

MSPO INITIAL CERTIFICATION SUMMARY REPORT

STANDARD:	MS2530-3:2013 (Part 3) General Principles for Oil Palm Plantations and Organized Smallholders	
PLANTATION:	MASKAT ESTATE Lot 29, Block 10, Lavang Land District 97000, Bintulu, Sarawak.	
OWNED BY:	BORNEO AGRO-RESOURCES SDN BHD 2 nd Floor, No 91-93, Jalan Kampung Nyabor, 96000, Sibul, Sarawak.	
PROJECT NO:	BQ/BAR/005-2/06/19	June 2019
CERTIFICATION BODY:	BQAS Certification (M) Sdn Bhd (11179994-x) Sublot 6, 2 nd Floor, Block A, Kings' Center, Simpang Tiga, 93350, Kuching, Sarawak.	
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Documented by	Wilfred S Landong	July 2019
Certified by	Patrick Sibat Sujan	July 2019
Certificate Issued on	1st August, 2019	Certificate No: BQAS 005-2
Validity Date:	1st August, 2019 to 31st July, 2019	

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EXECUTIVE SUMMARY

This is an Initial Certification Audit & scope is Group Certification under MSPO MS2530-3:2013. Borneo Agro-Resources Sdn Bhd (BARSB) as a group, owned and operate 1 Palm Oil Mill and 3 Plantations. This is an Initial Certification Audit under **MSPO MS2530-4:2013**. There are 3 Plantations owned by BARSB. As follows:

- Maskat Estate
- Labang Estate
- SHC Tubau Plantation Sdn Bhd

For clarity this Initial Certification Audit is confined to Maskat Estate [representing the group of plantations owned by BARSB]. Labang Estate & SHC Tubau Estate will be audited during Year 1 Surveillance Audit that would take place in March 2020.

The assessment method follows principles of **3P** (Paper, Practice & People)

This certification assessment is a sampling process where management systems effectiveness & efficiency are confirmed via an Audit Trail that the Auditor established to make an accurate conclusion.

Maskat Estate, sited on a land (leased from the State of Sarawak with title validity date from July 1999 till July 2059) is located at Geo-coordinates N3°15.065' E113°25.336' in the Bintulu Division of Sarawak; with estimated distance of approximately 35 kilometres from Bintulu Town. Maskat Estate was established and planting began in 2002. The following are pertinent information:

- Certified Area Size: 3132.9ha
- Maskat estate has 211 employees: 45 local/166 foreign
- MPOB License No: 5046 6810 2000
- FFB Production projection for 2019: 99,100mt
- Projected average pricing for 2019: RM396/- per metric ton

Stage 1 Audit was conducted on 27 & 28 Feb 2019 & Stage 2 on 09 & 10 April 2019 respectively. 4 Auditors were assigned to do the Assessment; clocking a total of 10 Mandays to complete the Audits.

Assessments were done at Estate Office/other premises and plantation sites at both Stages of the Audit. Information & data were systematically gathered & documented from interviews, observations of process and activities, field audits & review of documentations and records.

There were 11 Findings in Stage 1 Audit classified as AWF (acceptable with findings noted); in areas of Internal Audit, Management Review, Boundary markings of the land, Social Impact Assessment (SIA), Employee Safety & Health, Water Management Plan. The corrective action report (CAR) for these findings were closed out on 06 04 2019.

In Stage 2 Audit 2 NC [non-conformance] & 2 OFI (opportunity for improvements) was recorded; The corrective action report (CAR) for these findings were closed out on 08 May 2019.

In both Audit Stages, dialogues and interviews were conducted with staffs, foreign workers, Local community representatives, & stakeholders to gauge understanding of MSPO principles, applications & its importance and relevance to sustainable growth and production of palm oil products. Also assessed were their opinion on working & business relationship with Maskat Estate Management and this was found to be positive, cordial & mutually beneficial.

Local communities are allowed access and use of roads within the Plantation. BARSB assist in maintaining roads leading to longhouses surrounding the Plantation as and when requested by the communities as part of its Corporate Social Responsibility program.

Plantation employees are remunerated well above minimum wage; and living & housing conditions in the Mill Staff & Workers Quarters meet all requirements of health & safety regulations & the relevant Housing Act. Available amenities in Maskat Estate include treated water, domestic waste collection & disposal, electricity and telecommunication services. Other facilities provided include, Surau, Chapel, nursery & kindergarten school, badminton hall, school bus, playground etc.; provided for welfare and benefits of the employees. Local communities who are suitably qualified are given priority to work at the Estates. BARSB, represented by Maskat Estate has complied & conformed to MSPO Certification standards, conditions & requirements.

Conclusively, the Lead Auditor therefore recommended that BARSB estates be certified under MSPO Standards MS2530-4:2013 (Part 3 – General Principles for Oil Palm Plantation & Smallholders).

1. INTRODUCTION

This report presents the assessments, findings & recommendations on certification evaluation of SOPE which is seeking certification under MSPO MS2530-3:2013.

This is an Initial Certification Audit to assess the entity's preparedness, compliance & conformance to MSPO Standards MS2530-3:2013 (Part 3: Requirements for Oil Palm Plantations & Organized Smallholders)

1.1. INFORMATION: CERTIFICATION ASSESSMENT

Type of Assessment:	Initial Certification Audit
Scope of MSPO Certification:	Individual Certification
MSPO Standard:	MS2530-3:2013
Geo-Coordinates:	N3°15.065' E113°25.336'

1.2. INFORMATION: CERTIFIED ENTITY

2.1	Name of Plantation: Location:	Maskat Estate		
	Wholly owned by:	Borneo Agro-Resources Sdn Bhd (312929-A)		
2.2	Main Office [HQ] Address:	2 nd Floor, No 91-93, Jalan Kampung Nyabor, 96000, Sibul, Sarawak		
2.3	Management/Contact Details:			
	a. Mr. Hii Yik Ping Managing Director	Tel: 084 325 833 Mobile: 016 522 8338	Email: hiiyp@yahoo.com Fax: 085 680 113	
	b. Mr. Yong Cheng Kong Field Manager	Mobile: 013 510 6089	Email: ninjayong@gmail.com	
2.4	MPOB License No:	5046 6810 2000	Expiry Date:	30-11-2019
	Scope of Activity:	Menjual dan Mengalih		
2.5	Certified Area:	3132.9ha	Planted Area:	3120ha
2.6	Est. FFB Annual Production:	2019	99,100mt	2020 100,000mt
2.7	Date of Certification:	July 2019		Validity: 5 years / July 2024
2.8	Other Sustainability Certification:	Nil		

2. THE AUDIT TEAM

Audit Stage	Name:	Role
Stage 1	Wilfred S Landong	Lead Auditor
	Charles Tibok	Auditor
	Douglas Alau Tayan	Auditor in Training
Stage 2	Wilfred S Landong	Lead Auditor
	Maxwell S Landong	Auditor in Training

A.	Wilfred S Landong	Lead Auditor
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Qualifications:

- Advanced Dip in Business & Management, UK
- Degree in Marketing, UK
- Masters in Marketing, UK
- Successfully completed MSPO Lead Auditor Course (Pioneer Group) on 30th January, 2015

Working Career & Experience:

Year ended	Employer	Highest Job
1980	Cigarette Importers & Distributor	Area Executive
1990	Sebor Sarawak Sdn Bhd	Divisional Manager
1997	Gillette (M) Sdn Bhd	Country Manager
1999	Zuelling (M) Sdn Bhd	Sales & Marketing Director
2002	TimeDotCom. Bhd	Vice President
2012	Sarawak Forestry Corporation Sdn Bhd	General Manager
Present	BQAS Certification (M) Sdn Bhd	Managing Director

Relevant MSPO Related Credentials:

Sarawak Forestry Corporation SB

- Pioneer GM of Sarawak Forestry Corporation SB (SFC), a wholly owned Company of Sarawak Government; responsible for formulating and implementing the Company's organization structure, policies, regulations, procedures etc. Custodian of accreditation & certification related to management of Protected areas & Biodiversity conservation.
- During tenure of office, Certification achieved included ISO9001 (2004), ISO14001(2004), OHSAS1800 (2007)
- Intimate knowledge of sustainable forestry management and regulatory requirements enhanced a clear perspective & understanding of how palm oil industry should be managed sustainably.
- Highly conversant & knowledgeable on Sarawak Forests Ordinances, Wildlife Protection Ordinance, Land Code, Native/NCR land laws; easily can relate and apply to governance and implementation of MSPO Principles & guidelines.

BQAS Certification (M) SB

- As MD of BQAS responsible for the formulation & implementation of Quality Manual, Policies & Procedures as required for Accreditation as Certified Body by Department of Standards Malaysia (DSM) under ISO/IEC 17021-1.
- Top management accountability & responsibility to ensure BQAS conformance & compliance on operations, implementation & administration of MSPO MS2530:2013 as required by the owner of the Standard (MPOCC).

B.	Charles Tibok	Auditor
Qualifications		
<ul style="list-style-type: none"> • Bachelor of Science (Hons) in Quantity Surveying, UK • Successfully completed MSPO Lead Auditor Course in 2017 		
Working Career & Experience		
<ul style="list-style-type: none"> • Asst. Project Coordinator: WWF Malaysia • Senior Quantity Surveyor/Deputy Director (Contracts): University Malaysia Sabah • Manager, Contracts: SCHB Engineering Services Sdn Bhd • Senior Quantity Surveyor: DRB Hicom Bhd • Senior Quantity Surveyor: Sabah Housing & Town Development Authority • Quantity Surveyor: Bumiputera Participation Unit, Kota Kinabalu 		
Relevant MSPO Related Credentials:		
<ul style="list-style-type: none"> • Auditing experiences with 2 Universities in Sabah • External Auditor for Marine Protected Areas for Sabah Parks • Completed QMS MS-ISO-2008 in 2009 • Completed QMS MS-ISO-2000 in 2007 • Internal Quality Auditing: 2007 • Risk Management: 2005 • Total Quality Management: 1994 		

C.	Douglas Alau Tayan	Auditor in Training
Qualifications		
<ul style="list-style-type: none"> • Diploma in Agriculture Science, UPM. Malaysia • Bachelor in Agriculture, USA • Masters in Agriculture Science • Completed ISO 14001 Lead Auditor Course 2015 • Completed MSPO Auditor Course on 15 June, 2017 • Completed MSPO Peer Reviewer Course on 26 October, 2017 		
Working Career & Experience:		
Year Ended	Employer	Highest Job
2004	Edward & Sons Sdn Bhd	General Manager
1998	The Borneo Sun Newspaper Sdn Bhd	General Manager
1995	Universiti Pertanian Malaysia	Lecturer
1982	Universiti Pertanian Malaysia	Assistant Agriculture Officer
Relevant MSPO Related Credentials:		
<ul style="list-style-type: none"> • Consultant for EIA Studies & Project Feasibility Studies in Sarawak and Sabah; From 1987 till present; total of 27 projects including 5 on Plantation Feasibility Studies for SALCRA and Sime Darby Plantations in Sarawak. • MSPO MS2530:2013 Consultant for 5 Plantations in Sarawak (since 2017) • Contractor for Felcra Bhd Oil Palm Plantation Projects in Sarawak (1995-1998) • Managing Consultant & Partner to WKN Nursery & Plantations Sdn Bhd from 2009 till present. • Consultant to Megah Hijau Palm Oil Plantation, Kuching (2011 till present) • Manager & Partner to Sg Kedang Oil Palm Plantation at Simunjan, Sarawak (2011 till Present) 		

D.	Maxwell S Landong	Auditor in Training
Qualifications		
<ul style="list-style-type: none"> Advanced Diploma in Veterinary Science, UPM Bachelor of Science (Hons) in Resource Economics, UPM Masters of Science in Human Resource Development, UPM Completed Train the Trainer Course by HRDF in August 2018 Completed MSPO Auditor Course in July 2018 		
Working Career & Experience:		
Year Ended	Employer	Highest Job
2018	SALCRA, Sarawak	Human Resource & Admin Manager
1986	Brunei Shell, Brunei Darussalam	Livestock Officer
1983	National Livestock Development Board, Miri	Assistant Manager
Relevant MSPO Related Credentials:		
<u>SALCRA Sarawak</u> <ul style="list-style-type: none"> Practical and present knowledge of Mill operations and Mill management SALCRA is the principal Sarawak state government agency involved in the formulation, implementation & management of Palm oil business particularly for the native communities of Sarawak As a Senior Management in SALCRA was involved in various lead role & capacities in management of Palm Oil Business (Mills/Plantations) for 28 years As HRAM is fully conversant with human resource management & training & capacity building in the Oil palm industry; including the requirements, process and engagement of foreign workers, Mills & Plantation Management. Additionally, conversant on types and method of implementing joint ventures program and development and participation of native landowners in Oil palm business. Develop & implement SALCRA Trainee Mill Engineer Training Program & Plantation Executive Development Program Member – Incorporated Society of Planters (ISP) Malaysia Member – Malaysian Institute of Human Resource Management Member – MPOB Steering Committee for Intensive Diploma in Oil Palm Management & Technology (IDOPMT) Program Highly conversant and knowledgeable on employment conditions, staff welfare & benefits, foreign workers employment etc. in a palm oil plantation organization. 		

3. AUDIT METHODOLOGY

This certification assessment is a SAMPLING process where management systems effectiveness & efficiency are confirmed via an audit trail that the Auditor established to make an accurate conclusion.	
Information gathering Data collection	<ul style="list-style-type: none"> Interviews Observation of process & activities Review of documentations & records Site visits Field inspections
Assessment method	<p>Paper</p> <ul style="list-style-type: none"> Assessing past implementations from records, reports of the management system <p>Practice</p> <ul style="list-style-type: none"> Assessing current implementation from observing current practices <p>People</p> <ul style="list-style-type: none"> Assessing future maintenance from interviewing personnel on understanding & assessing competencies

Stage 1: Audit Findings Classification

Term	Meaning / Description
Acceptable	Fulfil requirement of audited standard
Acceptable with findings noted	Demonstrate conformity. There are, however, improvement opportunity identified that will benefit the organization
Not acceptable	Demonstrate absence or total breakdown of system to meet standard requirement

Stage 2: Audit Findings Classification

Term	Meaning	Description
YES	Compliance	Fulfil requirement of audited standard
OFI	Opportunity for improvements	Demonstrate conformity. There are, however, improvement opportunity identified that will benefit the organization
NO (minor NC)	Minor non conformity	Non-compliance to standard requirements or company's SOP; or are issues that when combined, jeopardized the functioning of the system
NO (major NC)	Major non conformity	Demonstrate absence or total breakdown of system to meet standard requirement, or a number of minor NC against a clause of standard requirements / at a particular area. Of last assessment that are not effectively addressed will be classified as major NC.

4. AUDIT PLAN

AUDIT SITES:

For both Stage 1 & Stage 2 the Audit Team performed assessments at:

- Plantation & Estate site office / premises / workers & staff quarters & facilities

STAGE 1 AUDIT PROGRAM:

Date	27 & 28 Feb 2019	No of Auditors	3	No of Mandays	6
Day 1	Documentation Audit at Maskat Main Office.				
Day 2	Plantation Sites/facilities Audit				

Audit Parameters:

- Basic information about the entity
- Management system: scope & documentation
- Evaluation of location/site specific conditions

- Review understanding regarding requirements of the MSPO Standards (key performance, processes, objectives)
- Related statutory & regulatory aspects & compliance
- Land status/legality
- MSPO policies, procedures
- Management Manual
- Management Plan
- Resources management (water/non-renewable energy use)
- Determine preparedness for Stage 2 Audit
- Fertilizers/Chemical/Schedule waste stores
- Estate Office & Workers Quarters, Signages
- Boundary Markers, Geo-coordinates, Buffer Zone, Riparian Reserves
- Stakeholders interview

STAGE 2 AUDIT PROGRAM:

Date	09 & 10 April 2019	No of Auditors	2	No of Mandays	4
Day 1	Documentation Audit at Maskat Main Office.				
Day 2	Plantation Sites/facilities Audit				

Audit Parameters:

- Evaluate implementation, including effectiveness of the management system
- Information & evidence about conformity to all requirements
- Performance monitoring, measuring, reporting
- Reviewing against key performance objectives & targets
- Performance as regards legal compliance
- Operational control of the client's process
- Internal auditing & Management review
- Management responsibilities for policies
- Links between the normative requirements, policy
- Competence of personnel
- Customer specific requirements
- Harvesting / collection of loose fruits / logistics & traceability of FFB
- Use of PPE / Safety & Health training program
- Revisit other points/areas of buffer zone, Riparian reserves, boundaries
- Implementation of Policies & procedures at all stores (fertilizer, chemical, schedule waste store)
- Improvements to workers quarters – health & safety
- Infrastructure / roads & drainage / natural water management
- Continuous improvement plan & implementation
- Implementation of Best practices
- Implementation of environmental management plan
- Stakeholders & workers interview

5. AUDIT PROCESS

The Audit Process for both Stage 1 & 2 Assessments was programmed similarly as follows:

No	Process	Description / Activities
1	Public Notification	Written notice to inform public on MSPO Audit is posted at Plantation Office 1 month before Audit dates
	↓	
2	Audit Plan	Auditee received 2 weeks before Audit dates
	↓	
3	Audit Day 1	<ul style="list-style-type: none"> a. <u>Opening Meeting</u> Participants: Audit Team & Auditee Management Agenda: Audit Plan, Objectives, Assessment Method b. <u>Documentation Review</u> Management Systems, Policies, Procedures, MSPO Principles 1 to 6 documents etc.
	↓	
4	Audit Day 2	<ul style="list-style-type: none"> a. <u>Plantation Site / Office Audit</u> Stakeholders interviews, MSPO knowledge of Estate staffs, Checks & verifications on Boundary, Buffer Zone, Riparian Zone, Waste/scheduled waste management, Water management, Water courses, Staff/workers housing & amenities, Harvesting, Use of PPE, Stores, Workshop b. <u>Closing meeting</u> Participants: Audit Team & Auditee Management Agenda: Report / Checklists: review, discuss & decide corrective & forward action to be taken with Auditee

6. STAGE 1 AUDIT REPORT

BARSB [MASKAT ESTATE]

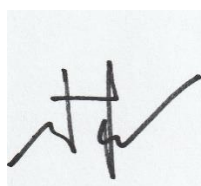
MSPO Stage 1 Audit Report [Summary Version]

Reference No.: BAR/ME/ST1/AR

Please check here if there are any changes to the current Stage 2 date or resource plans:

Standard(s):	<input type="checkbox"/> MS 2530-1 <input type="checkbox"/> MS 2530-2 <input checked="" type="checkbox"/> MS 2530-3 <input type="checkbox"/> MS 2530-4
Other Standard and/or Edition:	NIL

Organization:	BORNEO AGRO RESOURCES SDN BHD (MASKAT ESTATE)	
Address:	LOT 29, BLOCK 10, LAVANG LAND DISTRICT, 96007, BINTULU,	
City, State, Zip:	SARAWAK	
Country:		
Organization representative:	MR YONG CHENG KONG	
Stage 1 audit date:	27TH & 28TH FEBRUARY, 2019	
Stage 2 scheduled date:	TO BE CONFIRMED	
BQAS audit team:	Name	Role
	WILFRED LANDONG	LEAD AUDITOR
	CHARLES TIBOK	AUDITOR
	DOUGLAS ALAU	AUDITOR



BQAS Lead Auditor Signature:

Company Representative Signature: _____  _____ Yong Cheng Kong [Field Manager]

This acknowledges the BQAS audit team's visits to this location and the organizations receipt of the report. Distribution of this report consists of the organization named above and parties names per contractual agreement. Additional distribution must be authorized by the organization.

1. INFORMATION ABOUT THIS ORGANISATION

NOTE: Provide here information about the main site or excerpt site(s) that is included in this Certification

ORGANIZATION		BORNEO AGRO RESOURCES SDN BHD (MASKAT ESTATE)			
1	Site or Remote Location	Site			
		Group Management			
		Member of Group management			
2	Facility covered under this Audit or another CB?	This Audit			
		Other CB			
3	Primary Function of the Site	Plantation/Organized Smallholders			
		Mill			
		Kernel Crushers			
		Refinery			
		Biomass			
		Biofuel Plant			
4	Address	LOT 29, BLOCK 10, LAVANG LAND DISTRICT, 96007, BINTULU, SARAWAK			
5	Headcount	Staffs	45	General Workers	166
6	Planned / Recommended Stage 2 Audit Mandays		4 MANDAYS		
7	Production Capacity		99100 MT		

NOTE: Do not complete this column for sites where another Stage 1 Audit is required

SCOPE	Lists the Scope of Registration for each applicable standard
MPOB Registration No	504668102000
Scope of Registration	MENJUAL DAN MENGALIH FFB#

2. Management System Readiness (General)

Was the review of the client's status and understanding regarding requirements of the standard/ specification, in particular with respect to the identification of key performance or significant aspects, processes, objectives and operation of the management system was found to be adequate?	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed Comments/Justification/Evidence: Management system in place
The Top-Level Management System Manual detailing justification for exclusions, inclusion of or reference to documented procedures for the management system, and providing a description of the interaction between processes?	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed Comments/Justification/Evidence: Linkage noted between QM & SOP
List any manual discrepancies:	
	<ol style="list-style-type: none"> No response to BQAS required Changes will be reviewed during Stage 2 audit
The policy is defined and appropriate to the purpose of the organization?	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed Comments/Justification/Evidence: Good Social Practices, MSPO, Environmental, Sexual Harassment, Quality, Occupational Health & Safety Policies dated 14th August 2018 noted
Transparency is identified to ensure management of stakeholders are meet with MSPO requirement.	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed Comments/Justification/Evidence: List of Stake holders well documented. 16 Dec 2018

	Stakeholder Meeting was done covering 8 topics. Main agenda on MSPO related. CSR conducted 20/10/18. SOP on Consultation & Communication with Stakeholders dated 01.07.18
Transparency is identified in complying with traceability system.	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed Comments/Justification/Evidence: SOP on Traceability BAR-MSPO-SOP-03 established on 01.07.18. GAP. Processes on loading Ramp etc. harvesting
Process for identification of legal and other requirements.	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed Comments/Justification/Evidence: Viewed BARSB-MSPO-LG dated 1.07.18
Process for internal and external communication.	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed Comments/Justification/Evidence: SOP on Consultation & Communication with Stakeholders dated 01.07.18 Management Official appointed on 39 job specifications
The outputs from management reviews are consistent with the commitment to continual improvement.	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not applicable due to not required for group management of independant smallholder (refer to 2.1d for detail) <input type="checkbox"/> Special case with valid reason agreed by Lead Auditor Comments/Justification/Evidence: MD participated in MR Action Plan for 1st IA finding well documented in 1st MR action plan
Internal audits planned and performed? Records are available?	<input type="checkbox"/> Acceptable <input checked="" type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not applicable due to not required for group management of independant smallholder (refer to 2.1d for detail) Comments/Justification/Evidence: Internal Audit documented & evaluated but no Corrective Action Report done
Is a translator required?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

2.1 Supplement for MS 2530-2, MS 2530-3 & MS 2530-4	
Review the information listed below to determine readiness of the organization for the stage 2 audit.	
MSPO Policy	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed Comments/Justification/Evidence: Viewed MSPO Policy. Well Documented

Safety and Health Policy	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Policy documented
Sexual Harrassment Policy	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Policy documented
Good Social Practice Policy	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Policy documented
Environmental Policy	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Policy documented
b) Procedure	
Training Procedure	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Policy and Training Program documented
Internal Audit Procedure	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Internal Audit Procedure document Internal Audit conducted
Complaint and grievance Procedure	<input type="checkbox"/> Acceptable <input checked="" type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: SOP viewed BAR-MSPO-SOP-02 Timeframe for resolution of complaints not stated Title of form is 'Konsultansi dan Komunikasi' and not clearly titled as Complaints form

Communication Procedure	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Procedure documented
Emergency and Incident procedure	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Procedure documented
Traceability SOP	<input type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: SOP on Traceability BAR-MSPO-SOP-03 established on 01.07.18. GAP. Processes on loading Ramp etc. harvesting
Site Management SOP	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) <input type="checkbox"/> Not Applicable for MS 2530-4 (palm oil mill) <i>Note: in case of single site certification</i> Comments/Justification/Evidence: SOP documented
Mill Management SOP	<input type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) <input checked="" type="checkbox"/> Not Applicable for MS 2530-3 (plantation) <i>Note: in case of single site certification</i> Comments/Justification/Evidence:
Chemical Handling SOP	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Procedure documented
Scheduled Waste Handling SOP	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Procedure documented

c) Document

List of Stakeholder	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independant Smallholder) Comments/Justification/Evidence: Well documented
Land ownership	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed Comments/Justification/Evidence: Viewed Land Titles for Maskat
Customary Right document	<input type="checkbox"/> Acceptable <input checked="" type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Not applicable to the occupied land <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed Comments/Justification/Evidence: Perimeter survey not fully done
Boundary mapping of the land	<input type="checkbox"/> Acceptable <input checked="" type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed Comments/Justification/Evidence: Boundary marking done on the ground. But no boundary Map available
HIRARC	<input type="checkbox"/> Acceptable <input checked="" type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independant Smallholder) Comments/Justification/Evidence: No summarized and updated record of issuance available on PPE
Training Programme	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independant Smallholder) Comments/Justification/Evidence: Program documented and implemented
Environmental Policy and Management Plan	<input type="checkbox"/> Acceptable <input checked="" type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independant Smallholder) Comments/Justification/Evidence: Not fully documented
Non-renewable energy estimation	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independant Smallholder) Comments/Justification/Evidence: Record of usage for 2016 – 2018 on diesel consumption made available. 2019 still under documentation.

Waste Identification	<input type="checkbox"/> Acceptable <input checked="" type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed Comments/Justification/Evidence: Sighted Doc. No BARSB-MSPO-SOP. Procedures and forms available SOPs well documented complete with Process Flow but site inspection showed some schedule waste being dumped together with domestic waste label
Water Management Plan	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Sighted Doc No BAR-MSPO-WMP dated 1/7/18 - Rain water Management Programme (Water Supply) 2019. Water Usage record for Jan, treated = 964 cu. m, Untreated 16,240 total =219=17,204 cu m. and Feb 2019, treated1,550 cu m, non-treated = 19,840 cu m, total=21,390cu m are available.
Business Management Plan	<input type="checkbox"/> Acceptable <input checked="" type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed Comments/Justification/Evidence: Not fully documented
Product Pricing Mechanism	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Well documented and implemented
Contractor Agreement	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Agreement sighted. All in order
Soil and Topographic Information	<input type="checkbox"/> Acceptable <input checked="" type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Not fully documented
Social and environmental impact assessment - <input type="checkbox"/> Environmental Impact Assessment - <input checked="" type="checkbox"/> Social Impact Assessment – - <input type="checkbox"/> HCV Assessment	<input type="checkbox"/> Acceptable <input checked="" type="checkbox"/> Acceptable with findings noted <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Sighted Doc No. BARSB-MSPO-F17 on Environmental Management Services (EMS). Complete SOPs on Environmental management. SIA Report not fully documented

Legal Assessment of Customary land	<input type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Owned land
Compensation claim of customary land	<input type="checkbox"/> Acceptable <input type="checkbox"/> Acceptable with findings noted <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed <input type="checkbox"/> Not Applicable for MS 2530-2 (Independent Smallholder) Comments/Justification/Evidence: Own land
Job Description (Except for independent smallholder)	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Not Acceptable Comments/Justification/Evidence: Adequate documentation
Payslip (Except for independent smallholder)	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Not Acceptable Comments/Justification/Evidence: Well documented
Sales and Delivery record of FFB (for independent smallholder only)	<input checked="" type="checkbox"/> Acceptable <input type="checkbox"/> Not Acceptable Comments/Justification/Evidence: Sighted. Well documented

SUMMARY OF FINDINGS

1. **Internal Audit documented & evaluated but no Corrective Action Report done**
2. **Complaint & Grievances. Title of form is 'Konsultansi dan Komunikasi' and not clearly titled as Complaints form. Timeframe for resolution of complaints not stated**
3. **Boundary marking done on the ground. But no boundary Map available**
4. **No summarized and updated record of issuance available on PPE**
5. **Waste Identification & Management. Sighted Doc. No BARSB-MSPO-SOP. Procedures and forms available. SOPs well documented complete with Process Flow but site inspection showed some schedule waste being dumped together with domestic waste label**
6. **Workers Quarters – safety & health issues. Free ranging chicken, stagnant water etc.**
7. **SIA REPORT not fully documented**
8. **Environmental Policy & Management Plan. Not fully documented**
9. **Soil & Topographic information. Not fully documented**
10. **Sighted Doc. No BARSB-MSPO-SOP. Procedures and forms available SOPs well documented complete with Process Flow but site inspection showed some schedule waste being dumped together with domestic waste label.**
11. **Business / Management Plan not fully documented**

Corrective action Report [CAR] were raised on 01 03 19. Maskat Estate responded on Corrective Action taken on 04 04 19. Lead Auditor closed out CAR on 06 04 19.

7.	STAGE 2 AUDIT	MSPO MS2530-3:2013
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BASIC INFORMATION

A. CERTIFICATION BODY

Name	BQAS Certification [M] Sdn Bhd			
Audit Dates:	From	9 th April	To	10 th April
Audit Duration:	4 man-days			
Audit Team:	Name	Role		
	Wilfred S Landong	Lead Auditor		
	Maxwell S Landong	Auditor in Training		

B. CERTIFIED ENTITY

2.1	Name of Plantation: Location:	Maskat Estate			
	Wholly owned by:	Borneo Agro-Resources Sdn Bhd (312929-A)			
2.2	Main Office [HQ] Address:	2 nd Floor, No 91-93, Jalan Kampung Nyabor, 96000, Sibu, Sarawak			
2.3	Management/Contact Details:				
	a. Mr. Hii Yik Ping Managing Director	Tel: 084 325 833 Mobile: 016 522 8338	Email: hiiyp@yahoo.com Fax: 085 680 113		
	b. Mr. Yong Cheng Kong Field Manager	Mobile: 013 510 6089	Email: ninjayong@gmail.com		
2.4	MPOB License No:	5046 6810 2000	Expiry Date:	30-11-2019	
	Scope of Activity:	Menjual dan Mengalih			
2.5	Certified Area:	3132.9ha	Planted Area:	3120ha	
2.6	Est. FFB Annual Production:	2019	99,100mt	2020	100,000mt
2.7	Date of Certification:	July 2019	Validity:	5 years / July 2024	
2.8	Other Sustainability Certification:	Nil			

PRINCIPLE 1: MANAGEMENT COMMITMENT & RESPONSIBILITY
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Criterion 4.1.1: Malaysian Sustainable Palm Oil (MSPO) Policy
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Indicator	Requirement	Compliance	Findings
4.1.1.1	A policy for the implementation of MSPO shall be established.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted & viewed the following policies documented; dated 14 08 18; signed by MD <ul style="list-style-type: none"> MSPO Policy, Occupational Health & Safety Policy, Environmental Policy, Sexual Harassment Policy, Quality Policy, Good Social Practice Policy In compliance and adequately fulfill requirement
4.1.1.2	The policy shall also emphasize commitment to continual improvement.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	MSPO Policy (last paragraph on Continuous improvement). Quote "We would continue to strive for improvements in every aspect of the principles and committed in controlling & improving to achieve continuous sustainability in our operations". Continuous Improvement Plan documented on 02 01 19. Complete with assigned Budget approved by MD.

Criterion 4.1.2: Internal audit
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Indicator	Requirement	Compliance	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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted in Audit Plan that Internal Audit will be conducted at least once annually. <ul style="list-style-type: none"> Internal Audit Training conducted on 01 07 18 Internal Audit conducted on 01 08 18 on all MSPO Criteria 1 to 6. Introductory Audit on MSPO
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.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Standard Operating Procedure [SOP] on Internal Audit (IA) noted in doc ref BARSB/SOP/IA/01 dated 01 07 18 Two IA conducted to date: <ol style="list-style-type: none"> 1st IA: 01 08 19 2nd IA: 10 01 19 Noted and verified in the IA Report results tabled & Corrective Action Report raised and closed out.
4.1.2.3	Report shall be made available to the management for their review.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Management Review on Internal Audit report conducted on 20 06 18 by Management team. Viewed minutes of MR meeting

Criterion 4.1.3: Management review

Indicator	Requirement	Compliance	Findings
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Verified & noted stated in the SOP; Management Review to be conducted at least once annually. Next Management Review for 2019 to be conducted in May 2019

	requirements for effective implementation of MSPO and decide on any changes, improvement and modification.		
Criterion 4.1.4: Continual improvement			
Indicator	Requirement	Compliance	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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Continuous Improvement plan for 2019 covers largely issues and actions related to social, environmental impact & staff welfare & improvement <u>Item Budgeted:</u> Housing Maintenance, Boundary Pole, Riparian Zone, Integrated pest control, CSR, Minimum Wages, Labor Shortages, MSPO. Budget RM100K on MSPO items alone. 97.5K on others. Demonstrate strong management commitment and compliance
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted during site audit the co introduced: <ul style="list-style-type: none"> • New and more efficient transportation method of FFB. Prime Mover Method System in 2018 • Mold Steel Bridge replace Cement / Wooden Bridge to improve safety and efficiency in 2018 • Use of forklift in Fertilizer Store & Workshop to improve efficiency
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Training Plan for 2019/2020 viewed. Among new training on new knowledge <ul style="list-style-type: none"> • Skills enhancement Training for Drivers in Jan 2019 • MSPO training for Managers August to October 2018 [by MSPO Consultant] MASKAT Estate budget 100k for MSPO training. Demonstrate emphasis on improving staff skills and development

PRINCIPLE 2:	TRANSPARENCY
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Criterion 4.2.1: Transparency of information and documents relevant to MSPO requirements			
Indicator	Requirement	Compliance	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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Stakeholder Dialogue / Meeting held on 16 12 18. Attendees: 37 stakeholders Agenda include MSPO briefing, Consultation & communication, Policies, Plantation Activities, CSR, Dialogue and understanding on [People, Planet, Profit (3P)]. Meeting attended by Community Leaders, Workers, Landowners. SOP briefing also included.

	environmental or social outcomes.		Verified in compliance of requirements.
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	MSPO Policies, Complaints & grievances form, Protected Wildlife posters and others made public. Posted on Estate Office Notice Board.

Criterion 4.2.2: Transparency method of communication and consultation

Indicator	Requirement	Compliance	Findings
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Consultation & Communication SOP BARSB/SOP/IA/01 dated 01 07 18 noted & verified.
4.2.2.2	A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted and viewed letter. Mr Yong Cheng Kong [Field Manager] appointed as Transparency Officer for Maskat Estate. Appointment letter BARSB/MSPO/APL/2/2018 dated 1/1/2019.
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Viewed & verified Stakeholder file List of Stakeholders dated 01 07 18. Records of Meeting, communications & input all properly filed and maintained

Criterion 4.2.3: Traceability

Indicator	Requirement	Compliance	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).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	SOP BARSB/SOP/TR/01 on Traceability dated 01 07 18. Process Flow Chart explain clearly chain of custody/documentation from Harvesting to Transporting & delivery to BARSB own Palm Oil Mill. Verified compliance through checks on actual Harvesting Chit/log sheet, Weighbridge Ticket etc.
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Manager/Supervisor conduct inspection daily and records kept under FFB Grading form (Doc FFB Inspection 01 07 18). Noted and verified compliance by observation during Field Audit at loading station.
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Field Manager appointed as Chairman FFB Traceability vide letter 02 01 19. Asst Field Managers [2] appointed to assist. Appointment letters BARSB/MSPO/TRA/1-3/2019
4.2.3.4	Records of sales, delivery or transportation of FFB shall be	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Viewed and noted the following documents as records:

	maintained.	<input type="checkbox"/> OFI	<ul style="list-style-type: none"> Harvesting log sheet Loading chits Weighbridge Advice Ticket, FFB Dispatch Chit, Customer Grouping Report Form Receipts / Mill Voucher <p>All records are documented, kept, filed and maintained by Estate Admin Manager. Random checks of documents are done during both Stage 1 & 2 Audit</p>
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PRINCIPLE 3:	COMPLIANCE TO LEGAL REQUIREMENTS
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Criterion 4.3.1: Regulatory requirements			
Indicator	Requirement	Compliance	Findings
4.3.1.1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Verified that all operations in compliance. Evidenced through random checks List of Permit and Licensing and legal docs are properly documented. Checked and confirmed all work permit for Foreign Labor is valid. List of stakeholders is well documented [Ref Document BARSB-MSPO-F18 dated 1/7/2018]
4.3.1.2	The management shall list all laws applicable to their operations in a legal requirement register.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	BARSB legal register is well maintained. List of 18 relevant regulations & laws applicable to the operations are maintained in both hard and soft copies Viewed BARSB-MSPO-LG dated 1.07.18 [legal requirements register]
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The legal requirement is updated as when new regulations comes into force. E.g. the implementation of Minimum Wage Order 2018 [the revision is sighted at the Mandor salary sheet Jan – March 2019].
4.3.1.4	The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted and viewed letter. Mr Yong Cheng Kong [Field Manager] appointed as Compliance Officer. Appointment letter BARSB/MSPO/APL/1/2019 dated 1/1/2019.
Criterion 4.3.2: Land use rights			
Indicator	Requirement	Compliance	Findings
4.3.2.1	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	MASKAT ESTATE is sited on a leased state land with tenure from July 1999 to July 2059. During both Stages of Audit, local landowners and communities of surrounding villages were interviewed. Verified and confirmed from the interview there is no evidence of rights of other users being affected or diminished. Adjacent landowners & communities are also allowed

			access through estate.
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The legal testament to land ownership [Maskat Estate] is land title issued by Sarawak Land & Survey Dept with key particulars as follows:</p> <ul style="list-style-type: none"> Lease of State Land (Lavang Land District) Lot 29, Block 10 containing 3132.9 hectares Survey Plan No H15-4-1(6.2) & MP 9/8-175 Tenure: 17 07 1999 to 16 07 2059 TRN: 09-LCLS-037-010-00029 Land shall be used only for agricultural purpose and purposes incidental to the production and processing of crops grown thereon Annual rent – RM7,742.00 Land status – mixed zone / country land <p>Copy of land title is verified and confirmed during conduct of Audit.</p> <p>Where land use is by rental agreement BARSB signed legally enforceable agreement with landowners.</p> <p>Separate land title [leasehold] are sighted for Labang Estate [4 titles] & SHC Tubau [2 titles]</p>
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	During both Audit (Stage 1 & 2) boundary markers are noted & sighted. Red/White Wooden Pegs planted and visibly maintained on the ground.
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).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	<p>BARSB entered into rental agreement with 5 landowners in 2006.</p> <p>Sighted payment to the five (5) landowners from 1/1/2006-16/5/2014. Agreement tenure is from 2006 to 2025. Document check during Stage 2 Audit found no evidence of payment from year 2015 onwards.</p>
Criterion 4.3.3: Customary rights			
Indicator	Requirement	Compliance	Findings
	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Agreement was signed between BARSB and five [5] landowners on rental basis. Agreement tenure for period from 1/1/2006 to 31/12/2025. Viewed terms & conditions of the Agreement. All in order and signed by both parties in good faith.
4.3.3.2	Maps of an appropriate scale	<input checked="" type="checkbox"/> Yes	Map is sighted is sighted and extent of

	showing extent of recognized customary rights shall be made available.	<input type="checkbox"/> No <input type="checkbox"/> OFI	recognized customary rights indicated.
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Agreement was signed between BARSB and five [5] landowners on rental basis. Agreement tenure for period from 1/1/2006 to 31/12/2025. Viewed terms & conditions of the Agreement. All in order and signed by both parties in good faith and with FPIC.

PRINCIPLE 4:	SOCIAL RESPONSIBILITY, HEALTH, SAFETY, & EMPLOYMENT CONDITION
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Criterion 4.4.1: Social impact assessment (SIA)
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Indicator	Requirement	Compliance	Findings
4.4.1.1	Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	SIA already prepared and sighted. Viewed Social Improvement Plan [BARSB/MSPO/SIA/01/19 dated 01 01 19] Noted implementation from findings of the SIA, BARSB had constructed a new Surau & Chapel for use of estate workers and surrounding communities as place of worship.

Criterion 4.4.2: Complaints and grievances

Indicator	Requirement	Compliance	Findings
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	BARSB-MSPO-SOP dated 1/3/2019 on system dealing with complaints and grievances had been established. Up to date no complaint or grievance noted.
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The SOP clearly stated timelines to resolve disputes and responsibilities and clear lines of action to be taken.
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Complaint form doc BARSB-MSPO-F12 dated 1/7/2018 is made available at office premise entrance for use of stakeholders.
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Various minutes of meeting and stakeholders' engagement sighted via minutes of meeting and attendance list and the latest being 3/4/2019 [Perjumpaan kumpulan kutip buah dan Drebar Lori]
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Doc [14/10/2018 BARSB/MSPO/SIA] Monitoring of Action Requested by stakeholders is viewed and made available at Estate office and monitored by appointed Admin staff.

Criterion 4.4.3: Commitment to contribute to local sustainable development

Indicator	Requirement	Compliance	Findings
4.4.3.1	Growers should contribute to local development in consultation with the local communities.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Viewed CSR file BARSB/MSPO/CSR Various evidence of CSR activities organized sighted in the CSR file. Interview with villagers community from Rh Inchang Anak Abok indicate that they are quite happy with the company who have assisted them on repairs to their longhouse and allow them to use estate road. BARSB had an annual program to provide repair on roads to adjacent 7 longhouses

Criterion 4.4.4: Employees safety and health

Indicator	Requirement	Compliance	Findings
4.4.4.1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	OSH Policy signed by Managing Director dated 14/8/2018; posted at Estate Notice board. Committee on OSH appointed by MD on 01 02 19 [headed by Admin Manager]
4.4.4.2	The occupational safety and health plan shall cover the following:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	
A.	A safety and health policy, which is communicated and implemented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The Safety and Health policy [BARSB/MSPO/OHS/01 dated 01 02 19] is being displayed at Estate office and communicated to the staff and workers
B.	The risks of all operations shall be assessed and documented	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	BARSB/MSPO/MASKAT HIRARC/HSE/F01 dated 1/7/2018 is the risk assessment document.
C.	An awareness and training programme which includes the following requirements for employees exposed to pesticides		
C.1	All employees involved shall be adequately trained on safe working practices; and	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The Training Plan for 2019 is viewed. Noted that in record of implementation training of estate workers on chemical handling is conducted quarterly.
C.2	All precautions attached to products shall be properly observed and applied.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	This is contained in the Chemical handling SOP and briefing notes for training. Both documents are viewed and noted as adequate to fulfill MSPO requirements
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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	PPE's are made available at Workers premises and Equipment stores. Inspection during field Audit at Harvesting sites confirmed that the workers were provided with and wore the appropriate PPE

	Hazard Identification, Risk Assessment and Risk Control (HIRARC).		
E.	The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Following SOP are documented <ul style="list-style-type: none"> • Chemical handling • Schedule waste handling & disposal • Spraying & Manuring Relevant SOP available at SOP Master File
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Mr Yong Cheng Kong [Field Manager] is appointed Person In Charge of Employees Safety and Health WEF 2/1/2019 He has attended various workshops / seminar on OSH; adequate knowledge to handle this responsibility
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	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	As per 'Pengurusan dan Pengendalian Bahan Kimia Berbahaya' BAR-MSPO-SOP-13 dated 1/7/2018 in SOP file. Records of meeting are available at Training records and conducted monthly. Following SOP established on: <ul style="list-style-type: none"> • Prosedur Notifikasi Aduan • Kemalangan, • Kemalangan Nyaris, • Kejadian Bahaya • Keracunan Pekerja
H.	Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	SOP on Incident & Emergency Procedure doc [BARSB/MSPO/SOP/IE/03/19] is established and workers are trained. Evidenced from interview with estate staff, training is conducted.
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	20 staff and workers underwent First Aid training conducted by Bulan Sabit Merah on 14-15/1/2019 and recorded in JKKP meeting dated 18/1/2019 Field Audit confirmed First Aid kit made available at worksites and workers & staff quarters.
J.	Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted & verified records are available in Accident report file No.1 and reviewed monthly by Admin Manager.

Criterion 4.4.5: Employment conditions

Indicator	Requirement	Compliance	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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Good Social Practice Policy established & signed by MD Mr Hii Yik Ping on 14/8/2018 GSPP is communicated and posted on all Estate Notice Boards including Staff & Workers premises & meeting halls
4.4.5.2	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, color, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Interviews with Staff/workers/stakeholders found no evidence of discriminatory practices. Foreign workers interviewed confirm full satisfaction with Estate Management and housing and other amenities provided. Some workers have been working in the estate for up to or more than 10 years.
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Viewed pay slips at random Sample viewed for month of February 2019. It is in compliance with minimum wage order 2018. All workers are paid above minimum wages. Sample payslips showed average monthly earning of workers above RM2000/-
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Maskat Estate do not engage services of Contractors.
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Record for the month of January are checked and found to contain the variables required [names, gender, date of birth, date of entry etc.]. Applicable to both local and foreign workers Each employee file is well maintained under the care of Admin Manager
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	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Sample letter of offer Mosli Bin Mahrof [BARSB-E-HR-MM-010 dated 6/4/2013]. Benefits include all the statutory benefits. In addition staff and workers also received annual bonus (rewards depending on personal company performance). Accommodations are provided free including

	employment records.		payment for electricity and water.
4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Punch cards for all employees are made available at Estate front office and other worksites. A sample was viewed during interview with their HR Manager. Overtime work hours are individually recorded in the punch card and paid accordingly upon completion of the month. In compliance with requirements.
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.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Punch cards for all employees Evidenced in Feb 19 overtime payment to 2 admin staff are paid rates as per legal requirement [following labor regulations/ordinance]
4.4.5.9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Payslips viewed; Mandor salary & overtime payment in compliance with Minimum Wage Order 2018
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted, observed & verified during both office & field audits following benefits are entitled to staff & workers: <ul style="list-style-type: none"> • Place of worship • Kindergarten & nursery for kids • Place of worship • Annual performance bonus • Salary increments • Free medical care • External training • Free utilities • School bus for children In compliance to requirements
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Staff & workers quarters are above average for Estate standards with following basic amenities provided free: <ul style="list-style-type: none"> • Treated water • Electricity • Semi D housing for Staff • Terrace houses for workers • Community hall Above requirements of SHAA 1990 [Act 446]
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	As per Policy signed by MD 14/8/2018 – Refer SOP Master File

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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Stated in Good Social Practices policy signed by MD dated 14/8/2018 Foreign workers are represented by a Committee elected among them. This Committee met with Estate Management monthly to discuss and resolve workers issues. Local staffs interviewed do not see the need to form Union as they are well and fairly treated by management.
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Stated in Good Social Practices policy signed by MD dated 14/8/2018; no employment of underage workers. During Audit check no evidence found of underage workers being employed

Criterion 4.4.6: Training and competency

Indicator	Requirement	Compliance	Findings
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Viewed Executive Staff and Workers Training Programme 2019. Records on Training Plan 2019 are verified and noted that actual implementation of programme is updated and on schedule as planned.
4.4.6.2	Training needs of individual employees shall be identified prior to the planning and implementation of the training program in order to provide the specific skill and competency required to all employees based on their job description.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Viewed Executive Staff and Workers Training Programme 2019. Implementation of the planned Training program and attendance is recorded and Training Notes available. All Estate staffs have undergone MSPO appreciation & basic training by MSPO Consultant in Jan 2019.
4.4.6.3	A continuous training programme	<input type="checkbox"/> Yes	Training Plan 2019 sighted. 29 types of training

should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.	<input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	are scheduled for staffs and workers at various levels. Note: Recommended for the Managers/Executives to undergo MSPO Auditor Training Program to gain more understanding of MSPO Series and Principles.
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PRINCIPLE 5: ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY & ECOSYSTEM SERVICES

Criterion 4.5.1: Environmental management plan			
Indicator	Requirement	Compliance	Findings
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<ul style="list-style-type: none"> Viewed and verified Environmental Policy signed by the Managing Director Mr Hii Yik Ping on 14 August 2018 in dual language (BM and English). Policy posted at Estate Office notice boards. Environmental Management Plan is documented on 01 02 19 vide doc ref BARSB/MSPO/EMP/19
4.5.1.2.	The environmental management plan shall cover the following:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	
A.	An environmental policy and objectives	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Environmental Policy and objectives is documented vide doc ref [BARSB/MSPO/EM/Policy/19 dated 1/2/2019
B.	The aspects and impacts analysis of all operations.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Aspects & impacts analysis is documented and contained in BARSB/MSPO/EMP/19 dated 01/02/19.
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Environmental Improvement Plan is documented and contained in BARSB/MSPO/EMP/19 dated 01 02 19.
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Continual Improvement Plan doc & table [BARSB/MSPO/CIP/19 dated 01 02 19] & Training program carried out are viewed and noted in the Training Files (Estates).
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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Awareness Training on understanding of the policy and objectives of the environmental plan is sighted in the Training records Training conducted on 05 02 19 to staff and workers by MSPO Consultants. Training on Emergency Response also conducted on 06 02 19.

	working towards achieving the objectives.		Viewed Training Report dated 10 02 19
4.5.1.6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Management / staff Meeting are held every three months with MSPO developments as an Agenda for discussion. Viewed meeting minutes for 1 st Quarter 2019 held on 10 03 2019.

Criterion 4.5.2: Efficiency of energy use and use of renewable energy

Indicator	Requirement	Compliance	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.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>Maskat Estate had recorded the following annual diesel usage/consumption:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Diesel consumption [liters]</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>593,546</td> </tr> <tr> <td>2017</td> <td>522,830</td> </tr> <tr> <td>2018</td> <td>544,670</td> </tr> </tbody> </table> <p>Noted that consumption trending downwards. Maskat Estate explained consumption increase in 2018 is due to heavy maintenance on roads repairs within the Estate and CSR activities [road construction in nearby villages] Admin Manager is entrusted with managing use of fossil fuel. Usage for 2019 not available at time of review.</p>	Year	Diesel consumption [liters]	2016	593,546	2017	522,830	2018	544,670
Year	Diesel consumption [liters]										
2016	593,546										
2017	522,830										
2018	544,670										
4.5.2.2	The oil palm premises shall estimate the direct usage of non-renewable 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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Viewed and verified BARSB Annual Budget Plan 2019. The Estimate on non-renewable energy usage is budget as a component of the Operating Expenditure. This estimate is also noted in the previous years' Annual Budget Plan								
4.5.2.3	The use of renewable energy should be applied where possible.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Maskat Estate had implemented the use of solar energy in 2019. Noted and observed site implementation during Stage 2 Audit.								

Criterion 4.5.3: Waste management and disposal

Indicator	Requirement	Compliance	Findings
4.5.3.1	waste products and sources of pollution shall be identified and documented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Procedures and forms available/sighted Waste product and pollution were identified and listed in the Waste Inventory Record file BARSB(EST)-LIST-01 dated 02 03 19

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:		Document reference [BARSB(EST)-EMP-04] signed on 1/3/2019 by MD; Waste Management Plan; viewed & verified
A	Identifying and monitoring sources of waste and pollution	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Viewed & verified Environ. Aspect and Impact Assessment Doc [BARSB(M)-ASS-01]
B.	Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Biomass/palm fronds & Empty fruit bunches are recycled and used as fertilizer and water retention.
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	SOP on “Pengurusan Sisa Buangan Terjadual” BARSB(EST)-SOP-28 dated 07 01 19. SOP document follows processes & regulatory requirements of relevant laws (DOE & NREB) Inventory and Disposal of Scheduled Waste as per Scheduled Waste file No.1
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Sighted empty pesticides` containers store designated containers and storage prior to disposal. Observed that empty containers are punctured [during audit]. SOP on this is viewed [BARSB/SOP/SWH/01/19 dated 01 01 19] Collection of scheduled waste & disposal is done every 2 months by Scheduled Waste Contractor approved by Local Council.
4.5.3.5	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	SOPs well documented and complete with Process Flow. Domestic are disposed of to Landfill every 2 days. Following findings were observed during Stage 2 Site Audit at workers quarters: <ul style="list-style-type: none"> Domestic waste on drain next to workers quarters Oil spills at same spot near workers quarters
Criterion 4.5.4: Reduction of pollution and emission			
Indicator	Requirement	Compliance	Findings
4.5.4.1	An assessment of all polluting activities shall be conducted,	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Viewed and verified comprehensive analysis of polluting activities in doc BARSB/MSPO/EMP/19

	including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.	<input type="checkbox"/> OFI	dated 01 02 2019. Assessment include: <ul style="list-style-type: none"> • Water pollutants • Air pollutants • Soil pollutants Vehicle servicing based on every 5000km or 250s/service
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Action Plan on mitigating and reducing pollutants viewed and verified in doc BARSB/MSPO/EMP/19 dated 01 02 2019. Noted some implementation; example Vehicle and tractors servicing based on every 5000km or 250s/service.

Criterion 4.5.5: Natural water resources

Indicator	Requirement	Compliance	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:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	BARSB had documented Water Management Plan doc ref: BARSB/MSPO/WMP dated 1/7/2018. Included in the Plan <ul style="list-style-type: none"> • Rain water management • Natural water source management Water quality monitoring / sampling conducted thrice a year by Environmental Quality consultant [ECOSOL Sdn Bhd]									
A	Assessment of water usage and sources of supply.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Assessment of water usage is documented and monitored/recorded on monthly basis. Verified during Audit the following 2019 information on usage [in cubic meters: <table border="1" data-bbox="925 1227 1492 1344"> <thead> <tr> <th>Month</th> <th>Treated water</th> <th>Untreated water</th> </tr> </thead> <tbody> <tr> <td>Jan</td> <td>964</td> <td>16,240</td> </tr> <tr> <td>Feb</td> <td>1550</td> <td>19,840</td> </tr> </tbody> </table> Sources of supply: <ul style="list-style-type: none"> • Rainwater from storage tanks • Natural water – 3 ponds located at staff premises vicinity and estate office 	Month	Treated water	Untreated water	Jan	964	16,240	Feb	1550	19,840
Month	Treated water	Untreated water										
Jan	964	16,240										
Feb	1550	19,840										
B	Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Viewed and verified during site audit the creation of: <ul style="list-style-type: none"> • Riparian & Buffer Zones at confluence of natural streams & manmade drains at various locations in the Estate [signages installed] • Water sampling report done by Consultant ECOSOL 									
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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Maskat Estate had created 3 ponds. Water from these ponds are treated [water treated plant onsite and guarded 24 hours] for domestic use by Estate staff and workers. Estate technical team managed the protection and usage of these water resources.									

	rainwater, etc.).		Viewed and verified compliance of this criterion during site audit
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Viewed and verified during site audit the creation of: <ul style="list-style-type: none"> Riparian & Buffer Zones at confluence of natural streams & manmade drains at various locations in the Estate [signages installed] Noted also these zones are endowed with matured vegetation [local plant species & shrubs]
E	Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	BARSB/MSPO/WMP dated 1/7/2018 have included in the Plan Action Plan on restoration [if any]. A budget of RM50k is budgeted for this.
F	Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	No bore well is constructed; not necessary as sufficient water resources available.
4.5.5.2	No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	No evidence of this occurrence found/observed during site audit
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).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted and verified during Audit irrigation and spraying uses water from manmade drains along the estate roads or between blocks. For domestic household use Water tanks provided with two tanks per door.

Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value area

Indicator	Requirement	Compliance	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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	No occurrence of HBVH found in the Estate during random checks during site audits. However, at buffer zones between the Estate and adjacent land or boundary perimeter areas, natural vegetation/forest cover are created 20 meters on both sides.
B	Conservation status (e.g. The	<input type="checkbox"/> Yes	Estate Staff attended Wildlife Seminar

	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.	<input type="checkbox"/> No <input type="checkbox"/> OFI	conducted by local Authorities in September 2018. Resultingly Maskat Estate started Wildlife Inventory Record. Noted the sighting of wildlife as follows in the records: <ul style="list-style-type: none"> • Wild boars • Squirrels • Cobra & other snake species • Monitor lizards • monkeys No sightings of endangered species as yet.
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:		Posters of protected species displayed at all strategic places in the plantation premises
A	Ensuring that any legal requirements relating to the protection of the species are met.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Posters of Wildlife protected species displayed at all strategic places in the plantation premises. Sarawak Wildlife Protection Ordinance is kept in Estate office and used for staff briefing.
B	Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Following measures are undertaken to discourage illegal activities: <ul style="list-style-type: none"> • posting of various signages at strategic points [No Hunting; No fishing] • briefing/awareness program to local communities
4.5.6.3	A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Environmental Management Plan is documented on 01 02 19 vide doc ref BARSB/MSPO/EMP/19. Biodiversity Conservation program is contained in this plan. Verified compliance.

Criterion 4.5.7: Zero burning practices

Indicator	Requirement	Compliance	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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	BARSB had documented the Zero Burning Policy [signed by MD] and posted at Estate Office and Staff/Workers premise. During site Audit, compliance is observed on this policy and no burning is observed.
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	No occurrence of crop diseased since establishment of plantation is noted or evidenced.
4.5.7.3	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	No open burning allowed under in the MSPO Policy

	Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.	<input type="checkbox"/> OFI	
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Not applicable yet; no replanting program.

PRINCIPLE 6:	BEST PRACTICES
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Criterion 4.6.1: Site management			
Indicator	Requirement	Compliance	Findings
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Viewed and verified Best Management Practice SOPs BARSB/MSPO/BMP dated 1/7/2018
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	This factor is noted to be an action plan in the Environmental Management Plan BARSB/MSPO/EMP/19. Plantation is situated on flat and undulating area. Noted the following mitigation measures emplaced by Estate during site audits: <ul style="list-style-type: none"> • terracing [10-15 feet width] on slight slope [5 to 10degrees] • palm fronds used to prevent siltation and water runoffs • planting of beneficial plants and cover crops to mitigate erosion Verified compliance
4.6.1.3	A visual identification or reference system shall be established for each field.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Block Markers/signage are verified and installation noted during Audit. Block Markers information: <ul style="list-style-type: none"> • species • year of planting • block size [ha] • no of palm trees
Criterion 4.6.2: Economic and financial viability plan			
Indicator	Requirement	Compliance	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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	BARSB had documented its' Business Management Plan [original] on 02 02 19. Revised copy dated 19 03 19. Both approved by MD.
4.6.2.2	Where applicable, an annual replanting programme shall be established. Long term replanting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Not applicable at this stage.

	programme should be established and review annually, where applicable every 3-5 years.														
4.6.2.3	The business or management plan may contain:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI													
A	Attention to quality of planting materials and FFB.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Palm species planted are mixture of the following: <ul style="list-style-type: none"> • Felda • Golden Hope • HRU • AAR • PAMOL 80% Felda & Golden Hope.												
B	Crop projection: site yield potential, age profile, FFB yield trends.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	2019/2020 projections Total ha 3132.9ha <table border="1"> <thead> <tr> <th>Items</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Yields [YPH]</td> <td>31.6mt/ha</td> <td>31.7mt/ha</td> </tr> <tr> <td>Age profile</td> <td>13 to 15 years</td> <td>14-16 years</td> </tr> <tr> <td>FFB total</td> <td>99,910mt</td> <td>100,000mt</td> </tr> </tbody> </table>	Items	2019	2020	Yields [YPH]	31.6mt/ha	31.7mt/ha	Age profile	13 to 15 years	14-16 years	FFB total	99,910mt	100,000mt
Items	2019	2020													
Yields [YPH]	31.6mt/ha	31.7mt/ha													
Age profile	13 to 15 years	14-16 years													
FFB total	99,910mt	100,000mt													
C	Cost of production: cost per ton of FFB.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<table border="1"> <thead> <tr> <th></th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Expenses [RM]</td> <td>24,761,228</td> <td>25,100,000</td> </tr> <tr> <td>Harvest[mt]</td> <td>99,910</td> <td>100,000</td> </tr> <tr> <td>Cost per mt [RM]</td> <td>247</td> <td>251</td> </tr> </tbody> </table>		2019	2020	Expenses [RM]	24,761,228	25,100,000	Harvest[mt]	99,910	100,000	Cost per mt [RM]	247	251
	2019	2020													
Expenses [RM]	24,761,228	25,100,000													
Harvest[mt]	99,910	100,000													
Cost per mt [RM]	247	251													
D	Price forecast	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Price forecast for FFB 2019/2020; noted in the business plan to be RM396 per mt												
E	Financial indicators: cost benefit, discounted cash flow, return on investment.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted contents of the Business Plan <ul style="list-style-type: none"> • Capital expenditure [estimate] • Working capital requirement [estimate] • Projected income statement • Projected cash flow • Development cost Noted Estimated Gross Profit [before Tax] & Operation Cost [forecast]: <ul style="list-style-type: none"> • 2019: RM11,901,807/- • 2020: RM11, 800,000/- 												
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<ul style="list-style-type: none"> • Directors meeting planned quarterly to review management plan • MD [overall operating Head] monitor performance on site weekly • Estate Management meeting is held at least once a month to discuss site management plan implementation. • Monthly meeting records (Feb, Mar, 												

			<p>April, May) is verified and confirmed estate staff meet monthly</p> <ul style="list-style-type: none"> Morning muster is held daily [conducted by Field Manager]
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Criterion 4.6.3: Transparent and fair price dealing

Indicator	Requirement	Compliance	Findings
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	All Maskat Estate FFB products are supplied to its' own Palm Oil Mill. Verified through documentation check with Admin Manager pricing mechanism between estate & mill follows market rate & MPOB standard pricing. Documentation verified as transparent dealing.
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Not applicable

Criterion 4.6.4: Contractor

Indicator	Requirement	Compliance	Findings
4.6.4.1	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	No external contractor engaged. All works undertaken by direct employees of the Estate.
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Not applicable
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Management had extended its' fullest cooperation during the entire MSPO Certification process.
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Not applicable

PRINCIPLE 7: DEVELOPMENT OF NEW PLANTINGS

This Principle is not applicable for this Audit as there is no development of new plantings to be planned.

SUMMARY OF FINDINGS: STAGE 2 ASSESSMENT

OVERALL RESULTS:

There are four [4] findings in Stage 2; [2] Non-conformance; [2] Opportunity for improvements

FINDING NO 1.

PRINCIPLE 3:		COMPLIANCE TO LEGAL REQUIREMENTS	
Criterion 4.3.2: Land use rights			
Indicator	Requirement	Compliance	Findings
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).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	BARSB entered into rental agreement with 5 landowners in 2006. Sighted payment to the five (5) landowners from 1/1/2006-16/5/2014. Agreement tenure is from 2006 to 2025. Document check during Stage 2 Audit found no evidence of payment from year 2015 onwards.

FINDING NO 2

PRINCIPLE 4:		SOCIAL RESPONSIBILITY, HEALTH, SAFETY, & EMPLOYMENT CONDITION	
Criterion 4.4.6: Training and competency			
Indicator	Requirement	Compliance	Findings
4.4.6.3	A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	Training Plan 2019 sighted. 29 types of training are scheduled for staffs and workers at various levels. Note: Recommended for the Managers/Executives to undergo MSPO Auditor Training Program to gain more understanding of MSPO Series and Principles.


FINDING NO 3

PRINCIPLE 5:		ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY & ECOSYSTEM SERVICES									
Criterion 4.5.2: Efficiency of energy use and use of renewable energy											
Indicator	Requirement	Compliance	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	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	Maskat Estate had recorded the following annual diesel usage/consumption: <table border="1" data-bbox="906 1778 1497 1928"> <thead> <tr> <th>Year</th> <th>Diesel consumption [liters]</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>593,546</td> </tr> <tr> <td>2017</td> <td>522,830</td> </tr> <tr> <td>2018</td> <td>544,670</td> </tr> </tbody> </table> Noted that consumption trending downwards. Maskat Estate explained consumption increase in 2018 is due to heavy maintenance	Year	Diesel consumption [liters]	2016	593,546	2017	522,830	2018	544,670
Year	Diesel consumption [liters]										
2016	593,546										
2017	522,830										
2018	544,670										

	operations over the base period.		on roads repairs within the Estate and CSR activities [road construction in nearby villages] Admin Manager is entrusted with managing use of fossil fuel. Usage for 2019 not available at time of review.
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FINDING NO 4


Criterion 4.5.3: Waste management and disposal			
Indicator	Requirement	Compliance	Findings
4.5.3.5	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	SOPs well documented and complete with Process Flow. Domestic are disposed of to Landfill every 2 days. Following findings were observed during Stage 2 Site Audit at workers quarters: <ul style="list-style-type: none"> • Domestic waste on drain next to workers quarters • Oil spills at same spot near workers quarters

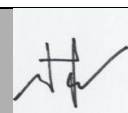
Summary Statement by Lead Auditor (upon conclusion of Stage 2 Audit)	
Number of "NC": Non-Conformance:	2
Number of "OFI": Opportunity for improvement:	2
Remarks: It is to be noted that Maskat Estate had made vast improvement in its' response and overall preparation for MSPO Certification between Stage 1 and Stage 2 Assessment. Based on the overall result of Stage 2 Audit Maskat Estate of BARSB had demonstrated compliance to all Principles & Criteria & requirements of Certification under MSPO MS2530-3:2013. Upon submission and closure of above NC & OFI, it is recommended that BQAS proceed to document the Audit Report and henceforth initiate other documentation to certify BARSB under MSPO MS2530-3:2013.	
 WILFRED S LANDONG 10 04 2019	

7.2.2	ACTION BY AUDITEE & CLOSURE BY LEAD AUDITOR
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NO 1. CORRECTIVE ACTION REPORT (NC/OFI)

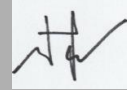
No. 1 of 4		Date: 10 04 19	
1	FINDINGS	To be completed by Lead Auditor	
Standards	MSPO MS2530-3:2013	Reference	BAR/ME/AU/ST2/04/19
PRINCIPLE 3:		COMPLIANCE TO LEGAL REQUIREMENTS	
Criterion 4.3.2: Land use rights			
Indicator	Requirement	Compliance	Findings
4.3.2.4	Where there are, or have been, disputes, 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).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	BARSB entered into rental agreement with 5 landowners in 2006. Sighted payment to the five (5) landowners from 1/1/2006-16/5/2014. Agreement tenure is from 2006 to 2025. Document check during Stage 2 Audit found no evidence of payment from year 2015 onwards.
2	CLASSIFICATION	To be completed by Lead Auditor	
Major Non-conformity	<input type="checkbox"/>	Minor-nonconformity	<input checked="" type="checkbox"/>
Type of follow up	<input checked="" type="checkbox"/> Document review (off-site audit and may be charged) <input type="checkbox"/> On site audit (effort required will be charged)		
Date	10 04 19	Remarks: (if any)	
3	CONFIRMATION	To be completed by Company	
Finding + classification is correct	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Comments: (if any)			

4	ROOT CAUSE(S) of NC / OFI	To be completed by Company		
Payment receipt to 5 Landowners from 2015 onwards are kept and maintained at BARSB HQ office in Sibul and not at Estate				
5	CORRECTIVE ACTIONS TAKEN	To be completed by Company		
Payment vouchers to all landowners [certified true copies] are given to Estate office on 20 04 19 Copies emailed to Lead Auditor on 23 04 19				
Date	27 04 2019	Name/Job of Management Rep	Yong Cheng Kong Field Manager	Signature: 
6	CLOSURE of NC / OFI	To be completed by Lead Auditor		
Remarks / Evidence: All requisite payment vouchers confirmed received on 23 04 19. Documents were examined to be correct and				

truthful and authentic. [signature of receipt by landowners are verified]		
Corrective Actions taken to close this NC or OFI has been implemented and found acceptable		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Date of Closure: 08 05 2019	Confirmed by: Wilfred S Landong Lead Auditor	

NO 2. CORRECTIVE ACTION REPORT (NC/OFI)


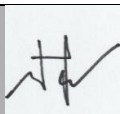
No. 2 of 4		Date: 10 04 19	
1 FINDINGS	To be completed by Lead Auditor		
Standards	MSPO MS2530-3:2013	Reference	BAR/ME/AU/ST2/04/19
PRINCIPLE 4:	SOCIAL RESPONSIBILITY, HEALTH, SAFETY, & EMPLOYMENT CONDITION		
Criterion 4.4.6: Training and competency			
Indicator	Requirement	Compliance	Findings
4.4.6.3	A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	Training Plan 2019 sighted. 29 types of training are scheduled for staffs and workers at various levels. Note: Recommended for the Managers/Executives to undergo MSPO Auditor Training Program to gain more understanding of MSPO Series and Principles.
2 CLASSIFICATION	To be completed by Lead Auditor		
Major Non-conformity	<input type="checkbox"/>	Minor-nonconformity	<input type="checkbox"/>
Opportunity for Improvement (OFI)	<input checked="" type="checkbox"/>		
Type of follow up	<input checked="" type="checkbox"/> Document review (off-site audit and may be charged) <input type="checkbox"/> On site audit (effort required will be charged)		
Date	12 04 19	Remarks: (if any)	
3 CONFIRMATION	To be completed by Company		
Finding + classification is correct	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Comments: (if any)			
4 ROOT CAUSE(S) of NC / OFI	To be completed by Company		
Management had not assessed the importance of MSPO Training for Estate Managers			
5 CORRECTIVE ACTIONS TAKEN	To be completed by Company		
MD of BARSB had noted and approved in April 2019 Management Meeting to send Field Manager for MSPO Auditor training. Copy of meeting excerpts on approval emailed to Lead Auditor on 28 04 19			
Date	28 04 2019	Name/Job of Management Rep	Yong Cheng Kong Field Manager
		Signature:	

6		CLOSURE of NC / OFI	To be completed by Lead Auditor	
Remarks / Evidence: Verified and confirmed receipt of email from BARSB on 28 04 19 on training for Field Manager				
Corrective Actions taken to close this NC or OFI has been implemented and found acceptable				
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Date of Closure: 08 05 2019			Confirmed by: Wilfred S Landong Lead Auditor	
				

NO 3. CORRECTIVE ACTION REPORT (NC/OFI)

No. 3 of 4			Date: 10 04 19										
1		FINDINGS	To be completed by Lead Auditor										
Standards	MSPO MS2530-3:2013	Reference	BAR/ME/AU/ST2/04/19										
PRINCIPLE 5:		ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY & ECOSYSTEM SERVICES											
Criterion 4.5.2: Efficiency of energy use and use of renewable energy													
Indicator	Requirement	Compliance	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.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	Maskat Estate had recorded the following annual diesel usage/consumption: <table border="1" style="margin-top: 10px;"> <thead> <tr> <th>Year</th> <th>Diesel consumption [liters]</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>593,546</td> </tr> <tr> <td>2017</td> <td>522,830</td> </tr> <tr> <td>2018</td> <td>544,670</td> </tr> </tbody> </table> <p>Noted that consumption trending downwards. Maskat Estate explained consumption increase in 2018 is due to heavy maintenance on roads repairs within the Estate and CSR activities [road construction in nearby villages] Admin Manager is entrusted with managing use of fossil fuel. Usage for 2019 not available at time of review.</p>			Year	Diesel consumption [liters]	2016	593,546	2017	522,830	2018	544,670
Year	Diesel consumption [liters]												
2016	593,546												
2017	522,830												
2018	544,670												
2		CLASSIFICATION	To be completed by Lead Auditor										
Major Non-conformity	<input type="checkbox"/>	Minor-nonconformity	<input type="checkbox"/>	Opportunity for Improvement (OFI)	<input checked="" type="checkbox"/>								
Type of follow up	<input checked="" type="checkbox"/> Document review (off-site audit and may be charged) <input type="checkbox"/> On site audit (effort required will be charged)												
Date	10 04 19	Remarks: (if any)											
3		CONFIRMATION	To be completed by Company										

Finding + classification is correct Yes No
 Comments: (if any)

4	ROOT CAUSE(S) of NC / OFI	To be completed by Company		
Documentation of usage for 2019 still pending update during Audit time				
5	CORRECTIVE ACTIONS TAKEN	To be completed by Company		
Usage updated and an admin staff had been assigned to input and update on monthly basis. Usage records for MTD March 2019 emailed to Lead Auditor on 27 April 2019				
Date	28 04 2019	Name/Job of Management Rep	Yong Cheng Kong Field Manager	Signature: 
6	CLOSURE of NC / OFI	To be completed by Lead Auditor		
Remarks / Evidence: Verified and confirmed receipt of email from BARSB on 27 04 19 on usage of diesel up to March 2019				
Corrective Actions taken to close this NC or OFI has been implemented and found acceptable				
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Date of Closure: 08 05 2019		Confirmed by: Wilfred S Landong Lead Auditor		

NO 4. CORRECTIVE ACTION REPORT (NC/OFI)

No. 4 of 4			Date: 10 04 19	
1	FINDINGS			To be completed by Lead Auditor
Standards	MSPO MS2530-3:2013	Reference	BAR/ME/AU/ST2/04/19	
Criterion 4.5.3: Waste management and disposal			Principle 5	
Indicator	Requirement	Compliance	Findings	
4.5.3.5	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI	SOPs well documented and complete with Process Flow. Domestic are disposed of to Landfill every 2 days. Following findings were observed during Stage 2 Site Audit at workers quarters: <ul style="list-style-type: none"> Domestic waste on drain next to workers quarters Oil spills at same spot near workers quarters 	
2	CLASSIFICATION			To be completed by Lead Auditor
Major Non-conformity	<input type="checkbox"/>	Minor-nonconformity	<input type="checkbox"/>	Opportunity for Improvement (OFI) <input checked="" type="checkbox"/>
Type of follow up	<input checked="" type="checkbox"/> Document review (off-site audit and may be charged) <input type="checkbox"/> On site audit (effort required will be charged)			

Date	10 04 19	Remarks: (if any)
3	CONFIRMATION	To be completed by Company
Finding + classification is correct		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Comments: (if any)		


4	ROOT CAUSE(S) of NC / OFI	To be completed by Company
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The workers involved still need to be trained on environmental pollutions and its effect.

5	CORRECTIVE ACTIONS TAKEN	To be completed by Company
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Workers involved was ask to rectify the pollution effect [drain cleaning & oil spill covered with sand] immediately.

The Estate also with immediate effect impose new ruling and penalty on littering and polluting. Evidence of action taken emailed to Lead Auditor on 26 04 19

Date	28 04 2019	Name/Job of Management Rep	Yong Cheng Kong Field Manager	Signature:
				

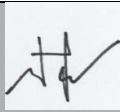
6	CLOSURE of NC / OFI	To be completed by Lead Auditor
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Remarks / Evidence:

Verified and confirmed receipt of email from BARSB on 26 04 19 on action taken. Verified and confirmed by pictorial evidence [before and after] that action had been taken.

Corrective Actions taken to close this NC or OFI has been implemented and found acceptable

Yes No

Date of Closure: 08 05 2019	Confirmed by: Wilfred S Landong Lead Auditor	
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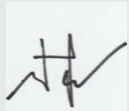
8.0. AUDIT CONCLUSION & RECOMMENDATION

Based on the Findings/Action taken by Auditee/Closures above, Borneo Agro-Resources Sdn Bhd [Maskat Estate], a wholly owned entity of Borneo Agro-Resources Sdn Bhd had been able to demonstrate its compliance with the MSPO MS2530-3:2013 Standard for Oil Palm Plantations & Organized Smallholders

Therefore, it is recommended that the Initial Certification of Borneo Agro-Resources Sdn Bhd group of Plantations be approved.

Signed for & On Behalf of

BQAS Certification (M) Sdn Bhd



Wilfred S Landong

Lead Auditor

Dated: 25 06 2019

9. ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY & CONFIRMATION OF AUDIT FINDINGS

This is to acknowledge and confirm the Audit Visits/Assessments described in this Report and the Acceptance of the Contents and Findings in the said Audit Report.

Signed for & On Behalf of

Borneo Agro-Resources Sdn Bhd [Maskat Estate]



Yong Cheng Kong (Mr)

Field Manager

Dated: 20 06 2019

10. CERTIFICATION DECISION [SIGN OFF]

I/the undersigned, being the Certifier, confirm that I have examined thoroughly all contents of the Report in its' entirety, including the incorporation of Peer Review comments/report and other related reports [where applicable and relevant].

I confirm that, to the best of my knowledge the information and conclusions included in this report have been prepared in compliance with the Standards requirements; and done in good faith and that the certification decision had been based upon this information.

I, hereby confirm that, Borneo Agro-Resources Sdn Bhd [Estates] be certified and awarded the Certificate under the Standard MSPO2530-4:2013 [Part 3: General Principles for P]



CERTIFIER

PATRICK SIBAT SUJANG

Dated: 15 07 2019

11. Date of 1st Year Surveillance Audit: July, 2020



Boundry Map
BARSB Maskat Div.p



topography
map.pdf