. SOP for Pest and Disease- Ganoderma, KHB/G/SOP-12 dated 09/02/2018
Ganoderma census for second half of year November to December 2018 has been conducted.
Example: Sighted Ganoderma Detection & treatment record as at December 2018; total infected palms was 336 (Kolopis Estate).
2. SOP on Mechanism for Implementation of Legal Requirement and System for Tracking of Changes KHB/G/SOP-36 dated 09/02/2018. Describe in the SOP, sustainability team to assess any change of laws and current practice. Sighted Latest legal register 07/02/2019 which has included all applicable laws.
3. SOP for Internal Audit, KHB/SOP-49 dated 09/02/2018. Internal audit for Tanaki Estate and Kolopis Estate has been conducted on 29-29/01/2019 respectively.

Site verification : Yes No

Name of Lead Auditor :

Mohamad Norhisham Bin Mohd Salleh

Date of Review:

18/02/2019

Observation < 01 >

Indicator: 4.4.5.6 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

Location

Tanaki Estate and Kolopis Estate

Description of Finding / Objective Evidence:

The company has established worker contracts form, but the estate could specify the details regarding the overtime rate rather than quoting the Sabah Ordinance as reference

Raised by:

Mohamad Norhisham Bin Mohd Salleh

Date Raised:

25/01/2019

Review of Corrective Action

Sighted memo dated 04/01/2019, for Head of Sustainability regarding Workers' wages of Working on Rest day and prescribe public holiday. Briefing and training has been conducted on 14/02/2019 for workers on Tanaki Estate.

Site verification : Yes No

Name of Lead Auditor :

Moahamd Norhisham Bin Mohd Salleh

Date of Review Action Plan:

18/02/2019

4.6. Detail of Audit Findings Identified During This Audit

This section gives an overview of the non-conformities raised during this audit.

AUDIT OUTCOME

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MAJOR Non-Conformities	0
MINOR Non-Conformities	0
Observations	2

Observation < 01 >

Indicator: 4.3.1.2 The management shall list all relevant laws related to their operations in a legal requirement register.

(MAJOR)

Location: All estates

Description of Finding / Objective Evidence:

Abedon Group has established Legal Register dated 08/02/2019. Management may consider include specific clause of the Laws and Regulations applicable to the estate.

Name of Lead Auditor:

Mohamad Norhisham Bin Mohd Salleh

Date Raise:

21/02/2019

Observation < 02 >

Indicator: 4.4.1.1 Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.

(MINOR)

Location: All estates

Description of Finding / Objective Evidence:

Management could improve in the stakeholder's survey assessment for next SIA.

Name of Auditor:

Sheron Pui Ling Wui

Date Raise:

21/02/2019

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5. CONCLUSION

Abedon Sdn. Bhd. has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct surveillance 01 audit for its two estates according to MSPO 2530-3:2013 Part 3 General principles for Plantations and Organised Smallholders.

The implementation of observations will be review and verify during the next audit.

From the review of the standard operating procedures, relevant forms, work flow charts established and implemented; the subsequent background investigation and interviews conducted during this surveillance audit have provided TUV NORD Malaysia with sufficient evidence on the fulfilment of the applied standard Principles & Criteria.

In conclusion the certified unit has been established, implemented and continued to improve in managing the estates are in line with the Principles & Criteria of the applied standards of MS 2530-3:2013 Part 3 General Principles for Oil Palm Plantations and Organised Smallholders.

Any audit is based on sampling within an organization's management system and therefore is not a guarantee of 100 % conformity with requirements.

As a result of this audit, the audit team confirms that:

Total certified number of estates:	2	Estates
Total certified production area:	4,358.675	Ha
Certified FFBs January to December 2019:	71,000	Mt

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6. RECOMMENDATION

The audit team conduct a process-based audit focussing on significant aspects/risks and objectives required by the standard(s). The audit methods used are interviews, observations, sampling of activities, review of documentation and records.

The structure of the audit is in accordance with the audit plan included in this summary report as annex.

The audit team concludes that the organisation has established and maintained its management system in line with the requirements of the standard(s) and demonstrated the ability of the system to achieve requirements for products and/or services within the scope and the organisation's policies and objectives.

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

	Recommended for Certification
X	Recommended for Continuity of Certification
	Recommended for Suspension of Certification

Puchong, 16/04/2019

Mohamad Norhisham Bin Mohd Salleh
TUV NORD (Malaysia) Sdn Bhd
Audit Team Leader

Puchong, 16/04/2019

Nor'adhlin Sofia Binti Razali.
TUV NORD (Malaysia) Sdn Bhd
Certifier / Approver

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7. REFERENCES

Table 7-1: List of Interviewed Persons And Stakeholders

No.	Name	Organisation
1.	Jimli Perijin	SWD Kinabatangan
2.	Aidde Jamali	Jabatan Hidupan Liar Kinabatangan
3.	Muhd Siddek	CLC
4.	Azrul Bin Matnawi	Wild Asia
5.	Sabre Bin Nacis	Wild Asia
6.	Rozie Maharan	Jabatan Immigresen Malaysia
7.	Andri Asri Mansur	Mewah 1 Estate
8.	Yusri Lausu	Mewah 2 Estate
9.	Jaiman	Bukit Mag
10.	Jepri Titingan	Sek Kebangsaan Paris

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Distribution / Confidentiality / Rights of ownership / Limitations / Responsibilities / Audit Objectives

This report is sent to the certification body or bodies, the members of the audit team and the audit representative of the organisation. All documents (such as this report) regarding the certification procedure are treated confidentially by the audit team and the certification body. This audit report remains the property of the certification body.

An audit is a procedure based on the principle of random sampling and cannot cover each detail of the management system. Therefore nonconformities of weaknesses may still exist which were not expressly mentioned by the auditors in the final meeting or in the audit report.

The responsibility for continuous effective operation of the management system always rests solely with the audited and certified organisation.

Salvo clause:

The audit report will be left to the organisation at the end of the audit - subject to approval by the certification body. The independent release process may cause modifications or additions. In these cases a modified revision will be sent to the audited organisation.

The objective (goal) of the audit is to establish compliance of the management system of the aforementioned organization with the requirements of the aforementioned standard in order to achieve or maintain certification through an independent and accredited certification body.

Identification of possibilities to improve the management system can also be a component of the audit and is considered simply to be an enhancement; it does not constitute consultancy or advice with regard to the management system.

Annex / Enclosures

Annex /
corresponding audit documentation

P&C Audit Report / Checklist(s)

Audit Plan

Additional annexes, number