

MSPO INITIAL CERTIFICATION SUMMARY REPORT

STANDARD:	MS2530-4:2013 (Part 4) General Principles for Palm Oil Mills	
PALM OIL MILL:	Borneo Agro-Resources Sdn Bhd (Palm Oil Mill) Lot 29, Block 10, Lavang Land District 97000, Bintulu, Sarawak	
OWNED BY:	Borneo Agro-Resources Sdn Bhd (312929-A) 2nd Floor, No.91-93, Jalan Kampung Nyabor, 96000, Sibu, Sarawak.	
PROJECT REF NO:	BQ/BAR/005-1/05/19	June, 2019
CERTIFICATION BODY:	BQAS Certification (M) Sdn Bhd (11179994-x) Sublot 6, 2nd Floor, Block A, Kings' Center, Simpang Tiga, 93350, Kuching, Sarawak.	
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Certificate Issued on:	1st August, 2019	Certificate No: BQAS 005-1
Validity Date:	1st August, 2019 to 31st July, 2019	

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EXECUTIVE SUMMARY

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**. Borneo Agro Resources Palm Oil Mill (BARPOM) is wholly owned by BARSB.

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.

BARPOM, sited on a 14.5HA land (leased from the State of Sarawak with title validity date from July 1999 till July 2059) is located at Geo-coordinates N3°16.352' E113°25.361' in the Bintulu Division of Sarawak; with estimated distance of approximately 36 kilometres from Bintulu Town. Established in 2013 the Mill began commercial operation in Jan 2014. The following are pertinent information:

- Mill has 109 employees: 40 local/69 foreign
- MPOB License No / Expiry date: 5800 2800 4000 / 31 03 2020
- Production capacity is 75 metric ton (MT) of fresh fruit bunch (FFB) per hour.
- FFB supply base: own Plantations @ 40% / other dealers, plantations & smallholders @ 60%
- Projected volume of FFB processed for 2019: 311,480 Metric ton
- Oil extraction ratio (OER) @ 20.60%: Kernel extraction ratio (KER) @ 4.0%
- Projected production volume for 2019: Crude Palm Oil (CPO) @ 64,164 MT & Palm Kernel (PK) @ 12,459 MT
- Projected pricing for 2019: CPO @ RM2000/- per MT / PK @ RM1400/- per MT

Stage 1 Audit was conducted on 25 & 26 Feb 2019 & Stage 2 on 11 & 12 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 Mill Site Office and Mill proper at both Stages of the Audit. 4 Mandays was allocated to assess Mill and Mill operations. Information & data were systematically gathered & documented from interviews, observations of process and activities, field audits & review of documentations and records.

There were 6 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 07 04 2019.

In Stage 2 Audit 1 OFI (opportunity for improvements) was recorded; in respect of documentation of Business Management Plan. The corrective action report (CAR) for these findings were closed out on 06 June 2019.

In both Audit Stages, dialogues and interviews were conducted with staffs, Mill workers, Local community representatives, contractors & 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 BARPOM Management and this was found to be positive, cordial & mutually beneficial.

Local communities are allowed access and use of roads within the Mill & Plantation. BARSB assist in maintaining roads leading to longhouses surrounding the Mill & 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 BARPOM 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 Mill. BARPOM has complied & conformed to MSPO Certification standards, conditions & requirements. Conclusively, the Lead Auditor therefore recommended that BARPOM be certified under MSPO Standards MS2530-4:2013 (Part 4 – General Principles for Palm Oil Mills).

1. INTRODUCTION

BARPOM is situated around 36 kilometers from Bintulu Town, Sarawak. It is accessible via the Bintulu Miri (Pan Borneo Highway) and the Kampong Maskat Road (off the Pan Borneo Highway).

BARSB (the owner of BARPOM) started its MSPO Certification initiative in early 2018; with the intention of certifying 1 Palm Oil Mill & 3 Estates. Approximately 1 year was undertaken to prepare itself for the MSPO certification exercise.

This report presents the assessments, findings & recommendations on certification evaluation of BARPOM which is seeking certification under MSPO MS2530-4:2013.

This is an Initial Certification Audit to assess the entity's preparedness, compliance & conformance to MSPO Standards MS2530-4:2013 (Part 4: General Principles for Palm Oil Mill)

1.1. INFORMATION: CERTIFICATION ASSESSMENT

Type of Assessment:	Initial Certification Audit
Scope of MSPO Certification:	Individual Certification
MSPO Standard:	MS2530-4:2013
Geo-Coordinates:	N3°16.352' E113°25.361'

1.2. INFORMATION: CERTIFICATION ASSESSMENT

Name of Entity:	Borneo Agro-Resources Sdn Bhd (Palm Oil Mill)	
Location:	Lot 29, Block 10, Lavang Land District 97000, Bintulu Sarawak.	
Wholly owned by:	Borneo Agro-Resources Sdn Bhd	
Main Office Address:	2 nd Floor, No 91-93, Jalan Kampung Nyabor, 96000, Sibu Sarawak.	
Management/Contact Details:		
Mr. Hii Yik Ping	Tel: 084 325 833	Email: hiiyp@yahoo.com
Managing Director	Mobile: 016 522 8338	Fax: 085 680 113
Mr. Ling Pick Tung	Mobile: 019 889 8088	Email: barpom312929@gmail.com
Mill Manager		
MPOB License No:	580028004000	Expiry Date: 31 12 2019

Scope of Activity:	Menjual dan Mengalih	FFB, PK, CPO, SPO
	Membeli dan Mengalih	FFB
	Menyimpan	PK, CPO, SPO
	Mengilang	FFB
Production Capacity:	75MT per hour	
Est. FFB volume 2019	311,480MT	
Extraction Ratio:	OER: 20.60%	KER: 4.0%
Est. Production Volume 2019	CPO: 64,164MT	PK: 12,459MT
Projected Pricing 2019	CPO: RM2000/- MT	PK: RM1400/- MT
Date of Certification: 1st August, 2019	Validity: 1st August, 2019 to 31st July, 2019	
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
Qualifications:		
<ul style="list-style-type: none"> Advanced Dip in Business & Management, UK Degree in Marketing, UK Masters in Marketing, UK Successfully completed MSPO Lead Auditor Course (Pioneer Group) on 30th Jan, 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:		
<p>Sarawak Forestry Corporation SB</p> <ul style="list-style-type: none"> 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. 		
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
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Qualifications

- 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:

- 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
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Qualifications

- 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:

SALCRA Sarawak

- 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 from	<ul style="list-style-type: none"> Interviews – staffs, contractors, local communities, FFB suppliers & other stakeholders Observation of process & activities Review of documentations & records Mill & facilities 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	Fulfill 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	Fulfill 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:

- Mill Office – documentations & records
- Mill – processes, stores, waste & water management, workshop and related facilities
- Staff facilities – housing, amenities etc.

STAGE 1 AUDIT PROGRAM:

Date: 25 th & 26 th Feb 2019	No of Auditors: 3	No of Mandays: 6
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Day 1	<ul style="list-style-type: none"> • Opening Meeting • Documentation & Records review at Mill Office
Day 2	<ul style="list-style-type: none"> • Mill – facilities inspection (chemical, schedule waste stores, workshop, effluence ponds, grading etc.) • Observation of milling processes, interview Mill workers/Engineers, weighbridge, laboratory etc. • Inspection/observation of staff/workers housing & living conditions, facilities & amenities, interview foreign workers, domestic waste treatment etc. • Documentation & Records review at Mill Office • Stakeholders dialogues/interviews (contractors, FFB suppliers, local community representatives, adjacent landowners) • Closing meeting • Presentation of Stage 1 Audit Report • Set tentative date of Stage 2 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
- Chemical/Schedule waste stores / workshop
- Estate Office & Workers Quarters, Signages
- Boundary Markers, Geo-coordinates, Buffer Zone, Riparian Reserves
- Stakeholders interview

STAGE 2 AUDIT PROGRAM:

Date: 11 & 12 April 2019	No of Auditors: 2	No of Mandays: 4
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Day 1	<ul style="list-style-type: none"> • Opening Meeting • Review Stage 1 • Documentation Audit / Record Review at Mill Office
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Day 2	<ul style="list-style-type: none"> • Mill – facilities inspection (chemical, schedule waste stores, workshop, effluence ponds, grading etc.) • Observation of milling processes, interview Mill workers/Engineers, weighbridge, laboratory etc. • Inspection/observation of staff/workers housing & living conditions, facilities & amenities, interview foreign workers, domestic waste treatment etc. • Stakeholders dialogues/interviews (contractors, FFB suppliers, local community representatives, adjacent landowners) • Closing meeting • Presentation of Stage 2 Audit Checklist / Report
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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 Mill 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"> • <u>Opening Meeting</u> Participants: Audit Team & Auditee Management Agenda: Audit Plan, Objectives, Assessment Method

		<ul style="list-style-type: none"> <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"> <u>Mill 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, Use of PPE, Stores, Workshop FFB – Grading activities / observations <u>Closing meeting</u> Participants: Audit Team & Auditee Management Agenda: Presentation of Report / Checklists Review, discuss & decide corrective & forward action to be taken with Auditee

6. STAGE 1 AUDIT	MSPO MS2530-4:2013
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6.1. BASIC INFORMATION

Company/ Group Name:	Borneo Agro-Resources Sdn Bhd	
Mill Name & Address:	Borneo Agro-Resources Sdn Bhd (Palm Oil Mill) Lot 29, Block 10, Lavang Land District, 97000, Bintulu, Sarawak	
Audit Dates:	25 th & 26 th February, 2019	
Audit Duration:	6.0 man-days	
Audit Team:	Wilfred S. Landong	Lead Auditor
	Charles Tibok	Auditor
	Douglas Alau	Auditor
Certified Area: (Mill Site)	14.5 hectares	
Estimated tonnage of FFB received for 2019	311,480 metric tons	



6.2. FINDINGS/ACTION/CLOSURE

The AWF (acceptable with findings noted) are listed below. There was a total of 1 Finding at Stage 1

2. Management System Readiness (General)	
<p>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?</p>	<p><input type="checkbox"/> Acceptable</p> <p><input checked="" type="checkbox"/> Acceptable with findings noted</p> <p><input type="checkbox"/> Unacceptable – recommend audit (Stage 2) to be delayed</p> <p>Comments/Justification/Evidence:</p> <ul style="list-style-type: none"> Internal Audit (IA) Plan dated 11-01-19; IA conducted on 11-02-19. Opportunity for improvements & Non-compliance (OFI & NC) documented. No overall summary and no evidence of being closed out IA report made available to management for review; no evidence of review being done on IA Report 11-02-19
<p>Action Taken by Auditee</p>	<ul style="list-style-type: none"> Overall summary & Corrective Action Reports (CAR) was raised by Mill Manager on 20th Feb, 2019 and closed out by MD on 10 03 2019. Management Review on IA Report was conducted on 10 03 2019 & Minutes of MR Meeting chaired by MD was documented.
<p>Action Taken by Lead Auditor</p>	<p>The following documents were verified by Lead Auditor and CAR closed out before the start of Stage 2 Audit on 11th of April, 2019.</p> <ul style="list-style-type: none"> IA overall summary & Corrective Action Report dated 20th Feb, 2019 BARPOM Management Review Meeting Minutes on 10 03 2019

7. STAGE 2 AUDIT : MAIN ASSESSMENT

MSPO MS2530-4:2013

7.1. BASIC INFORMATION

Company/ Group Name:	Borneo Agro-Resources Sdn Bhd	
Mill Name & Address:	Borneo Agro-Resources Sdn Bhd (Palm Oil Mill) Lot 29, Block 10, Lavang Land District, 97000, Bintulu, Sarawak	
Audit Dates:	11 & 12 April, 2019	
Audit Duration:	4.0 man-days	
Audit Team:	Wilfred S. Landong	Lead Auditor
	Maxwell S Landong	Auditor in Training
Certified Area: (Mill Site)	14.5 hectares	
Estimated tonnage of FFB received for 2019	311,480 metric tons	

Principle 1:	Management commitment and responsibility
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Criterion 1: Malaysian Sustainable Palm Oil (MSPO) Policy

Indicator	Requirement	Compliance	Findings
1	Policy for the implementation of MSPO shall be established.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	MSPO Policy, Occupational Health & Safety Policy, Environmental Policy, Sexual Harassment Policy, Quality Policy, Good Social Practice Policy established 14 08 18
2	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation.	<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 aspects of the principles and committed in controlling & improving to achieve continuous sustainability in our operations". Continuous Improvement Plan 2019 <u>Budgeted for 2019</u> <ul style="list-style-type: none"> • Health & Safety: RM19K • Effluent Pond: RM63K • Housing Maintenance: RM10K • Corporate Social responsibilities (CSR): RM72.8K • Total: RM164.8K

			<ul style="list-style-type: none"> Estimated spent up to 31 03 19 approximately RM50+K (verified & confirmed during Stage 2 Audit)
Criterion 2: Internal Audit			
Indicator	Requirement	Compliance	Findings
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	<p>IA for 2019 conducted on 11 01 19 on MSPO Principle 1- 6.</p> <p>Major NC: 35 Minor NC: 5. All CAR closed out 10 03 19</p> <p>All docs were viewed & verified during Stage 2 Audit.</p>
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>SOP document dated 01 07 18 BARSB (M)-SOP-25</p> <p>IA results documented on 11 01 19. All CAR closed out 10 03 19</p> <p>All docs were viewed & verified during Stage 2 Audit.</p>
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	<p>IA Report 11 01 19 verified by Mill Manager, review & closed out by MD on 10 03 19</p> <p>Documentations viewed & confirmed.</p>
Criterion 3: Management review			
1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>First management review conducted on 16 06 18; on MSPO MS2530-4:2013 certification preparations. Attended by MD, AM, MM and staffs.</p> <p>2nd MR conducted on 10 03 19 to:</p> <ul style="list-style-type: none"> Review Stage 1 Audit results & action taken Prepare for Stage 2 Audit Review Mill operations, IA, MSPO Policies, Customer Feedback, Corrective Actions, & continuous Improvements measures. <p>Meeting minutes viewed & verified during Audit</p>
Criterion 4: Continuous Improvement			
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	<p>Continuous Improvement Plan 2019 viewed & verified; emphasized improvements on:</p> <ul style="list-style-type: none"> Health & Safety of all aspects of operations, Staff & workers Housing



			<ul style="list-style-type: none"> • CSR – road maintenance of longhouses & community within the Mill & Plantations • Compliance on minimum wages
2	The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Training Plan for 2019 (internal & external) for staff on various new knowledge enhancement & practices. Following plans noted & verified:</p> <ul style="list-style-type: none"> • Laboratory management • Water Treatment & monitoring • Use of chemical • Working at height • Gas Tester • Managing schedule waste • Mill equipment maintenance • Workshop management (technicians) <p>Twitter Account set up for staff to be updated on company activities.</p>

Principle:2	Transparency
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Criterion 1: Transparency of information and documents relevant to MSPO requirements			
Indicator	Requirement	Compliance	Findings
1	The management shall communicate adequate information to other stakeholders on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Stakeholder Meeting held 21 12 18. Attended by Mill Management & 37 stakeholders (cross section). Meet Agenda include:</p> <ul style="list-style-type: none"> • MSPO Certification Program • MSPO Policies & management systems • Stakeholder Interview • Sustainability Questionnaire <p>Conducted in English & Bahasa</p> <p>Above activity evidenced by photos, questionnaire responses & written report.</p>
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	<p>MSPO Policies, Organization Chart, SOP for application on Company information, MSPO information, Committees list, ERP Chart, Emergency contact List, complaint form, Co Activities all made public (notice boards) etc.</p> <p>Evidence is viewed both outside and inside office premise.</p>
Criterion 2: Transparency method of communication and consultation			

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 dated 01 07 18 especially for Stakeholders use. Suggestion box, Complaint and grievances form establish and made available.
2	The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Mill Manager (Mr Ling Pick Tung) appointed at operating unit with specific duties related to Indicator 1 as Communication Officer with effect from 10 01 2019.
3	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Lists of stakeholders documented & records kept. Up to date 4 Complaints & Grievance raised by stakeholders ranging from snake habitation, loading ramp, toilet door broken, leaking pipes. Action taken according to SOP and problem resolved within time frame specified</p> <p>Viewed and verified Complaints & grievance form.</p>
Criterion 3: Traceability			
1	The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>SOP on Traceability – Mass balance dated 01 07 18 was viewed and verified.</p> <p>Covers all activities (receiving, processing, storing, dispatching CPO & palm kernel) & sustainable raw materials. Compliance to all standard requirements</p>
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	<p>Verified and noted in Inspection log book, Mill Management inspect/audit on daily basis the following operations:</p> <ul style="list-style-type: none"> • FFB Grading by Grader • Weighbridge Operations • Mill operations • Contractors performance <p>BARPOM has 3 Qualified & trained Engineers to oversees daily operations.</p>
3	The management shall 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	<p>Mill Manager appointed as Traceability PIC WEF 01 07 18; job description precisely described in appointment letter.</p> <p>Viewed and verified the appointment letter.</p>
4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Daily Production Report (DPR) to record storage, sales, delivery, stock movement, transportation across all chain of custody. FFB received from own estate, other estates, collection centres, smallholders on both CPO & Kernels. Records kept for daily, monthly & yearly reporting. Sighted DPR dated 11 04 19</p>

Principle 3: Compliance to Legal Requirements

Criterion 1: Regulatory requirements			
Indicator	Requirement	Compliance	Findings
1	All operations shall be in compliance with applicable local, national and ratified international laws and regulations.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Viewed documentations and noted all operations in compliance with applicable local and international law and regulation. Among the major laws and regulations sighted & verified are: <ul style="list-style-type: none"> Trade License-Expiry date - 22/12/2019 Borang 13 akta Syarikat 1965-Incorporated on 25/3/1998 Form 24 Companies Act 1965 - 19/10/2012 – Allotment of shares Form 44 -20/11/2009 – Directors, Managers Form 49-20/11/2009 SSM Maklumat Syarikat - report dated 29/12/2016 KWSP Borang A- 01/2019(Staff register) Lembaga Hasil Dalam Negeri- Ref No. C888219610(15/7/2019-RM322,500) Perkeso (14/1/2019) Land Title (leasehold) -17/7/1999-7/2059 MPOB License No: 5800 2800 4000
2	The management shall list all relevant laws related to their operations in a legal requirement register.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	A comprehensive list of relevant laws and regulation is made available by Mill Management (both soft & hard copies). Noted and sighted are relevant local laws of Sarawak: <ul style="list-style-type: none"> Land Code Forest Ordinance Wildlife Protection Ordinance NREB ordinance
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	Laws related to the operation is recorded in legal requirement register dated 22/1/2019 prepared by the Mill Engineer and verified by the Mill Manager. Updated 2 times a year in compliance with requirements
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	Letter of Appointment to Mr Yiin Chung Kui is sighted; and his duties and responsibilities are clearly stated. The letter was dated 1/7/2018 and signed by the Mill Manager
Criterion 2: Land Use Rights			
1	The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	BARPOM 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 from the interview there is no evidence of rights of other users being affected or diminished.
2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The legal testament to land ownership is land title issued by Sarawak Land & Survey Dept with key particulars as follows: <ul style="list-style-type: none"> Lease of State Land (Lavang Land District)

			<ul style="list-style-type: none"> 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>
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	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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Not applicable
Criterion 3: Customary Rights			
1	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	Land not encumbered by Customary rights
2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Not applicable
3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Not applicable

Principle: 4 Social responsibility, health, safety and employment condition

Criterion 1: Social impact assessment (SIA)

Indicator	Requirement	Compliance	Findings
1	Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Social impacts assessment plan dated 01 01 19 is viewed and confirmed that implementation had already started with dialogues with local community from Rh Ungah ak Engkiau (village situated) 1 Km from boundary of Mill site. Dialogue was held to explain MSPO requirements to these smallholders who are suppliers and contractors to the Mill Evidenced was viewed and verified

Criterion 2: Complaints and grievances

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	SOP & system is established vide: <ul style="list-style-type: none"> BARSB(M)-SOP-26 dated 01 01 19 Complaints & Grievances Form BARSB(M)/HR/F/15 dated 01 01 19
2	The system shall be able to resolves disputes in an effective, timely and appropriate manner, which is accepted by all parties.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The system denotes (in SOP) timelines & chain of command & committee responsibilities in a precise description & manner. Corrective action taken depending on urgency of complaints and grievances earliest by 2-3 days, if it involves top management, it will normally take one week to resolve. Evidence of implementation <ul style="list-style-type: none"> As at 11/4/2019 four (4) complaints have been received in 2019. All the complaints have been resolved.
3	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Complain box and forms available at Mill Office, Mill Site, Staff & Workers Housing site and usage implemented.
4	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Briefings for employees done on 1/12/2018 <ul style="list-style-type: none"> 2 sessions (73 persons) 3/12/2018 (20 persons) For Stakeholders <ul style="list-style-type: none"> 21/12/2018 (37 persons) – mostly FFB Suppliers Briefing was done at Estate premises
5	Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Four (4) complains have been received so far and all have been successfully solved.

Criterion 3: Commitment to contribute to local sustainable development

1	Palm oil millers should contribute to local development in consultation with the local communities. Where the mill is an integral	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	CSR Plan for 2019 available. Some of the program include donations, Recycled program, staff annual dinner and sports activities etc. records of CSR activities in 2018 were also sighted.
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	part of a plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.		Where there are common stakeholders, CSR programs are noted to be conducted jointly by Mill & Plantation management.
Criterion 4: Employees safety and health			
1	An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act139) shall be documented, effectively communicated and implemented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Safety and Health Policy and Plan and documents available and signed by the Managing Director (signed 14 08 19)</p> <p>Employees interviewed are aware of the Policy. Briefing to staff is sighted at the Training File</p>
2	The occupational safety and health plan shall cover the following:		
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 id being displayed at the Office notice Board and Mill premise. Staff and worker have/are being briefed on the SH Policy through training program
B.	The risks of all operations shall be assessed and documented	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The risk of all operations is documented and sighted at the HIRARC document BARSB/MSPO/06 dated 01 01 19. It covers the whole area of operation
C.	An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill: i) all employees involved are adequately trained on safe working practices; and ii) all precautions attached to products should be properly observed and applied.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The attendance of Training Program is documented in the Training file which indicate the names of employee, date and venue of the training program</p> <p>Up-to-date the following program had been implemented</p> <ul style="list-style-type: none"> • Chemical mixing / handling • Workshop maintenance • First Aid • Emergency & Rescue <p>Done in 1st Quarter of 2019. Evidenced in photos/records/report are viewed</p>
D.	The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	PPE is provided to the staff for use as well as the workers at process. Staffs interviewed are aware of the importance of usage of PPE. 20 HIRARC areas of operation are identified. It covered major area of operation.
E.	The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Safe handling and Emergency response for chemical conducted to relevant employee on 2/11/2018 at Estate Office (23 persons) with evidence in pictures

	and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labelling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.	<input type="checkbox"/> OFI	
F.	The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Letter of appointment to Mr Yiin Chung Kui, Mill Engineer dated 1/3/2019 as person responsible for Safety and Health. The person appointed had attended training on Safety/health & Labor regulation in 10 10 18.
G.	The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meetings shall be kept and the concerns of the employees and any remedial actions taken shall be recorded.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Regular meetings and briefing done with regards to SOP and other issues related to the Mill. Attendance record and notes are available at the Training File (sighted & verified during Audit)
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	ERP team 2019 has been established under the Mill Manager as Incident Commander <ul style="list-style-type: none"> Standard Operating Procedure includes: <ul style="list-style-type: none"> Notifikasi Aduan Kemalangan Kemalangan nyaris kejadian bahaya Keracunan pekerja Document reference BARSB-MSPO-MSPO-SOP 19(SOP file) is verified and noted
I.	Employees trained in First Aid shall be present at all mill operations. First Aid equipment 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 Red Crescent on 14-15 January 2019; Notes in JKKP minutes of meeting dated 18/1/2019. Certification as first Aider for those staff and workers are also sighted
J.	Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Records of accident are available at Accident Report File 1
Criterion 5: Employment conditions			
1	The management shall establish a policy on good social practice regarding human rights in respect of	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Good Social Practice Policy document sighted; Ref no BARSB/P/03, signed by MD Hii Yik Ping on 14/8/2018



	industrial harmony. The policy shall be signed by the top management and communicated to the employees.		
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	No evidence of discrimination. This is verified through 2 Stages of Audit during dialogues and interviews with workers & staffs. All respondent confirmed their satisfaction on working conditions in the estate.
3	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per 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	Payslips for both monthly and daily paid staff including foreign workers were sighted and viewed. It is in compliance to Minimum Wage Order 2018
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	Not applicable
5.	The management shall establish records that provide an accurate overview 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	Employees records available, contracts/agreement sighted and showing all relevant details; containing full names, gender, date of birth, date of entry, a job description, wage and the period of employment. The total employee comprised 40 locals and 69 TKI (Tenaga Kerja Indonesia)
6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Sample contract of employment was verified: John Anak Assan. BARSB (M)-HR-OL-o39 dated 1/12/2016. Employee NO 039. Salary revised in compliance with Minimum Wage Order in January 2019. Written in both English and Bahasa Malaysia
8	The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	As per salary slips and punch cards which are available and sighted. Hours of working stated in the offer letter. Overtime rates is documented in employment letter.

	be mutually agreed upon and shall meet the legal requirement applicable.		Overtime work is recorded in a register and paid accordingly to legally approved rates. The register was viewed & verified.
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	Overtime payment is clearly shown in the pay-slips and rates paid in compliance with Sarawak Labour Ordinance. The evidence on payment of overtime is also recorded in the pay-slip
10	Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The benefits are contained in the Employee Handbook which are written in English and Bahasa Malaysia An interview with the Officers and staffs indicated that employee benefits are above average in comparison to other Mills and bonuses are paid every year with the amount based on performance. This is verified from the Company employee income tax file. Other statutory benefits are also accorded to the staff.
11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Inspection to staff and workers quarters indicate that the quarters are all in good condition and compound clean. Staff are provided with all basic facilities. Electricity and treated water are free of charge
12	The management shall establish a policy 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	Policy on Sexual harassment sighted and signed by MD Hii Yik Ping, dated 14/8/2018. No evidence of sexual harassment and violence at workplace
13	The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or 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	As per Good Social Practices policy done, signed by MD Hii Yik Ping, dated 14/8/2018 Staffs interviewed were all satisfied with the working condition and facilities provided.
14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	No evidence of under-aged in the employee is sighted in the Employee register and files.
Criterion 6: Training & Competency			
1	All employees and contractors shall be appropriately trained. A training programme shall	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Training Need Analysis done for 2019 (Refer to Training file) Training done on a monthly basis based on stations.

	include regular assessment of training needs and documentation, including records of training.		<ul style="list-style-type: none"> 15/8/2018 - 5 Pax (SOPs training for FFB feeder) 12/9/2018 - 9 pax (SOPs training for Sterilizer Station) 10/10/2018 - 5 pax (SOPs training for threshing Station & EFB pressed Station) 1/11/2018 - 33 pax (ER team Training) 2/11/2018 - 23 pax (Safe Handling & ER for Chemical) 14/11/2018 - 5 pax (SOPs training for Press & Digesting Station) 1/12/2018 - morning 34 (Training for MSPO) 1/12/2018 - Afternoon 39 pax (Training for MSPO) 3/12/2018 - 20 pax (Training for MSPO) 12/12/2018 - 5 pax (SOPs training for station staffs) 14-15/1/2019 - First Aid Training - 20 pax 12/2/2019 - SOPs training for Workshop <p>The detail records of Training program implemented are documented and file maintained.</p>
2	Training needs of individual employees shall be identified prior to the planning and implementation of the training programs 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	Noted and verified BARPOM document TNA annually; this would translate to Annual Training Plan. TNA available for all level of staffs. Details and records are noted & available in the Employee files.
3	A continuous training programme shall 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Training matrix is noted & verified in the training File. Training Plan for 2019 (dated 07 01 19 is sighted in the Training file and presented in a Gantt Chart.

Principle: 5 **Environment, natural resources, biodiversity and ecosystem services**

Criterion 1: Environmental management plan			
Indicator	Requirement	Compliance	Findings
1	An environmental policy and management plan which shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Environmental Policy signed by the Managing Director, Mr Hii Yik Ping. Environmental Management Plan Document BARSB(M)-EMP-01 sighted and effective from 1 st January 2019 Awareness Training Program on various Standard Operating Procedure are regularly conducted to staff and workers (recorded in Training File)
2	The environmental management plan shall cover the following:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Doc BARSB(M)-EMP-01-03, ENR-P-01

	a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations.	<input type="checkbox"/> OFI	Stipulated in the Environment Aspect and Impact Assessment Doc BARSB(M)-ASS-01. The EMP covers the aspect and impact analysis of all operations
3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Environment Aspect and Impact Assessment Doc BARSB(M)-ASS-01 dated 1/8/2019. It covers major area of operations and activities in the Mill processes
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	Sighted the continuous improvement plan for year 2019 signed by the Asst Mill Engineer on 27/12/2019 and approved by the Mill Manager
5	An awareness and training programme shall be established and implemented to ensure that all employees understand the policy, objectives and management plans and are working towards achieving the objectives.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Training Program (internal & external) & Manual for 2019 documented and implemented; Training covers all level of staffs from Management to Mill workers. Training records are kept, maintained and updated.
6	Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Attendance of meeting and training list were available in the Training file. It also included training notes and name of employees who attended the training programme.

Criterion 2: Efficiency of energy use and use of renewable energy

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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Usage of diesel for previous years are documented, Actual/Budgeted. ref. Diesel Report 2019 DIESEL CONSUMPTION 2019 – BUDGET <table border="1" data-bbox="930 1167 1477 1308"> <thead> <tr> <th>MONTH</th> <th>BUDGET (in liters)</th> </tr> </thead> <tbody> <tr> <td>JANUARY</td> <td>35,240</td> </tr> <tr> <td>FEBRUARY</td> <td>35,240</td> </tr> <tr> <td>MARCH</td> <td>35,240</td> </tr> </tbody> </table> The plan to assess the usage of non-renewable energy is sighted at Diesel consumption reduction plan Doc BARSB(M)-EMP-01	MONTH	BUDGET (in liters)	JANUARY	35,240	FEBRUARY	35,240	MARCH	35,240
MONTH	BUDGET (in liters)										
JANUARY	35,240										
FEBRUARY	35,240										
MARCH	35,240										
2	Palm oil millers shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The estimated budget for 2019 on fuel consumption is incorporated in the Budget 2019 & approved by the Managing Director								
3	The use of renewable energy should be applied where possible.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Fruit bunch fibers are used to run the boilers								

Criterion 3: Waste management and disposal

1	All waste products and sources of pollution shall be identified and documented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Waste product and pollution were identified and listed in the Waste Inventory Record file BARSB(M)-LIST-01
2	A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Environ. Aspect and Impact Assessment Doc BARSB(M)-ASS-01 Document reference BARSB(M)-EMP-04 signed on 1/3/2019 by MD; Waste Management Plan; viewed & verified

	a) Identifying and monitoring sources of waste and pollution; b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.		Empty fruit bunches are used to run boilers
3	The palm oil mill 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. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Wastes) Regulations, 2005.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	SOP on "Pengurusan Sisa Buangan Terjadual" BARSB(M)-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	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Landfill is shared with MASKAT Estate; a plantation owned by BARSB

Criterion 4: Reduction of pollution and emission including greenhouse gas

1 Yes	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Assessment criteria sighted in the Environmental Aspect and Impact Assessment DOC BARSB(M) dated 1/8/2019
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	The action plan is detailed out and documented in BARSB(M)-ASS-01 T. Noted and verified.
3	Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted & inspected during site Audit BARPOM has 3 effluent ponds. Desludging activities covers Ten café Geotube system and Bio-solids recovery system; document BARSB(M)-ASS-01 dated 1/8/2019 and POME treatment recorded since 9/1/2019 are referenced as POME Management Plan.

Criterion 5: Natural water resources

1.	The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:		
A.	Assessment of water usage and sources.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	This is evidenced in Water Management Plan BARSB(M)-ENR-P-01 dated 1/10/2018. Document viewed & verified.
B.	Monitoring of outgoing water which may have negative impacts	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Monitoring of outgoing water done on a daily basis internally and monthly by external labs Ref. Online

	into the natural waterways at a frequency that reflects the mill's current activities.	<input type="checkbox"/> OFI	Environmental reporting file. Reference BARSB(M)-LAB-R-18(final discharge) file is also viewed and verified.
	Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	BARPOM documented reference on this is the Water Management Plan – Water Re-use BARSB(M)-ENR-P-01 dated 1/10/2018. The Plan is viewed and verified as implemented and monitored.
2	Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	There is no direct discharge to water course Refer to three relevant documents namely. <ul style="list-style-type: none"> Raw effluent flow-meter record Ref. BARSB(M)-LAB-R-18 Effluent record Ref. BARSB(M)-LAB-R-19 Final discharge flow-meter record Ref. BARSB(M)-LAB-R-20

Principle: 6	Best Practices
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Criterion 1: Site management			
Indicator	Requirement	Compliance	Findings
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	STANDARD OPERATING PROCEDURE (SOP) files No1 (18 SOP) and NO. 2(14 SOP) Reference BARSB (M)-SOP-01-32. All 32 SOP are viewed and verified as practiced and implemented Training Matrix available
2	All palm oil mills shall implement best practices.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Sighted Quality Policy signed by the MD on 14/8/2019
Criterion 2: Economic and financial viability plan			
1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	Detail Annual Budget from 2017 – 2019 are sighted. A comprehensive Business Plan is not available except for the Budget 2019 signed by the Managing Director
Criterion 3: Transparent and fair price dealing			
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	Noted and verified that BARPOM pricing mechanism are in conformance with MPOB Oil Palm Fruit Grading Manual and current pricing levels
	All contracts shall be fair, legal and transparent and agreed payments shall be made in a timely manner.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Checks and verification on transaction documents (invoices, payment vouchers, weighbridge tickets, Grading form etc) verified that all payments are made in a timely manner (immediate on same day for ad hoc smallholders FFB Suppliers; weekly for regular FFB suppliers
Criterion 4: Contractor			

1	In case of the engagement of contractors, they shall be made to 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	All regular Suppliers/Contractor were given briefing on MSPO implementation and meeting were recorded and documented. 3 Stakeholders Briefing had taken place since 2018 till Audit time. Viewed MSPO awareness Stakeholder Questionnaire to Contractor BARSB-MSPO(M)-FORM-SIA. Stakeholders feedback are written and documented and acted on by BARPOM Management.
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	Viewed CPO and Palm Kernel (PK) transportation contracts. MSPO requirements are incorporated in the agreement Sighted Contract agreement signed between Borneo Agro Resources Sdn Bhd and Sung Lee Transportation Company on 2/1/2019
3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	MSPO Auditors are allowed to verify assessments through physical inspection.

7.2. FINDINGS/ACTION/CLOSURE

7.2.1 FINDINGS

There is only 1 finding at Stage 2 under Principle 6 – Best Practices. As below:

Criterion 2: Economic and financial viability plan

1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	Detail Annual Budget from 2017 – 2019 are sighted. A comprehensive Business Plan is not available except for the Budget 2019 signed by the Managing Director
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Summary Statement by Lead Auditor (upon conclusion of Stage 2 Audit)

Number of "NC": Non-Conformance:

Nil

Number of "OFI": Opportunity for improvement:

1

Remarks

Based on the overall result of Stage 2 Audit (with only 1 (one) OFI BARPOM had demonstrated compliance to all Principles & Criteria & requirements of Certification under MSPO MS2530-4:2013. Upon submission of the complete Business Management Plan it is recommended that BQAS proceed to document the Audit Report and henceforth initiate other documentation to certify BARPOM under MSPO MS2530-4:2013.

WILFRED S LANDONG

12 04 2019





7.2.2 ACTION BY AUDITEE & CLOSURE BY LEAD AUDITOR

CORRECTIVE ACTION REPORT (NC/OFI)

No. 1 of 1		Date: 10 04 19	
1 FINDINGS		To be completed by Lead Auditor	
Standards	MSPO MS2530-3:2013	Reference	BAR/POM/AU/ST2/04/19
Process, Area	Principle: 6	Criterion: 2	Indicator 1
Requirements		Findings	
A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.		Detail Annual Budget from 2017 – 2019 are sighted. A comprehensive Business Plan is not available except for the Budget 2019 signed by the Managing Director	
2 CLASSIFICATION		To be completed by Lead Auditor	
Major Non-conformity	<input type="checkbox"/>	Minor-nonconformity	<input 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)			

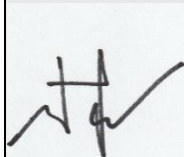
4 ROOT CAUSE(S) of NC / OFI		To be completed by Company	
Remarks: Not familiar with documentation of BMP. Budget Plan is deemed/assumed to be a complete Business Plan			
5 CORRECTIVE ACTIONS TAKEN		To be completed by Company	
Remarks: Corrective Action done. Business Management Plan 2019/2020 had been prepared and fully documented by Mill Manager, and approved by Managing Director on 25/04/2019. BMP had been emailed to Lead Auditor.			
Date	25 04 2019	Name/Job of Management Rep	Ling Pick Tung Mill Manager
		Signature: 	
6 CLOSURE of NC / OFI		To be completed by Lead Auditor	
Remarks / Evidence: Full documentation of the Business Management Plan was received on 29 05 19. Upon examination of contents and presentation, the Plan is found sufficient and conform to requirements.			
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: 06 06 2019		Confirmed by: Wilfred S Landong Lead Auditor	

8.0. AUDIT CONCLUSION & RECOMMENDATION

Based on the Findings/Action taken by Auditee/Closures above, Borneo Agro-Resources Palm Oil Mill, a wholly owned entity of Borneo Agro-Resources Sdn Bhd had been able to demonstrate its compliance with the MSPO MS2530-4:2013 Standard for Palm Oil Mills. Therefore, it is recommended that the Initial Certification of Borneo Agro-Resources Palm Oil Mill 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 Palm Oil Mill



Ling Pick Tung (Mr)

Mill Manager

Dated: 30 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 [Palm Oil Mill] be certified and awarded the Certificate under the Standard MSPO2530-4:2013 [Part 4: General Principles for Palm Oil Mills]



CERTIFIER

PATRICK SIBAT SUJANG

Dated: 15 07 2019

10. DATE OF 1ST YEAR SURVEILLANCE AUDIT: on or before JULY 2020

BORNEO AGRO RESOURCES PALM OIL MILL: GOOGLE LOCATION MAP

