



Assessment Report

Date: 22nd February

2020


[Disclaimer: The audit report has been generated to reflect the compliance of the company toward the MSPO standard and every criterion's have been in every effort taken to ensure the accuracy of the assessment and reporting produced. As the assessment is been carried out based on sampling, certain areas or processes may not be able to verified on its compliances.]

MSPO 2530:2013
Part 3

| | |
|-----------------|--|
| Company name | 3N Estate Sdn Bhd |
| Address | MDLD 3908, Lot 15, Taman Mewah, Jln Dam, 91100, Lahad Datu, Sabah. |
| Report no | MS20SM/046 |
| Status of audit | Surveillance If surveillance No.1 |

Thank you for your trustful cooperation during our audit of your organization. This report has been prepared of every effort to ensure the accuracy of the information recorded. The assessment is based on sampling on the records, practice, documents and personnel, therefore the final results of the assessment is of representative towards the system implementation of the organization. This report may generated to record as much of the system implementation information but may still limited due to the sampling .This report details the assessment results including strengths, opportunities, and weaknesses. These results were presented to your management at the closing meeting of the audit. You can use these results to improve the effectiveness of your management system. We look forward to continuing our partnership towards sustainable business success. This report has been prepared in compliance to the ISO 17021:2011 requirements.

To ensure the next assessment will be carry out in compliance to the ISO 17021:2011, please remember to immediately notify CARE Certification International about any significant change to your company at any point of time. Together we will then coordinate appropriate measures to maintain your current certification. Such circumstances include, for example, changes relating to the legal, commercial, organizational status or ownership, organization and management (e.g. key managerial, decision making or technical staff), contact address and sites, scope of operations under the certified management system, and major changes to the management system and processes. Together we CARE and will then ensure the smoothness of the upcoming assessment. Thank you for your persistence of support.

| | | |
|--------|--|--------------------------------|
| | Signed for on behalf of CCI | Signed for on behalf of client |
| Sign |  _____ | |
| Name | Suriansyah Nanang | Company stamp |
| Date | 22/02/2020 | |
| Email | suriansyahnanang@gmail.com | |
| Fax no | 038073 2688 | |

Section A General Information

| General | |
|----------------------|--|
| Audit objectives | <input checked="" type="checkbox"/> To verify that the system initial implementation is in accordance to requirements of the standard adopted. <input type="checkbox"/> To verify that the system implementation is continuously in accordance to the requirements of the standards adopted. <input type="checkbox"/> To verify that the system implementation is continuously after and in third years of implementation is in accordance to the standards adopted. <input type="checkbox"/> Other, (please specify) |
| Integrate Assessment | No |
| Issue of certificate | Yes |

| Scope of Certification | |
|------------------------------------|---|
| Scope of certification in English | The Provision of Planting and Harvesting of Fresh Fruit Bunch (FFB) By Organised Plantation |
| Requirement not being applicable | P7 - Development of New Planting |
| Justification | The company doesn't have any new planting activities. |
| Other language than above | NA |
| Changes from Previous registration | No |
| Extension/changes of scope date | NA |

| Contact Details | |
|---------------------------------------|---------------------|
| Management Representative | Quake Pau Siew |
| Alternate contacts | Chee Teng Heng |
| Management Representative contact no. | +6012 780 4818 |
| E-mail address | abid_emas@yahoo.com |
| Fax Number | 089-880172 |
| Fixed Line Number | 089-880171 |
| NO OF SPOC/ GROUP MEMBERS | 1 |

Section B Previous Audit Result

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

| | |
|-------------------------------------|---|
| <input type="checkbox"/> | No nonconformities have been raised during last assessment. |
| <input checked="" type="checkbox"/> | Any nonconformities identified during last previous audit have been corrected and the corrective action continuous to be effective. |
| <input type="checkbox"/> | The management system has not adequately addressed non conformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report. |

Section C Conclusion

The audit team conducted a process based audit focusing on significant aspects/risk objectives required by the standard(s). The audit methodology used is based on 3P which were People, Paper and Practice.

The audit team concludes and express

- CONGRATULATION and has
- CONGRATULATION however some processes need to address non-compliance(s) but others has
- SORRY and the organization has not established and maintained its management system in line with the requirements of the standard and

- demonstrated
- not demonstrated

the ability of the system to systematically achieved agreed requirements within the scope of the organizations.

Base on the record, there is/are NIL unresolved issue.

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 (initial certification or recertification)
- Granted upon the acceptance of the noncompliance(s)
- Continued (surveillance)
- Continued (surveillance) upon the acceptance of the noncompliance(s)
- Withheld
- suspend until satisfactory corrective action(s) is completed
- Others (please specify)

Note :

The assessment and recommendation for the initial or continue was based on random samples and therefore nonconformities may exist which have not been identified. All the pages should be attached if the organization wishes to copy and delivered to the interested party.

Section D (For Recertification only)

| | | |
|---|---|--|
| 1 | The company has demonstrated effective implementation and maintenance/improvement on its management system | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 2 | The internal audit program has been fully implemented and demonstrates its effectiveness as a tool for maintaining and improving the management system. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 3 | The management review process demonstrates its capability to ensure the continuing suitability, adequacy and effectiveness of the management system | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 3 | The management review process demonstrates its capability to ensure the continuing suitability, adequacy and effectiveness of the management system | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 4 | Throughout the audit process, the management system demonstrates overall conformance with the requirements of the audit standard | <input type="checkbox"/> Yes <input type="checkbox"/> No |

Section E Auditor and Auditees Names

| CCI Assessors | Attendance during opening and closing meeting | |
|------------------------|---|----------------------|
| Team leader | Name | Designation |
| Suriansyah Nanang (SH) | Mr. Quake Pau Siew | Management Executive |
| Team member | Mr. Jonatan Terong | MSP0 Officer |
| Willton Bichin (WB) | Mr. Ashari Malik | MSP0 Officer |
| Trainee auditor | Mr. Zainuddin Abdullah | Manager Abid Emas 1 |
| NA | Mr. Samsu Alam Malakangen | Manager 3N Estate |
| Observer | Mr. Kasri Bakri | Sr. Field Conductor |
| NA | Mr. Nor Faizal Mikal | Field Conductor |
| | Mr, Norazmi Emie | Field Conductor |
| | Mr. Mohd Sambran Anuar | Field Conductor |
| | Mr. Lukman Sudirman | Field Conductor |
| | Mr. Andy Marop | Sr. Field Conductor |
| | Ms. Noraini Battiar | Storekeeper |

Section F Audit Process Matrix

Next Audit Matrix (legend "☒" plan to cover & covered, "☐" for uncover)

| Planned month & year | 03/2018 | 03/2019 | 03/2020 | 03/2021 | 03/2022 |
|---|---------|---------|---------|---------|---------|
| Internal Audits | ☒ | ☒ | ☒ | ☒ | ☒ |
| Stakeholder consultation / survey | ☒ | ☒ | ☒ | ☒ | ☒ |
| Use of logo | ☒ | ☒ | ☒ | ☒ | ☒ |
| Follow-up from previous audit finding | ☒ | ☒ | ☒ | ☒ | ☒ |
| 4.1 Management Commitment & Responsibility | | | | | |
| 4.1.1 MSPO Policy | ☒ | ☒ | ☒ | ☒ | ☒ |
| 4.1.2 Internal audit | ☒ | ☒ | ☒ | ☒ | ☒ |
| 4.1.3 Management Review | ☒ | ☒ | ☒ | ☒ | ☒ |
| 4.1.4 Continual Improvement | ☒ | ☒ | ☒ | ☒ | ☒ |
| 4.2 Transparency | | | | | |
| 4.2.1 Transparency of information and documents relevant to MSPO requirements | ☒ | ☒ | ☒ | ☒ | ☒ |
| 4.2.2 Transparent method of communication and consultation | ☒ | ☒ | ☒ | ☒ | ☒ |
| 4.2.3 Traceability | ☒ | ☒ | ☒ | ☒ | ☒ |
| 4.3 Compliance to legal requirements | | | | | |
| 4.3.1 Regulatory requirements | ☒ | ☒ | ☒ | ☒ | ☒ |
| 4.3.2 Land use rights | ☒ | ☒ | ☒ | ☒ | ☒ |

| | | | | | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 4.3.3 Customary rights | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4 Social responsibility, health, safety and employment condition | | | | | |
| 4.4.1 Social impact assessment (SIA) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.2 Complaints and grievances | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.3 Commitment to contribute to local sustainable development | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.4 Employees safety and health | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.5 Employment conditions | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.6 Training and competency | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5 Environment, natural resources, biodiversity and ecosystem services | | | | | |
| 4.5.1 Environmental management plan | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.2 Efficiency of energy use and use of renewable energy | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.3 Waste management and disposal | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.4 Reduction of pollution and emission | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.5 Natural water resources | | | | | |
| 4.5.6 Status of rare, threatened, or endangered species and high biodiversity value area | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.7 Zero burning practices | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.6 Best Practices | | | | | |
| 4.6.1 Site management | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.6.2 Economic and financial viability plan | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.6.3 Transparent and fair price dealing | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.6.4 Contractor | | | | | |
| 4.7 Development of new planting | | | | | |
| 4.7.1 High biodiversity value | <input type="checkbox"/> NA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.7.2 Peat land | <input type="checkbox"/> NA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.7.3 Social and Environmental Impact Assessment (SEIA) | <input type="checkbox"/> NA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.7.4 Soil and topographic information | <input type="checkbox"/> NA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.7.5 Planting on steep terrain, marginal and fragile soils | <input type="checkbox"/> NA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.7.6 Customary land | <input type="checkbox"/> NA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Assessment man days for the next assessment : 8_md. Recertification: 2023

Note: Recertification should be carry out minimum 2 months prior to the expiry of the certificate

Section G Audit Summary

Summary of Area Audited

| BUSINESS AREAS | DETAILS OF AUDITED SUMMARY | |
|--|----------------------------|------|
| Auditor | Date | Time |
| SH & WB | 22/02/2020 | 8.30 |
| Opening Meeting a) introduction of the participants, including an outline of their roles; b) confirmation of the scope of certification; c) confirmation of the audit plan (including type and scope of audit, objectives and criteria), any changes, and other relevant arrangements with the client, such as the date and time for the closing meeting, interim meetings between the audit team and the client's management; d) confirmation of formal communication channels between the audit team and the client; e) confirmation that the resources and facilities needed by the audit team are available; f) confirmation of matters relating to confidentiality; | | |

- g) confirmation of relevant work safety, emergency and security procedures for the audit team;
- h) confirmation of the availability, roles and identities of any guides and observers;
- i) the method of reporting, including any grading of audit findings;
- j) information about the conditions under which the audit may be premature terminated;
- k) confirmation that the audit team leader and audit team representing the certification body is responsible for the audit and shall be in control of executing the audit plan including audit activities and audit trails;
- l) confirmation of the status of findings of the previous review or audit, if applicable;
- m) methods and procedures to be used to conduct the audit based on sampling;
- n) confirmation of the language to be used during the audit;
- o) confirmation that, during the audit, the client will be kept informed of audit progress and any concerns;
- p) opportunity for the client to ask questions.

Closing Meeting

- a) informing the client that the audit evidence collected was based on a sample of the information; thereby introducing an element of uncertainty
- b) the method and timeframe of reporting, including any grading of audit findings;
- c) the certification body's process for handling nonconformities including any consequences relating to the status of the client's certification;
- d) the timeframe for the client to present a plan for correction and corrective action for any nonconformities identified during the audit;
- e) the certification body's post audit activities;
- f) information about the complaint handling and appeal processes.
- g) Any diverging opinion that are not resolved.
- h) opportunity for the client to ask questions.

Executive Summary

Organisation Information

Atlas Group of Companies was established in Lahad Datu the headquarters office address as above. The company currently operated 1 estates situated in Lahad Datu. The estate are:

- 1) 3N Estate Sdn Bhd

Assessment Process

This is group certification for Atlas Group of Companies where the company hold 5 estates under their management. The determination of the sample size are as per Malaysian Sustainable Palm Oil (MSPO) Risk Management (Doc No: MPOB/MSPO/RMP/06 dated 19 Nov 2013). The audit was based on the MSPO2503:2013 Part 3 Standard, procedure and other applicable requirements. The audit was divided into 2 which is Stage 1 and Stage 2. There is no issue during the 1st Stage Audit conducted on **/0/2018 conducted by Badrul Hisham and found all the required document, procedure and form are available.

Stage 2 audit was held on 16/03/2019 where the sample size of the audit is 1 estates. The calculation of the sample size determination are as below:

$S = \sqrt{n} (RF)$
 $S = \text{sample size, } n = \text{number of estate, } RF = \text{Risk Factor}$
 $S = \sqrt{1} (1.5) = 1 \times 1.5 = 1.22$
 $S = 1 \text{ estates}$

Base on sampling 6 estate were selected for this assessment. Below are the estates name which been selected for the assessment :

- i. 3N Estate Sdn Bhd

For Surveillance 1 audit required 2 mandays including the stakeholder consultation.

Audit Team

Suriansyah Nanang - Lead Auditor

He has more than 8 years working experience in oil palm plantation and skills in Good Agricultural Practices (GAP) and involved in Safety and Health Plantation programme and also had experience with RSPO, MSPO and ISCC requirements for certification from all these various organizations.

He successfully completed the Lead Auditor course for ISO 9001, ISO 14001 and Auditor MSPO MS2530 course and had attended MSPO Supply Chain Certification Standard (SCCS) Auditor Course. Able to communicate in Bahasa Malaysia, English and Local Language.

Willton Bin Bichin - Auditor

He hold a Degree from University Teknologi Mara Shah Alam in Plantation Management with more than 6 years working experience in plantation company and skills in Good Agricultural Practices (GAP) and involved in Safety and Health Plantation programme. Fully trained in similar agriculture certification programs such as MSPO. Completed and certified MSPO Auditor Course in October 2019 held by OSH Isis. He attended Integrated Management System (IMS) conducted by Platinum Shauffmantz Veritas (PSV) Certification in December 2018 and obtained SCCS auditor competency on 12th June 2019 conducted by SIRIM. He able to speak and understand Bahasa Malaysia and English.

Stakeholder Consultation

During audit on 22/02/2020, Care Certification international has interviewed random stakeholder for the response

towards estate as below:

a) Employee Representative

1) Amri Steven

- Satisfied with all facilities provide by management such as housing, water supply, electricity etc.
- All employee was paid as per Minimum Wages Act- RM1100/month and overtime paid as per legal requirement
- Management was treat all foreign employee equally and no discrimination by the management
- Other benefits entitled for foreign employee is medical treatment, distribution of food etc.
- Training was given to all employees and company evaluate the employee performance equally

b) External Stakeholder

1) Renoh Kiandis - Tamaco Plantation (Punca Mewah Estate)

- Interview the company representative Marilou (Estate Supervisor)- feed back no issue was raise for the AE operation to their estate
- Currently the employee from GPSB are allowed to access the main road without any objection
- No issue on the land dispute since AEG is already demarcated the land with appropriate boundary stone and boundary marking.
- The cooperation between the management are very good and no any issue raised.
- Company aware with the AEG complaint procedure and as to Date no complaint been made.

Estates Information

LIST OF GROUP MEMBERS

1. ESTATE INFORMATION

| NAME OF ESTATE | LOCATION | COORDINATE |
|----------------------------|-----------------------|-----------------------|
| 3N ESTATES SDN.BHD – DIV 4 | TUNGKU, LAHAD DATU | 5° 4'52"N 119° 03'6"E |

2. AREA STATEMENT AND FFB FORECAST

| ESTATE | TOTAL AREA (HA) | PLANTED AREA (HA) | FFB TON/ YEAR (as per year 17) | YIELD TON/ha/ YEAR |
|----------------------------|--------------------|----------------------|-----------------------------------|-----------------------|
| 3N ESTATES SDN.BHD – DIV 4 | 24.254 | 24.254 | 414.32 | 17.08 |
| Total | 24.254 | 24.254 | 414.32 | 17.08 |

Audit Checklist

| P1: Management Commitment & Responsibility | |
|---|--|
| Criterion 1 | Malaysian Sustainable Palm Oil (MSPO) Policy |
| Indicator | Requirement Findings |
| 4.1.1.1 | A policy for the implementation of MSPO shall be established |
| Sighted management establish "Polisi Perlaksanaan Komitement MSPO" dated 11/10/2018, approved by Chief Executive Officer. Verified the policies and sighted the commitment of the management on the compliances to all 7 MSPO principles. | |
| Communication of the policy sighted done by display at the notice board, briefing during operation meeting and explain the policy to the stakeholder during the stakeholder meeting. | |
| Verified the policy had been display in office wall, row call area, line site etc. Verified the policy had been briefing | |

| | | |
|--|--|----------|
| to all employee during muster call at muster ground. | | |
| 4.1.1.2 | The policy shall also emphasize commitment to continual improvement. | |
| Sighted the policy established had shown emphasize towards commitment for continual improvement for principle 1 until principle 7 | | |
| Criterion 2 | Internal Audit | |
| Indicator | Requirement | Findings |
| 4.1.2.1 | Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. | |
| 3NESB have established Internal Audit Plan dated 28/01/2020 and sighted was conducted at 3NESB. Sighted the audit covered all the MSPO Internal Audit Assesment #ReportNo.3N004 dated 28/01/2020 | | |
| 4.1.2.2 | The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action | |
| 3NESB establish the Internal Audit as per "Prosedur Audit Dalaman (MSPO/AE) dated 14/09/2018. Refer to the procedure and sighted the detail of the audit process such as the audit report, root cause analysis of non conformity and the Internal Audit Flow Chart. | | |
| 4.1.2.3 | Report shall be made available to the management for their review. | |
| Sighted the Internal Audit Report (Report No.3N004), dated 28/01/2020. The report verified and edequate. NCR and observation were raised during the internal audit. All the matter was discussed during management review meeting dated 11/02/2020. Refer to Internal Audit Assesment (Report No.3N004) sighted four (4) Observation was identified. Refer Assessment Report Review (Report No. 3NR004), all the internal audit finding has been closed out. | | |
| Criterion 3 | Management Review | |
| Indicator | Requirement | Findings |
| 4.1.3.1 | The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. | |
| Verified the MSPO Management Review Meeting, dated 11/02/2020, held in Pejabat Lahad Datu The agenda discussed all elements of MSPO requirement from principle 1 until principle 7, Internal Audit Report and finding, MSPO surveillance auridt 1, record of accident should be updated for every 3N Estate, Safety training and environmental issues has been discussed during the MRM. | | |
| Criterion 4 | Continual improvement | |
| Indicator | Requirement | Findings |
| 4.1.4.1 | The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company. | |
| Sighted and verified the management plan was established as below: a) Pelan Pengurusan Alam Sekitar Tahun 2018 b) Pelan Impak Sosial Tahun 2019 c) Pelan Pengurusan Air Tahun 2019 d) Pelan Penggunaan Tenaga Yang Tidak Boleh Di Perbaharui Tahun 2019 Verified in the Plan above, al issue with action and monitoring every 3 months | | |

| | | |
|--|--|----------|
| 4.1.4.2 | The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology, where applicable, that are available and feasible for adoption. | |
| <p>New Technique for chemical mixing area as per Environmental and Social Impact for Spraying activity.</p> <p>Any intentions or plans to adopt new information, techniques, industry standards or technology are incorporated into the above-mentioned plan for consideration and deliberation.</p> <p>Interview with the Assistant Manager in-charged indicated that due to financial constraints and low level of operational sophistication, the top-level Management is in the view that adopting new methodologies, techniques or technologies is economically and practically not feasible at present. However, the Company is open and ready to accept such assimilation once the situation deems fit.</p> | | |
| 4.1.4.3 | An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established. | |
| Per findings made in 4.1.4.2, there is no training being made available at present. | | |
| P2: Transparency | | |
| Criterion 1 | Transparency of information and documents relevant to MSPO requirements | |
| Indicator | Requirement | Findings |
| 4.2.1.1 | The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes. | |
| <p>The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms. Request, response and release of information must be recorded. If there is any request by the stakeholders, they must come to the management and management will provide the "Borang Komunikasi"</p> <p>Generally, communicate the information with stakeholders and public through meeting with stakeholders. The management annually organize get together with local communities as part of promoting MSPO requirements as per Procedure. The recent meeting was held on 06/02/2019 held in Ladang Atlas Kew Sdn. Bhd Div-1 . For every issue raised the estate management will prepare management plan on social impact assessment.</p> | | |
| 4.2.1.2 | Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. | |
| <p>Communication procedure was applicable to all estate as per "Prosedur Komunikasi (Aduan Dan Permohonan)" dated 14/09/2018. Sighted the communication were divided into two categories external and internal. For internal normally the interaction between employee and employer through interview (face to face, letter and suggestion form.</p> <p>Sighted Reference Document List. Example publicly documents listed:</p> <ol style="list-style-type: none"> 1. Internal memo and external memo. 2. Management minute of meeting 3. Minute of safety and health committee 4. Comment from external stakeholder 5. Complaint Investigation report. 6. Record for outgoing and incoming information. 7. Land tittle 8. Safety and health plan 9. Environmental impact assessment 10. Pollution prevention plan 11. Complaint and grievance 12. Procedure for communication 13. Continues Improvement plan. 14. List of stakeholder 15. Human right policy | | |
| Criterion 2 | Transparent method of communication and consultation | |
| Indicator | Requirement | Findings |

| | | | |
|--|---|-----------|-------------|
| 4.2.2.1 | Procedures shall be established for consultation and communication with the relevant stakeholders | | |
| All the communication are as per "Prosedur Komunikasi (Aduan Dan Permohonan)" dated 14/09/2018. This procedure has been communicated to all stakeholders during First Stakeholder Meeting dated 06/02/2019. | | | |
| 4.2.2.2 | A management official shall nominated officials at the operating unit responsible for issues related to indicator 1 (4.2.2.1) | | |
| Noted that official management representative nominated responsible for issue related to stakeholder; sighted the appointment letter for Arbain Shah Bin Ghani, dated 28/02/2019. | | | |
| 4.2.2.3 | List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained. | | |
| List of Stakeholders has been established with improper stakeholder list. The list was prepared by MSPO PIC. Verified the List of Stakeholders was established by the management and divided into 4 category as below: 1) FFB Buyer - Sankina Oil Mills Sdn Bhd, Sungai Ruku Collecting Centre, Golden Elate Sdn Bhd 2) Contractor & Supplier - Letrik General, Solaris Power Sdn Bhd, Fulvia Sdn Bhd, Agromate (M) Sdn Bhd 3) Government agencies - MPOB Lahad Datu, Klinik Kesihatan Tungku, Balai Polis Tungku, BOMBA 4) Neighbours - Gold Crop Plantations, Fheng Kong Plantation Sdn Bhd, Tamaco Plantation Sdn Bhd (DIV Punca Mewah) | | | |
| Sighted the latest stakeholder meeting dated on 12/02/2020. Verified the stakeholder meeting was attended by 38 stakeholder which stated in the stakeholder meeting attendance's list. | | | |
| Criterion 3 | Traceability | | |
| Indicator | Requirement | Findings | |
| 4.2.3.1 | The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s). | | |
| Procedure for traceability has been established by the management as per "Prosedur Traceability" dated 14/09/2019. Refer to the procedure the traceability are according the recording of the FFB harvesting such as 'buku Checker', Weighbridge Book, Weighbridge Ticket, Dispatch Note etc. | | | |
| 4.2.3.2 | The management shall conduct regular inspections on compliance with the established traceability system | | |
| The management has established a mechanism to monitoring and record with all tasks to the workers. Sighted "Pemeriksaan Bulanan Rekod Kebolehhesanan" was established and sighted was done for Jan 2019. Verified in the 'Pemeriksaan Bulanan Rekod Kebolehhesanan' for every month inspection that include: Penuai, Loader/Farm Tractor/Lori Penghantaran BTS/Kilang | | | |
| 4.2.3.3 | The management should identify and assign suitable employees to implement and maintain the traceability system | | |
| The management has appoint En Samsu Alam Malakangen, dated on 02/01/2019 as personnel in charge for traceability . Function perform as per PIC Traceability stated in appointment letter. | | | |
| 4.2.3.4 | Records of sales, delivery or transportation of FFB shall be maintained. | | |
| Records of sales, delivery or transportation of FFB had been maintained. Sighted the evidence: | | | |
| Record | Date | Reference | Description |

| | | | |
|---|---------------------------------|---------------------------------------|---|
| Daily Bunches Record (MT) | 06 th January 2020 | Estate Daily FFB Checkeer Record Book | 102 bunches |
| FFB Despatch Note | 24/01/2020 | DN no.12687 | 12.63MT |
| Weighbridge Ticket (Syarikat Sawit Perdana) | 27 th September 2019 | 178402 | Nett weight = 960kg Vehicle No = SS 7510D |
| Monthly FFB Record | January 2020 | N/a | Monthly FFB Bunches for January 2020. |
| Payment Voucher of FFB (cash) - Amri Steven | 7th January 2020 | N3N4-PVC 02 | paid on 7 th January 2020 (RM1,167.65) |

P3: Compliance to legal requirements

| Criterion 1 | Regulatory requirements | |
|-------------|---|----------|
| Indicator | Requirement | Findings |
| 4.3.1.1. | All operations are in compliance with the applicable local, state, national and ratified international laws and regulations | |

Verified the license and permit available as below:

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|--|--|
| MPOB License | 535523002000-120.33HA (Tungku Area) Date expired: 31/12/2020 617753002000-190.61HA (Belurean area) Date expired: 31/02/2020 |
| Pengajian Pekerja Bukan Pemastautin | JTK.H.KNK.600-4/1/1/01261/3238 Valid untill: 16/05/2020 (Sharing with Formost Dynamic Sdn Bhd) |
| SSM | 641616 P |
| Trading License | LD/2017/4506 Perladangan Kelapa Sawit Date Expired: 31/12/2020 |
| MYKKP | Done through myKKP website |
| Permit Barang Kawalan Berjadual (Diesel) | S000890 KPDNHEP.LDT.900.3/1(14/2012)(SK) BL22019038809 Date expired: 29/02/2020 |

| | |
|---|---|
| Jabatan Alam Sekitar (License for Pentas Flora (Sabah) Sdn Bhd to collect SW item | #no.003501 dated 21/10/2015 |
| Sabah Electricity Sdn Bhd (SESB) | Approval Letter from SESB for "Permohonan Bekalan elektrik" |

CAR-01/SH

According to the Land Title for 3N Estate Sdn Bhd declared that total Ha was 287.20HA. However during audit, refer to MPOB Licence (#535523002000) has stated that hectareage for 3N Estate Sdn Bhd (Tungku Area) was only 120.33HA. Such hectareage in the MPOB licence was not in-line with the Total Certified HA for 3N Estate (Tungku Area).

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| 4.3.1.2 | The management shall list all laws applicable to their operations in a legal requirements register |
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| 4.3.1.3 | The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. |
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The legal register for the Company was sighted and it was observed that the register is up-to-date. According to the Management Representative, any enforcement of new laws and/or amendment of the current laws shall be incorporated into the legal register. Sighted management establish the LORR and latest updated on 20/02/2020.

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| 4.3.1.4 | The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements. |
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En. Samsu Alam Malakangen has been nominated as Legal Requirement Register Officer to monitor compliance of regulatory requirement, track and update the changes in regulatory requirement, perform any further function that may be required by employer to enable the implementation of MSPO. The functions are listed in one nomination letter dated on 02/01/2019 and signed by Manager. Function as follow;

1. Ensuring LRR up to date and amend any new regulation coming into force
2. Documenting and issuing of document and report
3. Monitoring compliance and track update and changes in regulatory requirements.

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| Criterion 2 | Land used right |
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| Indicator | Requirement | Findings |
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| 4.3.2.1 | The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users |
|---------|---|

The management has ensured that their oil palm cultivation activities do not diminish the land use rights. Sighted the evidence:

| Document | Land Title |
|--|---|
| 4 sampled of Lot Number (Out of 9 sampled) | FR 114009362, NT 113008665, FR 114009399, FR 114009399 Sighted special terms for NT113008665, FR114009399 & FR114009362 was for Cultivation of coconut. However, mangement has in progress to change the special term of the land title to cultivation of crops. Verified the Letter "RE: Change of Cultivation of Coconut to Cultivation of Crops" submitted to Jabatan Tanah Ukur Lahad Datu, dated 10 th |

| | |
|-----------------|-------------------------|
| | February 2020. |
| Land size | 56.614 Ha |
| Total Land Size | 56.614 Ha |
| Land Status | Cultivation of Oil Palm |
| Period | 98 Years |

Discussion with personnels/entities neighbouring to the both Estate confirms that the Estate did not encroach or operate within their lands.

Legal boundary Peg were sighted during the field walkabout; clearly distinguishing the boundaries of land ownership between 3N Estate Div.4 (Block 90Ekar) and Tamaco Plantation (Punca Mewah Estate). No Estate palms were seen planted beyond the established boundaries.

Interview with the neighbouring land owner confirms that the auditee does not encroach into his lands.

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

The management has ensured that their oil palm cultivation activities do not diminish the land use rights. Sighted the evidence:

| Document | Land Title |
|--|--|
| 4 sampled of Lot Number (Out of 9 sampled) | FR 114009362, NT 113008665, FR 114009399, FR 114009399 Sighted special terms for NT113008665, FR114009399 & FR114009362 was for Cultivation of coconut. However, mangement has in progress to change the special term of the land title to cultivation of crops. Verified the Letter "RE: Change of Cultivation of Coconut to Cultivation of Crops" submitted to Jabatan Tanah Ukur Lahad Datu, dated 10 th February 2020. |
| Land size | 56.614 Ha |
| Total Land Size | 56.614 Ha |
| Land Status | Cultivation of Oil Palm |
| Period | 98 Years |

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

Boundary were by boundry roads , fencing and trenches are available and visible during site observation. The management establish map close up boundary location. Observe the estate map to show the block identification. Boundary stones not sighted during field walkabout. There is no marking towards the boundary stones marking. Current practices using boundary pag painted with red and white color and planted with Tectonia Grandis. (Boundary with Tamaco Plantation Punca Mewah Estate).

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| 4.3.2.4 | Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC). | |
| There is no land dispute issue as the whole estate block is owned by Atlas Group. As of to-date there was no complaint on land matter. No record on FPIC process because there is no community surround of plantation area. | | |
| Criterion 3 | Customary rights | |
| Indicator | Requirement | Findings |
| 4.3.3.1 | Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. | |
| Refer to document of sub-lease (Shedule X-Section 67) and sighted all the document was valid and approved by Pengarah Tanah Dan Ukur, Sabah Registrar. | | |
| 4.3.3.2 | Maps of an appropriate scale showing extent of recognized customary rights shall be made available | |
| Sighted management establish the map survey for estate as per Boundry Map | | |
| 4.3.3.3 | Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. | |
| NA | | |
| P4: Social responsibility, health, safety and employment condition | | |
| Criterion 1 | Social impact Assessment (SIA) | |
| Indicator | Requirement | Findings |
| 4.4.1.1 | Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones | |
| <p>Tindakan:As per Social Impact Assesment from Dec 2018 and sighted the Pelan Impak Sosial as below:</p> <p>a) Pengendalian hal berkaitan masalah sosial & Kebebasan bersuara Tindakan: menerangkan kepada pekerja tentang prosidur dan borang aduan, menyediakan kotak aduan dana borang aduan, mengadakan perjumpaan dengan pihak berkepentingan secara berkala, membenarkan pekerja menyertai dan menubuhkan kesatuan pekerja. Tarikh Sasaran: Jun 2019</p> <p>b) Perumahan yang disediakan kepada pekerja mematuhi peraturan-peraturan yang berkaitan Tindakan: Menjalankan pemeriksaan kawasan perumahan. sediakan tong sampah yang mencukupi, mengadakan jadual kutipan sampah.</p> <p>c) Keselamatan dan kesihatan di kalangan pekerja tinggal di kawasan ladang. Tindakan: Mengharamkan kemasukan minuman memabukkan di dalam perumahan ladang, tidak membenarkan aktiviti perjudian, sediakan pemadam api.</p> <p>d) Penggajian Minima baru Perintah Gaji Minimum 2018 Tindakan: mendapatkan persetujuan daripada pihak pekerja</p> <p>e) Kontrak kerja yang telus Tindakan: Pastikan salinan kntrak kerja</p> | | |
| Criterion 2 | Complaints and grievances | |
| Indicator | Requirement | Findings |
| 4.4.2.1 | A system for dealing with complaints and grievances shall be established and documented | |

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| Communication procedure was applicable to all estate as per "Prosedur Komunikasi (Aduan Dan Permohonan)" dated 14/09/2018. | |
| 4.4.2.2 | The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties. |
| Verified the complaint form received by management. Noted as to date management has not received any complaint either from internal worker or external stakeholder. | |
| 4.4.2.3 | A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint. |
| Sighted complaint form was located a at the management office. All stakeholders are freely to access and write their complaint or request to the management | |
| 4.4.2.4 | Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time |
| Management do briefing to the employee and to all stakeholders during the stakeholder meeting 16/01/2018. Sighted the complaint flow chart was display at the notice board surrounding the estate compound. During latest stakeholder meeting dated 12/02/2020, the management also emphasize on the complaint and grievance procedure to all participant stakeholder. Verified the minute's stakeholder meeting and attendance list. | |
| 4.4.2.5 | Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. |
| Sighted complaint document with effective date 14/09/2018 and as to date all the document are kept documented. Noted as to date management has not received any complaint either from internal worker or external stakeholder. | |
| Criterion 3 | Commitment to contribute to local sustainable development |
| Indicator | Requirement Findings |
| 4.4.3.1 | Growers should contribute to local development in consultation with the local communities. |
| CSR activity by management as below: a) contribution of PPE to ketua Kampung Jaya Bakti which has thier own plantation estate(independant smallholder). Evidence adequate. | |
| Criterion 4 | Employees safety and health |
| Indicator | Requirement Findings |
| 4.4.4.1 | An occupational safety and health policy and plan shall be documented, effectively communicated and implemented |
| 3N Estates establish the "Polisi Keselamatan Dan Kesihatan" and apporved by the Chief Executive Officer dated 26/06/2019. Sighted the content of the policy as below: a) to provide adequate control of the safety and health risk b) ensure safe handling and use of chemical c) to maintain safe working condition | |
| The management has done "Latihan Pengenalan Polisi Syarikat" to all workers dated 08/01/2020, conducted by estate manager En Samsu Alam Malakangen. Verified the Attendance list and evidence adequate. | |
| 4.4.4.2 | The occupational safety and health plan shall cover the following: |
| a) A safety and health policy, which is communicated and implemented | |
| The policy was communicate to all employee on training or briefing dated 08/01/2020, conducted by estate manager En Samsu Alam Malakangen. Site visit sighted the policy was display at notice board surrounding estate compound. During interview session with workers i.e Amri Steven(harvester) at Field 21 Acre has confirmed that they well understand about the company safety and health policy. | |

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| b) The risks of all operations shall be assessed and documented |
| <p>Sighted management establish the risk assessment as per HIRARC to all activities such as weeding, manuring, store, FFB Loading etc. Verified the risk assessment as below:</p> <p>a) Weeding Activity: Spraying Hazard: Chemical contact to body Likelihood (1) X Severity (3) = Risk (3) - LOW</p> <p>Hazard: Slippery Likelihood (1) X Severity (3) = Risk (3) - LOW</p> <p>b) Pruning Hazard: Frond stacking Likelihood (1) X Severity (2) = Risk (2)- LOW</p> <p>c) Harvesting Hazard: FFB fall to harvester Likelihood (3) X Severity (2) = Risk (6)- MEDIUM</p> |
| c) An awareness and training programme which includes the following requirements for employees exposed to pesticides: |
| <p>i) all employees involved shall be adequately trained on safe working practices; and</p> <p>ii) all precautions attached to products shall be properly observed and applied.</p> |
| <p>Refer to Program Latihan 2019/20 and sighted planed training on SOP as below:</p> <p>a) Demontrasi bancuhan racun conducted on 13/01/2020-conducted by Norazmi Emie attended by all sprayer. Verified the the training attendance list.</p> <p>b) Latihan Prosedur Meraacun conducted on 08/11/2019-conducted by Norazmi Emie attended by all sprayer. Verified the the training attendance list.</p> |
| d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). |
| <p>Seen the PPE were provided by the management for each operation need for PPE as per identified in the risk assessment. Below are the sample of PPE provided and been recorded in the PPE issuance (Issue Book):</p> <ol style="list-style-type: none"> 1. Safety helmet issued to Amri, Munib, Neni (21/06/2018). 2. Seekle cover issued to Amri, Munib (14/07/2018). 3. Apron, Hand Glove, Respirator issued to Rajib, Neni (21/06/2018) <p>During interview session with harvester at Field 21Acre has confirmed that the workers were wearing the PPE accordingly.</p> |
| e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. |
| <p>a) Verified CHRA Report (Ref#:HQ/11/ASS/00/298-2018/037) with date assessment on 02/11/2018 and verified below item:</p> <p>a) Register Of Chemical Hazardous To Health dated 08/11/2018 listed diesel, ammonium sulphate, glyphosate, garlon etc.</p> <p>b) Latest Medical Surveillance as per Summary Report Medical Surveillanceconducted by Dr Sanjay (OHD:HQ/18/DOC/00201) for Storekeeper Noraini Batiar was conducted on 12/01/2019.</p> <p>CAR-02/SH Refer to latest Medical surveillance for Storekeeper was conducted on 12/01/2019. However, the Medical Surveillance for year 2020 for related worker still not been conducted as it is more than twelve (12) month of interval. REGULATION 27. HEALTH SURVEILLANCE PROGRAMME (3)if an employee is exposed or likely to be exposed to chemicals hazardous to health listed in Schedule II, the</p> |

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| <p>health surveillance required under subregulation (1) shall include medical surveillance conducted at intervals of not more than twelve months or at such shorter interval as determined by the occupational health doctor or an occupational safety and officer who is also a medical practitioner.</p> | | |
| <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> | | |
| <p>Sighted the Appointment Letter dated 02/01/2019 to person incharge for Sfatey & Helath was given to En. Samsu Alam Malakangen which responsible for any emergency cases of accidents or any matter related with emergency incidents on the estate.</p> | | |
| <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meetings are kept and the concerns of the employees and any remedial actions taken are recorded.</p> | | |
| <p>Sighted management estbalish the Safety Committee in order to conducted the two-way communication with their employees. Verified the otganisation chart and sighted the organistaion composition of chairman, secretary, emplyee and employer rep. the issues of safety and health and welfare issue was adopted in the latest Management Meeting which was held on 10/01/2020 and also through safety briefing at Muster Ground.</p> | | |
| <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> | | |
| <p>3N Estates established the "Prosedur Persediaan Dan Tindakan Kecemasan" dated 14/09/2018. Refer to procedure management need to establish the Emergency Response Team. Sighted all estate already form the Emergency Response Team and divided into Fire, Spillage, Wild Life and Flood.</p> <p>Refer to training records estates conducted the Fire Drill/ Fire Training on 10/08/2019. The training was given by estate manager.</p> | | |
| <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite</p> | | |
| <p>Noted currently no competence First Aider present at operation, however sighted management plan to conduct by September 2020 and sighted the quotation from St John Ambulance Malaysia on offering the First Aid Training (Ref# SJAMLD/fat/01/2019 Bil:(01) dated 21/02/2019.</p> | | |
| <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> | | |
| <p>Noted all accident were recorded and sighted management submit the JKKP 8 Form to DOSH. As to date, no any accident were recorded at the 3N Estate. Verified the Akuan Penerimaan Pendaftaran JKKP8 with ref. no:JKKP8/51772/2019 with submission dated: 17/01/2020.</p> | | |
| Criterion 5 | Employment conditions | |
| Indicator | Requirement | Findings |
| 4.4.5.1 | The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees | |
| <p>Establish the Human Resource & Social Policy and approved by the GM dated 01/07/2018. The policy was contain of the commitment of the:</p> <p>i) Comply with the Employment Act 1955, Undustrial Relation ACT 1967 etc</p> <p>ii) Provide equal opportunity and teatment to all employees</p> <p>iii) Employee remuneration and employment terms and conditions</p> <p>iv) Prevent all forms of sexual harrasment</p> <p>Sighted policy was communicated during the morning briefing, display at the office and other strategic plase within the estate compund.</p> | | |
| 4.4.5.2 | The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics. | |

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| Site visit and interview sighted no any discriminatory were sighted and all employee are treated equally by provide the living quarter, salary and other benefits as per workers contract agreement. | |
| 4.4.5.3 | Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage. |
| Verified the workers agreement and sighted the payment was meet the Minimum Wage Act and as per agreemnt and sample as below: 1) Amri Steven, Post: Harvester- Wages rate: Selective (RM30@RM35@RM40/MT), Total paid for January 2020= RM1,167.65 | |
| 4.4.5.4 | Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee |
| Noted all activity not engage with any contractor. | |
| 4.4.5.5 | The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment. |
| Employee record are available in the Employee Register, verified the record Workers Personal Particular available such Name, Nationality, Date of birth, date of entered, date start employment, passport no, passport expiry date, visa number, visa expiry date, fomema issue and insurance due date. The job description and wage are stated in the Worker Contract Agreement. | |
| 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 |
| Verified the employee contracts and and sighted fair contracts for contain of contractual periods, notice of termination, annual leave, working hour, holidays etc. Sample of signed agreement as per "Perjanjian Pekerjaan" below: a) Amri Steven as Harvester, Perjanjian Pekerjaan dated 01/01/2020 b) Munib Habibullah as harvester, Perjanjian Pekerjaan dated 01/01/2020 | |
| 4.4.5.7 | The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer. |
| The time recording for employees for working hours and overtime are as per Check Roll Book for each operation. Verified the time recording for general workers as per Check Roll Book- General Workers for month of Jan and Feb 2020. | |
| 4.4.5.8 | The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement |
| Refer to the "Pejanjian Pekerjaan" the working hours and breaks of each individual are as per agreement and the working time are as below: Working Time: 6.30am - 2.30pm Break Time: 10.30 am - 11.00 am | |
| 4.4.5.9 | Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements |

| | | |
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| <p>Refer to the "Perjanjian Pekerjaan" stated the payment for workers as below: a) Normal day- 8 hours and 6 days a week</p> <p>Overtime to rate to be paid as below: a) Normal Day= OT Hours X 1.5 b) Weekend/ Rest Day = OT Hours X 2.0 c) Public Holiday = OT Hours X 3.0</p> | | |
| 4.4.5.10 | Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions | |
| Refer to agreement sighted other social benefit was provided such as medical, bonus, free electricity, workers quarters etc. | | |
| 4.4.5.11 | In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation. | |
| <p>Site visit at living quarters and sighted all workers are provide with the workers quarters. Noted the living quarters are adequate with toilet, living hall and electricity were supply by gen set. For water supply, estate management supply the water for resident usage by treated onsite water treatment.</p> <p>1) Verified line site inspections per "Pemantauan Mingguan Kawasan Perumahan" and sighted conducted by weekly on 15/03/2019, 08/03/2019, 01/03/2019 and latest inspection was done at week 3, February 2020. During site visit to workers quarters has confirmed that it is habitable and maintain clean.</p> | | |
| 4.4.5.12 | The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace | |
| <p>Establish the "Sexual Harrasment Policy dated 11/10/2018 and approved by the General Manager, Mr Tan Kong Kok. The policy was contain of the commitment of the:</p> <ul style="list-style-type: none"> i) Comply with the Employment Act 1955, Industrial Relation ACt 1967 etc ii) Provide equal opportunity and treatment to all employees iii) Employee remuneration and employment terms and conditions iv) Prevent all forms of sexual harrasment <p>Management establish a guideline "Garis Panduan Gangguan Seksual (MSPO/AE)" dated 14/09/2019 and brief the guidline to all employee during the morning briefing.</p> | | |
| 4.4.5.13 | The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. | |
| Noted management respect the right of the employee to form or join trade union and the commitment are as per Social & Human Rights Policy where the management will commit the Industrial Act 1967, Part II Trade Union. Noted as to date, no any employee are join the trade union. | | |
| 4.4.5.14 | Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions. | |
| Refer to the employee register list/workers Personal Particular and site visit and sighted no under age workers been hired by estate. | | |
| Criterion 6 | Training and competency | |
| Indicator | Requirement | Findings |

| | |
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| 4.4.6.1 | All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept. |
|----------------|--|

Available training programme for 2019 in 3N“Senarai latihan untuk tahun 2019”, which includes the following requirements for employees exposed to pesticides. Among the sampled program and completion date of training are:

| Training | Plan | Done |
|-------------------|--------------|------------|
| Manuring | April 2019 | 6/4/2019 |
| Spraying | May 2019 | 3/05/2019 |
| Harvesting | October 2019 | 21/10/2019 |
| Premix | January 2019 | 23/01/2019 |
| Fire extinguisher | August 2019 | 10/08/2019 |

| | |
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| 4.4.6.2 | Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description. |
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REHPRO **REHPRO CERTIFICATION SDN BHD** (1150425-P)
 of the management of 3N Estate Sdn Bhd in observing training needs by employee and employer as there was no evidence on training needs analysis for each job category with description of training require for each job category provided by the 88598 Kota Kinabalu Sabah

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| 4.4.6.3 | A continuous training programme should be planned and implemented ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure. |
|----------------|--|

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)
 Management shows commitment to continuously improve their worker skill and competency as available training programme for the year 2020 as in Sighted sample of training are:

| Training | Plan | Done |
|----------------|-----------------|------------|
| Riparian zone | June & Dec 2020 | |
| Schedule waste | Jan & Sept 2020 | 25/01/2020 |
| Domestic waste | May & Dec 2020 | |
| 3 R | May & Dec 2020 | |
| Zero burning | March 2020 | |

The implementation of established continuously training programme will be further verifying during surveillance audit.

| P5 Environment, natural resources, biodiversity and ecosystem services | | |
|---|-------------------------------|----------|
| Criterion 1 | Environmental management plan | |
| Indicator | Requirement | Findings |

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| 4.5.1.1 | An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented. |
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The management has established a documented environmental policy with the commitment by the management to manage the estate operation in environmentally manners. Sighted the document:

3N ESTATE

| | |
|-------------|---|
| Document | Polisi Alam Sekitar 3N Estate |
| Date | 11 th October 2018 |
| Signed By | Ketua Pegawai Eksekutif |
| Name | Tan Kong Kok |
| Commit in | <p>As per sample</p> <ul style="list-style-type: none"> • Comply with all regulations which related to environment. • Implement clean environment and workplaces. • Close monitoring of non-renewable energy. • Promotes 3R plan within the estate. |
| Observation | <ul style="list-style-type: none"> • Interview workers (Amri bin Steven) at Block 21 Ac and observed the workers was satisfactorily understand on the stipulated policies. • Briefing has been done to workers on 20th February 2020 by Manager and attended by 6 representatives. |

| | |
|-------------------------|--|
| 4.5.1.2 | The environmental management plan shall cover the following: <ul style="list-style-type: none"> a) An environmental policy and objectives. b) The aspects and impacts analysis of all operations |
|-------------------------|--|

a) Sighted the environmental policy established by the management with the commitment by the management to manage the estate operation in environmentally manners. The policy had been endorsed by the Chief Executive Officer Mr. Tan Kong Kok dated 11th October 2018.

b) As observed, available environment policy established on 11th October 2018. The aspect and impact analysis

of all operation was done on 20th August 2018 as to indicate severity of pollutions from all activities was conducted as sighted in "Analisis Aspek dan Impak Alam Sekitar", No Ref: MSPO/3N, Rev :00 which involve operation activities such as manuring, harvesting, spraying, grass cutting and etc.
 As per sample activities
 i. Schedule waste store = Likelihood 2 X Severity 1 = Risk rating of 2 for land contaminations.

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

Sighted environmental improvement plan to mitigate the negative impacts and to promote the positive ones as in "Pelan Pengurusan Alam Sekitar 3N Estate".

| | |
|------------------|--|
| Reference | N/A |
| Improvement Plan | <p><u>Improvement plan 2020</u></p> <ul style="list-style-type: none"> i. SOP Riparian zone conservation ii. Erection of buffer zone area iii. Disposed of SW to approved contactor by DOE iv. Constructing of bund in chemical, lubricant and schedule waste store. v. Provide rubbish bin to workers quarters. |
| Done | <ul style="list-style-type: none"> i. Establish procedure on 14th September 2018, Ref: MSPO/3N, Rev:00. ii. The management has appointed Pentas Flora (License No:00351) as approved collector for SW. iii. Observed during site inspection to centralized chemical and lubricant store at Foremost Dynamic Sdn Bhd, Central area, adequate bund has been established as to contained any accidently spillage. |

4.5.1.4 A programme to promote the positive impacts should be included in the continual improvement plan

Refer to the Continuous Improvement Plan (Environment), the management had identified the positive impacts that can be promoted through the environmental training and meeting.

| | |
|---------|--|
| 4.5.1.5 | An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives. |
|---------|--|

Awareness training program related to understanding of policy and improvement plans conducted through common management practices, such as briefing and briefing. As observed in 3N Estate Sdn Bhd “Program Latihan Tahun 2020”

| Training | Plan | Done |
|----------------|-----------------|------------|
| Riparian zone | June & Dec 2020 | |
| Schedule waste | Jan & Sept 2020 | 25/01/2020 |
| Domestic waste | May & Dec 2020 | |
| 3 R | May & Dec 2020 | |
| Zero burning | March 2020 | |

As interviewed sample of harvester at Block 21 Ac, observed satisfactory understanding for the workers related to policies and objective of the management towards the sustainable environment.

| | |
|---------|--|
| 4.5.1.6 | Management shall organize regular meetings with employees where their concerns about environmental quality are discussed |
|---------|--|

The management conducted environment meeting to discussing their concerns about the environmental matters. The matter that brought to the attention of the estate was available in the minutes.

| | |
|----------------|---|
| Document | Minit Mesyuarat Alam Sekitar 20 th /Feb/2020 |
| Date | 20 th February 2020 |
| Observation | Attend by 6 management representatives. |
| Matter Discuss | <ul style="list-style-type: none"> • Schedule waste classification and management. • Housing environment • 3R introduction • Riparian and buffer zone management. <p>The conclusion during the meeting was no identified pollutions occurs for the discussed matters.</p> |

| | | |
|-------------|--|--|
| Criterion 2 | Efficiency of energy use and use of renewable energy | |
|-------------|--|--|

| | | |
|-----------|-------------|----------|
| Indicator | Requirement | Findings |
|-----------|-------------|----------|

| | | |
|---------|--|--|
| 4.5.2.1 | Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period. | |
|---------|--|--|

The management has been monitoring consumption of non-renewable energy with closely monitor establishing baseline values and trends shall be observed within an appropriate timeframe. Sighted the evidence:

| | |
|----------|--|
| Document | Pemantauan Penggunaan Tenaga Tidak Boleh |
|----------|--|

| | |
|-------------|--|
| | Diperbaharui 3N Estate Sdn Bhd (Div4) |
| Year | Updated until January 2020 |
| Reference | N/A |
| Based line | - |
| Actual | Financial year starts from January. Actual until February 2020 = 350 litter |
| Litter/ BTS | 3.10 litters |

| | |
|------------|--|
| Document | Pemantauan Penggunaan Tenaga Tidak Boleh Diperbaharui Elektrik 3N Estate Sdn Bhd (Div4) |
| Year | Updated until January 2020 |
| Reference | N/A |
| Based line | - |
| Actual | Financial year starts from July. Actual until February 2020 = 4295 Kwh. |
| Kwh/Mt | 3.19 |

OBS-01/WB

Management to further improve on establishment of baseline value as to effectively monitor the using of non-renewable energy.

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

The management has estimated the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. The management has recorded of data as per below:

| | |
|-----------|---|
| Document | 3N Estate Estimate FFB Production from January 2020 until December 2020. |
| Reference | N/A |

| | |
|-----------------|------------------------|
| Date | N/A |
| Diesel (Litter) | Vehicle – 6,000 litter |

4.5.2.3 The use of renewable energy should be applied where possible

The management has been used diesel for operation on heavy machinery in estate therefore there was no any renewable energy is applied in the estate.

| | | |
|--------------------|---|-----------------|
| Criterion 3 | Waste management and disposal | |
| Indicator | Requirement | Findings |
| 4.5.3.1 | All waste products and sources of pollution shall be identified and documented. | |

Relevant waste products and sources of pollution had been identified and documented. Details was provided as in “Pengendalian Bahan Buangan” No Ref: MSP0/3N, Rev:00 dated 14th September 2018.

| Sources | Waste |
|----------------|--|
| Domestic | <ul style="list-style-type: none"> • Paper • Plastic • Glass • Food |
| Schedule waste | <ul style="list-style-type: none"> • SW 305 • SW 306 • SW 410 • SW 409 |
| Tools | <ul style="list-style-type: none"> • Used tires • Scrap iron |

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

Relevant waste products and sources of pollution had been identified and documented. Details was provided as in “Pengendalian Bahan Buangan” No Ref: MSP0/3N, Rev:00 dated 14th September 2018.

| Sources | Waste | Handling |
|----------|---|---|
| Domestic | <ul style="list-style-type: none"> • Paper • Plastic • Glass • Food | All will be recycled expect for food which thrown to landfill |

| | | | |
|---|---|-----------------------------|--|
| Schedule waste | <ul style="list-style-type: none"> • SW 305 • SW 306 • SW 410 • SW 409 | Sent to approved collector | |
| Tools | <ul style="list-style-type: none"> • Used tires • Scrap iron | Sent to approved collector. | |
| 4.5.3.3 | The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. | | |
| The management has established the Standard Operating Procedure for handling of used chemical that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. | | | |
| Document | Prosedur Pengendalian Bahan Buanagan | | |
| Date | 14 th August 2018 | | |
| Reference | MSPO/3N, Rev 00 | | |
| Content | <ul style="list-style-type: none"> • Procedure handling of empty pesticide containers • Handling of used oil and lubricants • Labelling of schedule waste • Handling of schedule waste • Storage of schedule waste | | |
| Record | Record schedule waste for used oil, dated 09/03/2019 total used oil recorded was 0.134mt, empty container 0.016mt and used rags/gloves 0.074mt. | | |
| Sighted the management of 3N has properly managed their used oil containers and empty containers with adequate label as observed at centralized schedule waste store Foremost Dynamic Sdn Bhd. | | | |
| 4.5.3.4 | Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers. | | |

The management has established the Standard Operating Procedure Triple Rinsing. The procedure had including the triple rinsing procedure for empty pesticide container for reducing the risk of contamination of water sources or to human health.

| | |
|-----------|---|
| Document | Prosedur Pengendalian Bahan Buanagan |
| Date | 14 th August 2018 |
| Reference | MSPO/3N, Rev 00 |
| Content | <ul style="list-style-type: none"> • Procedure handling of empty pesticide containers • Handling of used oil and lubricants • Labelling of schedule waste • Handling of schedule waste • Storage of schedule waste |
| Record | Record schedule waste for empty containers, until 09/03/2019 total used recorded as 0.016 mt. |

Sighted the management of 3N has properly managed their used empty containers as observed at centralized schedule waste store Foremost Dynamic Sdn Bhd.

4.5.3.5 Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.

The management has established the Standard Operating Procedure for Domestic Waste. The procedure had including the guidance on the implementation of national legislation concerning the handling and storage of domestic waste.

| | |
|-----------|--|
| Document | Prosedur Pengendalian Bahan Buanagan |
| Date | 14 th August 2018 |
| Reference | MSPO/3N, Rev 00 |
| Content | <ul style="list-style-type: none"> • Segregation of domestic waste between inorganic and organic. • Collection of domestic waste 2 times weekly • Disposal • Documentation |
| Record | Domestic waste disposal timetable |

Provided centralized landfill at Block 6, Foremost Dynamic Sdn Bhd with signboards of construct date.

OBS-02/WB

Management to further improve on erection of no open burning signage to broaden the awareness level of workers.

| | | |
|-------------|---|----------|
| Criterion 4 | Reduction of pollution and emission | |
| Indicator | Requirement | Findings |
| 4.5..4.1 | An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent | |

Established monitoring record of assessment for all polluting activities, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent as sighted record in inventory of schedule waste and diesel records.
OBS-03/WB
However, the management to further improve on providing record keeping for chemical and lubricant use as to shown management commitment towards emissions cause from daily estate operations.

| | | |
|---------|---|--|
| 4.5.4.2 | An action plan to reduce identified significant pollutants and emissions shall be established and implemented | |
|---------|---|--|

Relevant waste products and sources of pollution had been identified and documented. Details was provided as in “Pengendalian Bahan Buangan” No Ref: MSPO/3N, Rev:00 dated 14th September 2018.

| Sources | Waste | Handling |
|----------------|---|---|
| Domestic | <ul style="list-style-type: none">PaperPlasticGlassFood | All will be recycled expect for food which thrown to landfill |
| Schedule waste | <ul style="list-style-type: none">SW 305SW 306SW 410SW 409 | Sent to approved collector |
| Tools | <ul style="list-style-type: none">Used tiresScrap iron | Sent to approved collector. |

| | | |
|-------------|---|----------|
| Criterion 5 | Natural water resources | |
| Indicator | Requirement | Findings |
| 4.5.5.1 | The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: | |

a) Assessment of water usage and sources of supply.

The management has established a water management plan. Sighted evidence below: -

| | |
|-------------|---|
| Document | Pelan Pengurusan Air – Situasi Kekurangan Air |
| Date | FY 2019/20 |
| Ref | N/A |
| Situation | Based on draught condition and contaminated water. |
| Action Plan | <ul style="list-style-type: none"> • Obtain water from Jabatan Air Sabah and from nearby river. • Obtain water from nearby estate • Seek for Jabatan Air Sabah to consult on water pollution (if any). • Install tank for workers and staff • Recycle water from bund for spraying purposes. |

Rainfall data – Recorded in Foremost Dynamic Sdn Bhd (centralized) Rainfall Data with to date until 07/02/2020 total of 192mm for the month of February 2020.

Observed also the management of 3N has conducted the sampling test of water as in:

| | |
|---------------|--|
| Document | Test report of water |
| Date received | 07 th February 2020 |
| Ref No | CK/CL405/0423A/20 |
| Date Sampling | 31 st January 2020 |
| Tested by | Chemsain Konsultant Sdn Bhd |
| Result | Result show pass on pH, BOD and Ammonical Nitrogen |

OBS-04/WB

However, to further improve on sampling of rain water that being used by the workers as drinking water.

b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities

Verified during site inspection to Block 90 Ac until Block 21 Ac, there was no any waterways flow within the estate area.

c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).

The management has established a water management plan. Sighted evidence below: -

| | |
|-------------|---|
| Document | Pelan Pengurusan Air – Situasi Kekurangan Air |
| Date | FY 2019/20 |
| Ref | N/A |
| Situation | Based on draught condition and contaminated water. |
| Action Plan | <ul style="list-style-type: none"> • Obtain water from Jabatan Air Sabah and from nearby river. • Obtain water from nearby estate • Seek for Jabatan Air Sabah to consult on water pollution (if any). • Install tank for workers and staff • Recycle water from bund for spraying purposes. |

Rainfall data - Recorded in Foremost Dynamic Sdn Bhd (centralized) Rainfall Data with to date until 07/02/2020 total of 192mm for the month of February 2020.

d) Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.

Verified during site inspection to Block 90 Ac until Block 21 Ac, there was no any waterways flow within the estate area.

e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.

Verified during site inspection to Block 90 Ac until Block 21 Ac, there was no any waterways flow within the estate area.

f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.

Verified during site inspection to Block 90 Ac until Block 21 Ac, there was no any waterways flow within the estate area.

| | | |
|---|---|----------|
| 4.5.5.2 | No construction of bunds, weirs and dams across main rivers or waterways passing through an estate. | |
| Verified during site inspection to Block 90 Ac until Block 21 Ac, there was no any waterways flow within the estate area. | | |
| 4.5.5.3 | Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles). | |
| During audit, the management has practiced the harvesting of water in the field. Sighted the evidence: | | |
| Observation 1 | Water Tank - Harvest rain water at labour quarters central division of Foremost Dynamic Sdn Bhd labour quarters for housing number Block A, B, C and D. | |
| Criterion 6 | Status of rare, threatened, or endangered species and high biodiversity value area | |
| Indicator | Requirement | Findings |
| 4.5.6.1 | Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover: | |
| a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities. | | |
| The management has conducted High Biodiversity Assessment on December 2019 for respective estate conducted by appointed consultant (PASS). Approach has provided an indication of the biodiversity of natural areas. Other species such as birds, mammals and reptile's species as listed in Sabah Wildlife Conservation Enactment 1997 (Schedule 1 & 2). | | |
| b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities. | | |
| As per HBV report there is no ERT species has been found within the estate. 8 mammal and 15 bird's species were listed within the such as Macaca fascicularis, Prionailurus bengensis and Turnix suscitator. | | |
| 4.5.6.2 | If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include: | |
| a) Ensuring that any legal requirements relating to the protection of the species are met | | |
| During audit, the management has implemented requirement in the estate. Sighted the evidence: | | |
| Observation 1 | Signboard Dilarang Memburu at main gate entrance | |
| Observation 3 | Briefing record of environment to workers | |
| Observation 4 | Signboard Dilarang Pembakaran Terbuka at labour quarters | |
| b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts | | |
| During audit, the management has implemented requirement in the estate. Sighted the evidence: | | |

| | |
|---------------|--|
| Observation 1 | Signboard Dilarang Memburu at main gate entrance |
| Observation 3 | Briefing record of environment to workers |
| Observation 4 | Signboard Dilarang Pembakaran Terbuka at labour quarters |

4.5.6.3 A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.

During audit, the management has implemented requirement in the estate. Sighted the evidence:

| | |
|---------------|--|
| Observation 1 | Signboard Dilarang Memburu at main gate entrance |
| Observation 3 | Briefing record of environment to workers |
| Observation 4 | Signboard Dilarang Pembakaran Terbuka at labour quarters |

Indicator 7 Zero burning practices

| Indicator | Requirement | Findings |
|-----------|-------------|----------|
|-----------|-------------|----------|

4.5.7.1 Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.

The management has established a documented environmental policy with the commitment by the management to manage the estate operation in environmentally manners. Sighted the document:

3N ESTATE

| | |
|-------------|--|
| Document | Polisi Alam Sekitar 3N Estate |
| Date | 11 th October 2018 |
| Signed By | Ketua Pegawai Eksekutif |
| Name | Tan Kong Kok |
| Commit in | As per sample <ul style="list-style-type: none"> Comply with all regulations which related to environment. Implement clean environment and workplaces. Close monitoring of non-renewable energy. Promotes 3R plan within the estate. |
| Observation | <ul style="list-style-type: none"> Interview workers (Amri bin Steven) at Block |

| | | |
|---|---|----------|
| | <p>21 Ac and observed the workers was satisfactorily understand on the stipulated policies.</p> <ul style="list-style-type: none"> Briefing has been done to workers on 20th February 2020 by Manager and attended by 6 representatives. | |
| 4.5.7.2 | A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop. | |
| No replanting activity at the point of assessment | | |
| 4.5.7.3 | Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws. | |
| Site visit and sighted no any zero burning was practiced at the replanting area and controlled burning was not allowed by any enforcement body. | | |
| 4.5.7.4 | Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. | |
| No replanting activity at the point of assessment | | |
| P6: Best Practices | | |
| Criterion 1 | Site management | |
| Indicator | Requirement | Findings |
| 4.6.1.1 | Standard operating procedures shall be appropriately documented and consistently implemented and monitored. | |
| <p>Standard operating procedures have been appropriately documented and consistently implemented and monitored. The standard operating procedure includes:</p> <ol style="list-style-type: none"> Nursery Planning, pre-planting and replanting Immature upkeep Harvesting Oil Palm Pest Oil palm disease Water management Etc. <p>Observed during site visit to harvesting Block 21 Ac, interviewed sample of harvester Amri Steven was understood regarding harvesting SOP.</p> | | |
| 4.6.1.2 | Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals. | |

| | | |
|--|---|----------|
| As observed during site verification at Block 90 until Block 21 Ac, the management protect their hilly and rolling area by maintaining soft grasses and cover crops (CC). | | |
| 4.6.1.3 | A visual identification or reference system shall be established for each field. | |
| Observed there is Block marking system established by the management indicating division, block number, hectareage and clonal as sighted during site visit to Block 90 Ac until Block 21 Ac for 3N Estate Sdn Bhd. | | |
| Criterion 2 | Economic and financial viability plan | |
| Indicator | Requirement | Findings |
| 4.6.2.1 | A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. | |
| Verified the Harus Hijau Development Sdn Bhd -Budget for 2019 and 2020 for the total area of 164.11 ha. Crop projection Mt estimate: 2020 = 1,925 tonne, 2021= 1,920 tonne Operation cost (RM): 2020 = RM 8,865.25, 2021 = RM 3,878.45/Ha Price forecast (RM): 2020 = RM 450, 2021 = RM 450.00/tonne Cost/mt (RM) = 2020 = RM139.86, 2021 = RM 140.33/tonne Profit loss (RM) = 2020 = RM 1,635,710.40, 2021 = RM 1,633,460.40 | | |
| 4.6.2.2 | Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years | |
| Verified during site visit to Block 90 Ac until Block 21 Ac, the oldest palm is planted on 2016. Thus, the replanting programme is not necessary. | | |
| 4.6.2.3 | The business or management plan may contain: a) Attention to quality of planting materials and FFB. b) Crop projection: site yield potential, age profile, FFB yield trends. c) Cost of production: cost per tonne of FFB. d) Price forecast. e) Financial indicators: cost benefit, discounted cash flow, return on investment. | |
| Verified the Harus Hijau Development Sdn Bhd -Budget for 2019 and 2020 for the total area of 164.11 ha. Crop projection Mt estimate: 2020 = 1,925 tonne, 2021= 1,920 tonne Operation cost (RM): 2020 = RM 8,865.25, 2021 = RM 3,878.45/Ha Price forecast (RM): 2020 = RM 450, 2021 = RM 450.00/tonne Cost/mt (RM) = 2020 = RM139.86, 2021 = RM 140.33/tonne Profit loss (RM) = 2020 = RM 1,635,710.40, 2021 = RM 1,633,460.40 | | |
| 4.6.2.4 | The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented. | |
| Available monitoring progress provided by 3N Estate Sdn Bhd to monitor their planned budget 2019 - 2020. Sighted document in document Borneo Crops Group of Companies Replanting cost up to date Budget review - Sampled monitoring of tonnage of FFB Estimated =1,925 tonne Actual = 42.26 tonne as in oil palm yield return for the month of January 2020. | | |
| Criterion 3 | Transparent and fair price dealing | |
| Indicator | Requirement | Findings |
| 4.6.3.1 | Pricing mechanisms for the products and other services shall be documented and effectively implemented. | |

Appropriate pricing mechanism for product and services was available as in 3N Estate Jadual Kenaikan harga Bagi tahun 2019. As sampled of the piece rated given by the management to their workers are:
i. Harvesting FFB/palm age 2002-2004 - RM 35.00/tonne
ii. Manuring FFB/ 1.00kg to 2.00 kg = RM 10.00/Ha
iii. manuring FFB 2.00kg > = RM 12.00/Ha
iii. Selective spray - RM 18.00/Ha
iv. Night-watchmen = RM 1100.00/month

4.6.3.2 All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner

All contracts were paid fair, legal and transparent and agreed payments have been made in timely manner. Sighted the evidence:

| Description | Remarks | Paid |
|--|--------------------------------------|--|
| Salary for the month of 7 th January 2020 | Harvesting payment (Amri bin Steven) | i. 0.80 tonnes X RM 35.00/tonne = RM 28.00 |

As observed, payment rate for harvester Amri bin Steven was paid as per piece rate payment 3N Estate Jadual Kenaikan harga Bagi tahun 2019.

Criterion 4 Contractor

Indicator 1 Requirement Findings

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

There was no contractor appointed by the management during the audit being conducted.

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

There was no contractor appointed by the management during the audit being conducted.

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

There was no contractor appointed by the management during the audit being conducted.

4.6.4.4 The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted

There was no contractor appointed by the management during the audit being conducted.

P7: Development of new plantings

Criterion 1 High biodiversity value

Indicator Requirement Findings

| | | |
|-------------|--|----------|
| 4.7.1.1 | Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation. | |
| NA | | |
| 4.7.1.2 | No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required | |
| NA | | |
| Criterion 2 | Peat Soil | |
| Indicator | Requirement | Findings |
| 4.7.2.1 | New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice. | |
| NA | | |
| Criterion 3 | Social and Environmental Impact Assessment (SEIA) | |
| Indicator | Requirement | Findings |
| 4.7.3.1 | A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations. | |
| NA | | |
| 4.7.3.2 | SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders. | |
| NA | | |
| 4.7.3.3 | The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed. | |
| NA | | |
| 4.7.3.4 | Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed. | |
| NA | | |
| Criterion 4 | Soil and topographic information | |
| Indicator | Requirements | Findings |
| 4.7.4.1 | Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation | |
| NA | | |
| 4.7.4.2 | Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure | |
| NA | | |
| Criterion 5 | Planting on steep terrain, marginal and fragile soils | |

| Indicator | Requirements | Findings |
|--------------------|---|----------|
| 4.7.5.1 | Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. | |
| NA | | |
| 4.7.5.2 | Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. | |
| NA | | |
| 4.7.5.3 | Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion | |
| NA | | |
| Criterion 6 | | |
| Indicator | Requirements | Findings |
| 4.7.6.1 | No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions | |
| NA | | |
| 4.7.6.2 | Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. | |
| NA | | |
| 4.7.6.3 | Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available | |
| NA | | |
| 4.7.6.4 | The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement. | |
| NA | | |
| 4.7.6.5 | Identification and assessment of legal and recognised customary rights shall be documented. | |
| NA | | |
| 4.7.6.6 | A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented. | |
| NA | | |
| 4.7.6.7 | The process and outcome of any compensation claims shall be documented and made publicly available. | |
| NA | | |
| 4.7.6.8 | Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development. | |
| NA | | |

Observation for Improvement

Details

OBS-01/WB

Refer clause 4.5.2.1 Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.

The management has provided proper records on non-renewable energy, however the management to further improve on establishment of baseline value as to effectively monitor the using of non-renewable energy.

4.5.2.1 Efficiency of energy use and use of renewable energy (MS 2530-3:2013)

OBS-02/WB

Refer Clause 4.5.3.5 Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.

During site verification at Block 6 Foremost Dynamic Estate, observed the landfill area has been maintained as in procedure, however the management to further improve on erection of no open burning signage to broaden the awareness level of workers.

4.5.3.5 Waste management and disposal (MS 2530-3:2013)

OBS-03/WB

Refer clause 4.5.4.1 An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.

Proper records of diesel used, inventory of schedule waste However, the management to further improve on providing record keeping for chemical and lubricant use as to shown management commitment towards emissions cause from daily estate operations.

4.5.4.1 Reduction of pollution and emission (MS 2530-3:2013)

OBS-04/WB

Refer clause 4.5.5.1 (a) Assessment of water usage and sources of supply.

Record of water sampling was provided as in CK/CL405/0423A/20. Management to further improve on sampling of rain water that being used by the workers as drinking water.

4.5.5.1 Natural water resources (MS 2530-3:2013)

CAR-01/SH

Refer clause 4.3.1.1 All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.

According to the Land Title for 3N Estate Sdn Bhd declared that total Ha was 287.202HA. However during audit, refer to MPOB Licence (#535523002000) has stated that hectarage for 3N Estate Sdn Bhd (Tungku Area) was only 120.33HA. Such hactarage in the MPOB licence was not in-line with the Total Certified HA for 3N EState (Tungku Area).

4.3.1.1 Regulatory requirements (MS2530-3:2013)

CAR-02/SH

Refer clause 4.4.4.2 The occupational safety and health plan shall cover the following:

b) The risks of all operations shall be assessed and documented.

Refer to Medical surveillance for Storekeeper conducted latest on 12/01/2019. However, the Medical Surveillance for year 2020 for related worker still not been conducted.

PART IX - HEALTH SURVEILLANCE

REGULATION 27. HEALTH SURVEILLANCE PROGRAMME

(3)If an employee is exposed or likely to be exposed to chemicals hazardous to health listed in Schedule II, the health surveillance required under subregulation (1) shall include medical surveillance conducted at intervals of not more than twelve months or at such shorter interval as determined by the occupational health doctor or an occupational safety and officer who is also a medical practitioner.

4.4.4.2 Employees safety and health (MS2530-3:2013)

CAR-03/SH

Refer clause 4.4.6.2 Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.

There is inconsistency of the management of 3N Estate Sdn Bhd in observing training needs by employee and employer as there was no evidence on training needs analysis for each job category with description of training require for each job category provided by the management upon the audit being conducted.

4.4.6.2 Training and competency (MS 2530-3:2013)

During the assessment 3 nonconformities were identified.

APPENDIX 1

MAP OF ESTATE FOR 3N Estates Sdn Bhd – Div 4

