



MSPO SURVEILLANCE CERTIFICATION REPORT [YEAR 03] 2021



SALCRA

LUBOK ANTU PALM OIL MILL 2

Lot 25, Block 13, Marup Land District, km13, Jalan Ridan, Lubok Antu, 95900, Sri Aman



BQAS Certification [M] Sdn Bhd

Lot 7823, Sublot 6, 2nd Floor, Block A, King Center,
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Accreditation No: ACB MSPO CB15

MSPO SURVEILLANCE CERTIFICATION REPORT Year 03: 2021**LUBOK ANTU PALM OIL MILL 2**

BQAS CERTIFICATION [M] SDN BHD [1179994-X]

Ref No: BQ/LAPOM 2/SVA3/05/21

Standard: MS 2530-4:2013

REMOTE AUDIT

Report Date: 01 08 2021

CERTIFIED ENTITY

MSPO Standards	<input checked="" type="checkbox"/> MS2530-4:2013 General Principles for Palm Oil Mills	
Type of Certification:	<input checked="" type="checkbox"/> Individual	<input type="checkbox"/> Group
Project Ref No:	BQ/LAPOM2/SVA3/05/21	
MSPO Certificate No:	BQAS P4 023-5 0420	
MSPO Certificate Validity:	14 04 2018 – 13 04 2023	
Main Office Address:	Wisma SALCRA, No 1, Lot 2220, Block 26, MTLD, Jalan Dato Mohd Musa, 94300, Kota Samarahan, Sarawak	
Contact Person / Job Title:	Puan Patricia Chan	Sustainability Executive
Telephone / Mobile:	082 621 904	016 831 2705
Email / Website:	patriciachan@salcra.gov.my	
Site Address:	Lot 25, Block 13, Marup Land District, km13, Jalan Ridan, Lubok Antu, 95900, Sri Aman	
Contact Person / Job Title:	Mr Gira Enggam	Mill Manager
Telephone / Mobile:	083 220 008	019 826 1205
Email / Website	girae@salcra.gov.my	

CERTIFICATION BODY**BQAS CERTIFICATION [M] SDN BHD [1179994-X]**

Office Address:	Lot 7823, Sublot 6, 2n Floor, Block A, Kings' Center, Simpang Tiga, 93350, Kuching Sarawak.	
Contact Person / Job Title:	Managing Director	
Telephone / Mobile:	+6 082 572043	
Lead Auditor:	Wilfred S Landong	
Certifier:	Maxwell S Landong	

Disclaimer:

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8.	Attachments	Nil
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EXECUTIVE SUMMARY

LAPOM 2 [Lubok Antu Palm Oil Mill 2] is wholly owned by SALCRA [Sarawak Land Consolidation Rehabilitation Authority]. It is located at Lot 25, Block 13, Marup Land District, Lubok Antu, 95900, Sri Aman, Sarawak; at Geo-coordinates N01° 10' 4.82" E111° 45' 20.44"; next to SALCRA LAPOM 1; approximately 60+ kilometers from Sri Aman Town; on legally acquired Country land; owned by SALCRA, the parent organization.

This is a Surveillance Certification Report Year 3 [4th year of certification] for LAPOM 2 & scope is Individual Certification under the Standards MSPO MS2530-4:2013 for Palm Oil Mills.

This Audit which was scheduled earlier to be conducted in March, 2021 was forcibly delayed due to compliance requirements of COVID 19 MCO [movement control order] enforced by government authorities of Sarawak & Malaysia. Eventually, to avoid prolonged delay and upon results of Risk Assessment, the planned **Onsite Audit** was changed to **Remote Audit** to ensure regulatory compliances to COVID 19 Pandemic MCO [movement control order]

Guidance documents for this Remote Audit is **MPOCC Version 3 Updated Circular [22 March 2021]**

Guidance on remote audits due to Covid 19 Pandemic Restrictions.

Risk Assessment was conducted and it was determined prior to conducting the audit that LAPOM 2 is categorised as **low risk entity** and qualify to be audited remotely.

ICT tools and audit medias in use during this Audit include zoom meetings, google drive for uploading documents, emails, whatsapp chat group for Auditors & Auditees [clients] personnel, postings of realtime photographs evidence and other relevant virtual communication tools etc.

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.

The following are pertinent information on LAPOM 2:

- | | |
|-------------------------------|---|
| No of Employees | • 155 [all locals] |
| MPOB License No / Expiry date | • No: 6159 4300 4000 Expiry: 3110 2021 |
| Production Capacity | • 60 MT of fresh fruit bunch (FFB) per hour |



FFB supply base	<ul style="list-style-type: none"> Mainly SALCRA owned plantations & other dealers, plantations & smallholders in Lubok Antu District and surrounding areas.
Actual volume of FFB processed for 2020	<ul style="list-style-type: none"> 207,053.86 MT
Projected volume of FFB processed for 2021	<ul style="list-style-type: none"> 225,736.00 MT
Extraction Ratio	<ul style="list-style-type: none"> Oil extraction ratio @ 20.71% Kernel extraction ratio @ 4.81%
Actual production volume for 2020	<ul style="list-style-type: none"> Crude Palm Oil @ 42,533.46 MT Palm Kernel @ 9,898.94 MT
Projected production volume for 2021	<ul style="list-style-type: none"> Crude Palm Oil @ 47,405 MT Palm Kernel @ 11,287 MT
Projected pricing for 2021	<ul style="list-style-type: none"> CPO @ RM3,924 MT PK @ RM2,427.09 MT

The Remote Surveillance Audit was conducted on 24 - 25 2021; 2 Auditors; 4 mandays. The purpose of this Audit is to evaluate the implementation, including effectiveness, and continuous compliance to MSPO requirements of LAPOM 2 management systems. Assessments were done to assess documentation, milling activities, facilities and operations. Information & data were systematically gathered & documented from google drive uploads/communications, online interviews, realtime photos as evidence & review of documentations and records.

There were 2 findings classified as OFI [opportunity for improvements] on Criterion: 4.5.1.2 Environmental Management Plan & Criterion: 4.5.3.2 Waste Management Plan.

Corrective action report was raised on 25 05 2021 and closed out on 15 07 2021.

During SVA03, the Auditors also determined that actions to be taken on findings in SVA02 had been implemented satisfactorily and in compliance with requirements of the Standards.

The Audit team had assessed that LAPOM 2 has continuously complied & conformed to MSPO Certification standards, conditions & requirements.

Conclusively, the Lead Auditor therefore recommended that LAPOM 2 Certification under MSPO Standards MS2530-4:2013 Part 4 – General Principles for Palm Oil Mills to be continued and maintained.

Management Changes: Mill Manager – Lubok Antu Palm Oil Mill 2

It is noted that there is a change of Mill Manager in this SVA3 2021 from previous [Madam Penny Nyapay] to new [Mr Gira Engam]

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1.0. INFORMATION: CERTIFICATION ASSESSMENT

1.1.	Type of Certification Assessment	<input type="checkbox"/>	Initial Certification / Main Audit
		<input checked="" type="checkbox"/>	Annual Surveillance Audit [Year 3]
		<input type="checkbox"/>	Re-certification Audit
1.2.	Scope of MSPO Certification	<input checked="" type="checkbox"/>	Sustainable Management of Palm Oil Mill with 60MT/Hour
1.3.	MSPO Standards	<input checked="" type="checkbox"/>	PART 4: MS2530-4:2013

2.0. INFORMATION: CERTIFIED ENTITY

Company Name & Registration No:	Lubok Antu Palm Oil Mill 2		
Main Address:	Wisma SALCRA, NO.1, Lot 2220, Block 26, MTLD, Jalan Datu Mohd Musa, 94300 Kota Samarahan		
Site Name:	Lubok Antu Palm Oil Mill 2		
Primary Function:	<input checked="" type="checkbox"/> Palm Oil Mill		
Site Address:	Lot 25, Block 13, Marup Land District, Lubok Antu, 95900, Sri Aman, Sarawak		
Management Contact Details			
1.	Name: Gira Engam	Job Title: Mill Manager	
	Mobile: 0198261205	Tel: 083 220 008	Email: girae@salcra.gov.my
2.	Name: Joseph Ratan	Job Title: Mill Engineer	
	Mobile: 013 494 330	Tel: 083 220 104	Email: josephrn@salcra.gov.my
Headcount:	Local: 155	General Workers:	Total: 155

MS 2530-4:2013 General Principles for Palm Oil Mills

MPOB License No: 6159 4300 4000	Expiry Date: 31 10 2021
Scope of Activity: Purchasing of FFB, processing of FFB into CPO and PK, storing of CPO and PK and selling of CPO and PK	
Production Capacity: 60MT/HR	
OER Extraction Ratio: 20.71%	KER Extraction Ratio: 4.81%
PK Production Volume(actual) 2020: 9,898.94 MT	PK Production (estimate) 2021: 11,287 MT
PK Pricing (actual) 2020: RM2,251.01/MT	PK Pricing (forecast) 2021: RM2,427.09 /MT
CPO Production Volume(actual) 2020: 42,533.46MT	CPO Production (estimate) 2021: 47,405MT
CPO Pricing (actual) 2020: RM3,505.50/MT	CPO Pricing (forecast) 2021: RM3,924/MT
FFB Volume(actual) 2020: 207,053.86 MT	FFB Volume (estimate) 2021: 225,736MT

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Main Sources of FFB:	SALCRA owned plantations & other dealers, plantations & smallholders in Lubok Antu District and surrounding areas.
Land Status: Ownership:	<input type="checkbox"/> Rented <input checked="" type="checkbox"/> Own Land <input type="checkbox"/> Joint Venture
Other Sustainability Certification: SCCS	Geo-Coordinates: N 01° 10' 4.82" E 111° 45' 20.44"
Validity/Date of Certification:	14 04 2018 – 13 04 2023

3.0. ASSESSMENT 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

- ICT tools and audit medias in use during this Audit include zoom meetings, google drive for uploading documents, emails, whatsapp chat group for Auditors & Auditees [clients] personnel, postings of realtime photographs evidence and other relevant virtual communication tools etc.

Assessment method

Paper

- Assessing past implementations from records, reports of the management system

Practice

- Assessing current implementation from evidence collection on current practices

People

- Assessing future maintenance from interviewing online the auditee personnel on understanding & assessing competencies.

Surveillance Audit		Audit Findings Classification	
Term	Meaning	Description	
YES	Compliance	<ul style="list-style-type: none"> Fulfilled requirement of audited standard 	
OFI	Opportunity for improvements	<ul style="list-style-type: none"> Demonstrate conformity. There are, however, improvement opportunity identified that will benefit the organization 	
NO (minor NC)	Minor non conformity	<ul style="list-style-type: none"> Non-compliance to standard requirements or company's SOP; or are issues that when combined, jeopardized the functioning of the system 	

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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.
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4.0. ASSESSMENT PROCESS

The assessment process was preceded by/with **Risk Assessment of the certified entity** to determine that LAPOM 2 qualify to be audited vide **Remote Audit**.

BQAS had assessed that surveillance audit 03 of LAPOM 2 is classified as **low risk**.

4.1. AUDIT TEAM

Assessment Year	Name	Role
Surveillance Year 03	Wilfred Landong	Lead Auditor
	Patrick Sibat Sujang	Auditor

4.2. AUDIT PLAN

4.2.1. AUDIT OBJECTIVES

Surveillance Audit Year 03

- ___ Changes to the certified client and its management system
- ___ Verification continuous management system implementation
- ___ Review of effectiveness of measures arising from the previous audit (if applicable)
- ___ Confirmation of fulfillment of certification requirements
- ___ Enquiries on aspects of certification (Complaints)
- ___ Review of any client's statements with respect to its certified operations (promotional material, website, use of BQAS logos and marks, use of the certificate)
- ___ Customer specific requirements

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4.2.2. ASSESSMENT SITES / PROGRAMS / PARAMETERS

MS2530-4:2013 | General Principles for Palm Oil Mills

4.2.2.1. Assessment Sites

Assessments were performed on:

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

4.2.2.2. Assessment Program

Date: 24 – 25 05 21

No of Auditors: 2

No of Mandays: 4

Day 1

- Opening Meeting
- Review Certification Audit Report Year 02
- Documentation Audit / Record Review

Day 2

- Mill – facilities review (chemical, schedule waste stores, workshop, effluence ponds, grading etc.)
- Review of milling processes
- Assessment/review of staff/workers housing & living conditions, facilities & amenities, interview foreign workers, domestic waste treatment etc.
- Closing meeting
- Presentation of Audit Checklist / Report

4.2.2.3. Assessment 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
- Traceability of FFB
- Use of PPE / Safety & Health training program
- Revisit other points/areas of buffer zone, Riparian reserves, boundaries

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- 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

5.0. SURVEILLANCE ASSESSMENT

5.1. SURVEILLANCE AUDIT REPORT

	Ref No: BQ/LAPOM2/SVA3/05/21
Standard(s):	<input type="checkbox"/> MS 2530-1 <input type="checkbox"/> MS 2530-2 <input type="checkbox"/> MS 2530-3 <input checked="" type="checkbox"/> MS 2530-4
Other Standard and/or Edition:	MSPO SCCS

INFORMATION:	CERTIFICATION BODY	
Name:	BQAS Certification [M] Sdn Bhd [11799994-x]	
Address:	Lot 7823, Sublot 6, 2 nd Floor, Block A, Kings' Centre, Simpang Tiga, 93350, Kuching, Sarawak.	
Contact:	Email: bqassb@gmail.com	Tel: +6 082 572 043
		Website: www.bqas.com.my
Surveillance [Remote] Audit Date:	24 – 25 05 2021	Audit Duration: 4 man-days
BQAS Audit Team:	Name	Role in the Audit
	Wilfred S Landong	Lead Auditor
	Patrick Sibat Sujang	Auditor

PRINCIPLE 1: MANAGEMENT COMMITMENT & RESPONSIBILITY

Criterion 4.1.1: Malaysian Sustainable Palm Oil (MSPO) Policy

Indicator	Requirement	Compliance	Findings
4.1.1.1	Policy for the implementation of MSPO shall be established.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	MSPO Policy established for LAPOM 2 dated 01.04.2020 still valid -other major policies like OSH, Environmental, Good Social Practice & Social Harassment also valid.



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4.1.1.2	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Commitment to continual improvement is also stated in the MSPO policy.
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Criterion 4.1.2: Internal Audit

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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that internal audit is planned and being conducted annually. Latest internal audit report was dated 22.09.2020
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that internal audit was conducted according to existing procedures and the results were documented and evaluated to facilitate the implementation any corrective action that might be required.
4.1.2.3	Report shall be made available to the management for their review.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that the I.A. report results were presented to the MSPO Steering Committee Meeting. For example, I.A. report dated 20.06.2019 was presented on 21.11.2019 for further actions.

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 requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that the management review is being conducted at least once a year by the MSPO Steering Committee chaired by the Plantation Development Manager. Sighted the recent MOM dated 26.08.2020 which specifies certain actions for further improvement.

Criterion 4.1.4: Continuous 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	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor	Noted that there is an Action Plan for Continual Improvement for FY20-21. The CIP programme was revised on 26.08.2020

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	environmental impact and opportunities of the company.	<input type="checkbox"/> NC - Major	to include technology, social and environmental aspects.
4.1.4.2	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Noted that SALCRA practices Balance Scorecard (BSC) to monitor, manage, implement and improve new practices. The new technologies being adopted include Methane Trapping Plant (part of renewable energy system) and Smoke Particle Filtering System.</p>

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 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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Noted the following activities & communication with stakeholders:</p> <ul style="list-style-type: none"> - MPOB officer gave briefing on MSPO Management System while SALCRA officer on SALCRA policies to Mill stakeholders on 26.06.2018. - Briefing on MSPO and registration as FFB suppliers to Engkilili and Lubok Antu ISH on 24.04.2019.
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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Noted that relevant Policies and Procedures are posted at Mill premise and at the ramp using BM and English languages.</p>

4.2.2: Transparent Method of Communication & 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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Existing Procedures (LAPOM2 - SOP 103 dated 11.05.2017 & approved by Mill Manager) still valid.</p>

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4.2.2.2	The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that Mdm. Caroline is being appointed 01.04 2019 as Communication Personnel.
4.2.2.3	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that Mill List of stakeholders include transport contractors, FFB suppliers, Govt. agencies. Sighted also records of various correspondences and communication with stakeholders.

4.2.3: Traceability

Indicator	Requirement	Compliance	Findings
4.2.3.1	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted the existing LAPOM2 SOP: SOP 903 dated 11.05.2017 approved by Mill Manager.
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that Mill Engineer produces daily checking report on compliance with traceability procedures at various stations including at loading ramp (conveyor), steriliser & indexer, marshalling yard, EFB plant & thresher.
4.2.3.3	The management shall identify and assign suitable employees to implement and maintain the traceability system.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Miss Diklawilla anak Jawak is the Traceability Officer, being appointed on 01.09.2018
4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that Mill keeps records of transactions - FFB received, storage, sales, delivery of CPO and palm kernel. Example of Document sighted: CPO Delivery Advice - LSDA NO. LA2CPO210071 dated 26.04.2021. Noted also monthly summary production records and weighbridge records.

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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 shall be in compliance with applicable local, national and ratified international laws and regulations.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that Legal Register being established and approved by Legal & Secretarial Officer on February 2019.
4.3.1.2	The management shall list all relevant laws related to their operations in a legal requirement register.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Based on I.A. report dated 22.09.2020 and compiled by Duolos Alau and Patricia Chan, Legal Register shows 13 categories of relevant laws comprising 62 local, national and ratified international laws and regulations and Ordinances. NOTE: very useful to determine which clauses /articles / sections under each Law / Regulation / Ordinance are specifically relevant to the operations of SALCRA POM (as well as in general).
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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that LAPOM 2 Legal Register was updated on 03.08.2020.
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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that Mr. Joseph Ratan anak Nyandang has been appointed as Legal Compliance Officer on 12.09.2018.

Criterion 4.3.2: Land Use Rights

Indicator	Requirement	Compliance	Findings
4.3.2.1	The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that the land surrounding the Mill owns by SALCRA. Thus, the issue of diminishing the land use rights of other users does not arise.

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4.3.2.2	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	The Mill is sited on Lot 31, Block 13, Marup LD - Survey Plan NO. N9-27-215-21; registered as Mixed Zone Country Land covering covers 21.8 ha. Land lease period commences from 29.09.2004 and expires on 28.09.2056.
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground, where practicable.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that Legal Perimeter Boundary Marker is located at N 01° 04' 01.9" E 110° 43' 08.5"; a new durable belian peg was installed on 27.08.2020 in order to conform to standard peg of L&S Dept.
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 checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that that LAPOM site is purchased /acquired by legal agreement and attested by legal instrument (land title issued by L&S Dept, Sarawak).

Criterion 4.3.3: Customary Rights

Indicator	Requirement	Compliance	Findings
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Not applicable
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Not Applicable
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Not Applicable

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PRINCIPLE 4:	SOCIAL RESPONSIBILITY, HEALTH, SAFETY, & EMPLOYMENT CONDITION
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Criterion 4.4.1: Social impact assessment (SIA)

Indicator	Requirement	Compliance	Findings
4.4.1.1	Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that SIA report dated 29.07.2020 had been prepared by V. Sibat of the SALCRA Sustainability Unit. Among others SIA report details the potential social impacts and recommends appropriate mitigation measures.

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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	General Procedure Guideline N0. GPG 7.4 - Handling of Complaints and Grievances established on 01.09.2018, being approved and signed by the GM, is still valid.
4.4.2.2	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that the Flow Chart of Handling Complaints and Grievances indicates an acceptable process (from receiving right to resolution) in resolving disputes in an effective, timely and appropriate manner, which is acceptable by all parties.
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that the Mill uses standard Forms to handle complaints and grievances as well as suggestions. These Forms and Complaint Box are available at Mill Entrance and Guard Station.
4.4.2.4	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that the Mill staff and employees as well as surrounding communities are aware of the Complaint and Grievance facilities. The Complaint Forms and Suggestion Box are being placed at strategic locations that anyone could see and have access to.
4.4.2.5	Complaints and solutions within the past 24 months shall be documented	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI	Noted that the Mill maintain the Complaint and grievance Register Book. Based on the record, the latest complaint was made on

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	and be made available to affected stakeholders upon request.	<input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	26.03.2021 by a staff against broken fused light bulb, and a new light bulb was installed within 24 hours on 27.03.2021.
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Criterion 4.4.3: Commitment to contribute to local sustainable development

Indicator	Requirement	Compliance	Findings
4.4.3.1	Palm oil millers should contribute to local development in consultation with the local communities. Where the mill is an integral part of a plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that Mill provides job opportunities to locals, financial assistance in organising community & church events, donations to fire victims, venue and help in getting participants for MSPO dialogues. SALCRA also provides Covid 19 Quarantine rooms.

Criterion 4.4.4: Employees safety and health

Indicator	Requirement	Compliance	Findings
4.4.4.1	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that OSH Policy has been established on 09.03.2020 and being standardised across SALCRA plantations and Mills. OSH Committee holds regular meeting on a quarterly basis and the latest MOM is dated 14.04 with Reference N0. Minit 01/17/21.
4.4.4.2	The occupational safety and health plan shall cover the following:		
A.	A safety and health policy, which is communicated and implemented.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	OSH Policy is displayed at the Office's Notice Boards for all staff, employees and public to see.
B.	The risks of all operations shall be assessed and documented	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that HIRARC plan has been established (Ref: LAPOM2-FRM 603.1) on 05.09.2017 & revised on 12.07.2019. <u>NOTE:</u> HIRARC plan for each job / task should be supported by Risk Assessment matrix.
C.	An awareness and training programme which includes the following requirements for employees	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI	Noted that the Training programmes are based on the Chemical Health Risk Assessment (CHRA) established by

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	<p>exposed to chemicals used at the palm oil mill:</p> <p>i) all employees involved are adequately trained on safe working practices; and</p> <p>ii) all precautions attached to products should be properly observed and applied.</p>	<input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Chemsain Konsultant Sdn. Bhd. on 23.03.2017 (ref: CK/OSH109-0226/17).</p>
D.	<p>The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p>	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Noted that the staff and workers of the Mill use PPE as prescribed in the HIRARC Plan of the Mill.</p>
E.	<p>The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p>	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Noted that the SOP for chemical handling and storage is detailed out in the document with ref. LAPOM2-SOP 404 dated 11.05.2017, which is in compliance with existing laws and regulations.</p>
F.	<p>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.</p>	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Noted that Ms. Joyce anak Uwie, the Mill manager and certified as First-Aider by Malaysian Red Crescent Society (Cert. N0. Siri: (PCA01) 09470), is appointed as the responsible person for workers' safety and health on 01.08.2019. And the Mill Manager is also chairing the OSH Committee.</p>
G.	<p>The management shall conduct regular two-way communication with their employees where issues that</p>	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI	<p>Noted that S&H issues are discussed and documented in the Minutes of Meeting of the OSH Committee. Latest meeting was</p>

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	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 type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	carried out on 14.04.2021 (ref: NO. Minit 01/17/2021).
H.	Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that A&E Procedures was established on 11.05.2017 and endorsed by Mill Manager (Ref. LAPOM-SOP 602 - Emergency Preparedness and Response).
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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that the Mill has 10 First-Aiders certified by the Malaysian Red Cross Society of Daerah Sarikei on 25.09.2019 (NO. Pendaftaran: SRK/2019/0012). And at least one First-Aider is deployed at every working station. First aid equipment is available at every working station.
J.	Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that any accident is recorded in the Accident/Incident Record/Monthly Performance File. The latest incident was recorded on 25.04.2020. The record will be reviewed during OSH Committee meeting.

Criterion 4.4.5: Employment conditions

Indicator	Requirement	Compliance	Findings
4.4.5.1	The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that SALCRA has an overall Social Policy and Objectives written in both BM and English languages and approved by the General Manager, Mr. Joseph Blandoi, on 01.04.2020. <u>Policy:</u> "Salcra is committed, as far as practicable, to improve the quality of life of the rural communities participating in its land development programme." <u>Objectives:</u> the four objectives are to create employment opportunities for participants to provide reasonable

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			standard of living for rural communities..., to improve quality of rural life and to provide CSR as voluntary activities.
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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that although the mill staffs and workers are predominantly Bumiputera, there is no evidence of discrimination in any form. For example, on equality of gender there is Sexual Harassment Policy & Objectives written in both BM and English languages and endorsed by the General Manager on 01.04.2020.
4.4.5.3	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that employees' pay and conditions meet legal or industry minimum standards as per collective Agreement. For example, the pay slip of Mr. Donny ak Liap who is working at Effluent Treatment and Compound station shows that his basic salary is RM 1,244.80 and clean wage is RM1,123.40 for the month of February 2021.
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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that the Mill has two transportation contractors, SALCRA JAYA (LAPOMHQ/1/12015) and TERAS MAJU ENTERPRISE. Mill management ensures that its contractors comply with MSPO requirements such as to pay their employees that meet legal or industry minimum standards.
4.4.5.5.	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that Mill has good records of that provide an accurate overview of all employees and the records including full names, gender, date of birth, date of entry, a job description, wage and period of employment.
4.4.5.6	All employees shall be provided with fair contracts that have been signed	<input checked="" type="checkbox"/> Compliance	Noted that the employment contract is fully explained to the person prior to his signing

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	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 type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	of employment agreement and upon signing a copy of the employment agreement is given to him as an employee.
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 checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that the Mill uses punch card system to record the working hours and overtime.
4.4.5.8	The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirement applicable.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that the working hours and breaks are shown in the salary and daily paid workers slips, which comply with the legal regulations and collective agreements.
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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Based on the pay slip of Mr. Donny anak Liap wages and overtime stated therein comply with the legal regulations and collective agreements.
4.4.5.10	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Based on Mr. Donny Anak Liap employment agreement, there are bonuses for good performance, free living quarters, annual holidays, free medical care and promotions to be evaluated by the management.
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that on-site living quarters are adequately habitable and provided with basic amenities such as water and electricity supply and Sirim-approved toilet system.

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			NOTE: The Management should ensure that the inhabitants should keep the quarters' compound clean all year round.
4.4.5.12	The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that there is a Sexual Harassment Policy endorsed by the General Manager on 01.04.2020.
4.4.5.13	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that SALCRA does not discourage the employees to form and join trade union in accordance with "ILO Convention 98 / ILO Convention 98/ (1949) - Right to Organise and Collective Bargaining (article 1-4)", which is ratified by the Malaysian Government.
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.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that there is no child labor employed at the Mill.

Criterion 4.4.6: Training & Competency

Indicator	Requirement	Compliance	Findings
4.4.6.1	All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Based on the existence of training File Ref: LAPOM2 FRM - Training Plan Year 2020, approved and signed by the Mill manager, it is noted that relevant trainings are provided to all employees. Latest training was conducted on 28.04.2021 on Raw Water Treatment.

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4.4.6.2	Training needs of individual employees shall be identified prior to the planning and implementation of the training programs in order to provide the specific skill and competency required to all employees based on their job description.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that there is a Training Matrix designed for staff and workers. The design of Training Matrix is based on Job type.
4.4.6.3	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that there is a continuous Training programme for 2020-2021, which can be viewed at the file ref: LAPOM2-FRM 102.2 titled ISO 14001-2015 & ISO 45001 Physical Project Planning Plan year 2020 dated 03.08.2018 and signed by Mill I Engineer.

PRINCIPLE 5:	ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY & ECOSYSTEM SERVICES
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Criterion 4.5.1: Environmental management plan

Indicator	Requirement	Compliance	Findings
4.5.1.1	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that LAPOM2 has Environmental Policy which was established on 01.04.2020 and signed by General Manager. The environmental plan is also being formulated in accordance with relevant state laws. Noted that the Policy is being displayed at every work station. To ensure its smooth implementation of the Policy is widely communicated to the staff and employees by way of briefings such as on 24.04.2021, 28.04.2021 and 04.05.2021.
4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations.	<input type="checkbox"/> Compliance <input checked="" type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	There is aspects and impacts analysis covering 19 activities as recoded in Document Ref. LAPOM2-FRM 601.2. However, the Template for Environmental Aspects and Impacts (A&I) Register could be further

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			improved. And the development of Environmental A&I Register should be supported by Risk Assessment Matrix.								
4.5.1.3	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Noted that the Aspects and Impacts analysis documented in LAPOM2-FRM 601.2 is used to developed the action plans and recommendations to mitigate the negative impacts and to enhance the positive ones.</p> <p>These include impact mitigation plan associated with following activities:</p> <table border="1"> <thead> <tr> <th>Activity</th> <th>Objectives</th> </tr> </thead> <tbody> <tr> <td>Processing</td> <td>Reduce water usage, EFB & TPM</td> </tr> <tr> <td>Maintenance</td> <td>Reduce usage of spare parts</td> </tr> <tr> <td>Effluent pond</td> <td>BOD level <20ppm</td> </tr> </tbody> </table>	Activity	Objectives	Processing	Reduce water usage, EFB & TPM	Maintenance	Reduce usage of spare parts	Effluent pond	BOD level <20ppm
Activity	Objectives										
Processing	Reduce water usage, EFB & TPM										
Maintenance	Reduce usage of spare parts										
Effluent pond	BOD level <20ppm										
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Noted that Impact Mitigation Plan stated above is part & parcel of continual improvement plan.</p>								
4.5.1.5	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Noted that environmental training programmes are established yearly and this can be viewed in file LAPOM MSPO Part 4 & MSPO SCCs- Training, January to December 2020. Latest training conducted for the staff were:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Topic</th> </tr> </thead> <tbody> <tr> <td>07.07.2020</td> <td>Schedule waste</td> </tr> <tr> <td>06.07.2020</td> <td>Chemical Spillage</td> </tr> <tr> <td>26.04.2021</td> <td>Raw water treatment</td> </tr> </tbody> </table>	Date	Topic	07.07.2020	Schedule waste	06.07.2020	Chemical Spillage	26.04.2021	Raw water treatment
Date	Topic										
07.07.2020	Schedule waste										
06.07.2020	Chemical Spillage										
26.04.2021	Raw water treatment										
4.5.1.6	Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>The File LAPOM MSPO Part 4 & MSPO SCCS - Training (January to December 2020) do show records of regular meetings & discussions or consultation with employees in relation to</p>								

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environmental quality issues, which are also being discussed at Safety and Health Committee meetings.

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 checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Sighted were several years of monthly record keeping on the usage of fuel and electricity since 2015 (Ref: Non - RE Folder).</p> <p>Recently, fuel and electricity monthly consumption are stated in the GHG Assessment reports for 2020 & 2021 as summarised below:</p> <table border="1"> <thead> <tr> <th>Material</th> <th>2020 GHG Value</th> <th>2021 GHG Value</th> </tr> </thead> <tbody> <tr> <td>Electricity</td> <td>685,665.79</td> <td>147,127.68</td> </tr> <tr> <td>Diesel</td> <td>498,757.60</td> <td>164,002.20</td> </tr> <tr> <td>POME - open ponds</td> <td>22,117.40</td> <td>4,017.28</td> </tr> <tr> <td>EFB</td> <td>50,011.48</td> <td>0</td> </tr> <tr> <td>Total</td> <td>1,256,552.27</td> <td>315,147.16</td> </tr> </tbody> </table> <p>These reports show the definite plan to monitor and optimise the consumption of non-RE.</p> <p>For example, for June 2020 the fuel (diesel) budget was 7,800 liters but the actual usage was less or 4,964 liters. Similar records of electricity usage are also kept for use to optimise electricity consumption.</p>	Material	2020 GHG Value	2021 GHG Value	Electricity	685,665.79	147,127.68	Diesel	498,757.60	164,002.20	POME - open ponds	22,117.40	4,017.28	EFB	50,011.48	0	Total	1,256,552.27	315,147.16
Material	2020 GHG Value	2021 GHG Value																			
Electricity	685,665.79	147,127.68																			
Diesel	498,757.60	164,002.20																			
POME - open ponds	22,117.40	4,017.28																			
EFB	50,011.48	0																			
Total	1,256,552.27	315,147.16																			
4.5.2.2	Palm oil millers shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Noted that in the Folder of Non-RE are the estimated Budget 2020 for diesel and Electricity.</p> <ul style="list-style-type: none"> - Diesel Budget 2020: 172,146 liters - Electricity Budget 2020 - 842,931 KWh 																		

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	to determine energy efficiency of their operations.		
4.5.2.3	The use of renewable energy should be applied where possible.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Noted that RE from steam turbine system is used at POM, office, & housing quarters when there is processing of FFB. Records are kept on the use of fibre and shell to generate electricity from 2017 to June 2020. For 2020 the use of RE in June is shown below:</p> <ul style="list-style-type: none"> • FFB: 20,654 MT • Fibre (14%): 2,89.1 MT • Shell (3%): 619.6 MT <p>The electricity generated from the turbine could be viewed in the Power House Log Book.</p>

Criterion 4.5.3: Waste management and disposal

Indicator	Requirement	Compliance	Findings
4.5.3.1	All waste products and sources of pollution shall be identified and documented.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Based on the POM Waste Management Folder, the waste products and sources of pollution have been identified and documented. The list of 15 wastes and sources could be viewed in the Folder.
4.5.3.2	A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for: 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.	<input type="checkbox"/> Compliance <input checked="" type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that there is Waste management Plan. But the existing plan needs to be improved to facilitate the systematic identification and monitoring sources of waste and pollution, as well as the improvement of efficiency and recycling of Mill by-products by converting them into value-added products.
4.5.3.3	The palm oil mill management shall establish Standard Operating	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI	Noted that there is Procedure Manual known as "SAPOM-SOP403: Kawalan

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	<p>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.</p>	<p><input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major</p>	<p>Buangan Terjadual". The Manual is very comprehensive SOP for handling of used chemicals. In addition, the Scheduled Waste is periodically collected by GVE Strategic Waste Sdn. Bhd., a contractor approved by DOE.</p>
4.5.3.4	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.</p>	<p><input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major</p>	<p>Noted that rubbish bins are provided at the collection center. Domestic wastes are collected by Majlis Daerah Lubok Antu three times in a week.</p>

Criterion 4.5.4: Reduction of pollution and emission including greenhouse gas

Indicator	Requirement	Compliance	Findings
4.5.4.1	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.</p>	<p><input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major</p>	<p>Noted that:</p> <ul style="list-style-type: none"> a) the existing method used to assess all polluting activities is the Aspect and Impacts evaluation template (Ref: LAPOM2pFRM 602); b) the GHG emission could be viewed in the GHG 2020 & GHG 2021 reports. c) smoke quality is determined by real-time monitoring linked to DOE Server (Ref. CEMS report)- but since 9/2020 there is break-down of monitoring equipment & tendering for new smoke monitoring equipment is in the process; d) the Scheduled waste report is delivered to DOE on monthly basis (e-SWIS); e) the status of solid wastes generation (EFB, Decanter, cake & PK Shell) could be viewed in the "Monthly Waste Generation" report;

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			<p>f) the Effluent quality standard is monitored daily by in-house lab while monthly monitoring is conducted by external lab (consultant) - Chemical Analysis & Consultancy.</p> <p>NOTE: The Aspects and Impacts analysis should be consolidated together with P&C 4.5.1.2 B</p>
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	<p><input checked="" type="checkbox"/> Compliance</p> <p><input type="checkbox"/> OFI</p> <p><input type="checkbox"/> NC - Minor</p> <p><input type="checkbox"/> NC - Major</p>	<p>Noted that the action plans to reduce pollutants and emissions are also incorporated in the Aspects and Impacts Analysis template and could be viewed in respective LAPOM files. Noted also that there are other action plans including:</p> <ul style="list-style-type: none"> - substantial quantity of EFB is used as mulches for SALCRA estates with collection incentive of RM10/MT. The remaining EFB is disposed at dumpin site. - mesocarp fiber & PK shell are used as RE fuel; - at LAPOM2 there on-going construction of Methane Trapping Plant to reduce GHG emission.
4.5.4.3	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.	<p><input checked="" type="checkbox"/> Compliance</p> <p><input type="checkbox"/> OFI</p> <p><input type="checkbox"/> NC - Minor</p> <p><input type="checkbox"/> NC - Major</p>	<p>Noted that the information about POME can be viewed in the Process Flow of the POME Treatment Plant Operation (LAPOM TETP File) to ensure compliance with the standard requirements. POME treatment comprises tertiary effluent treatment system and ponding system (8 ponds). The effluent quality standard is monitored daily by in-house lab and monthly by the external / consultant Lab.</p>

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			<p>Effluent discharge is monitored monthly and for the month of Jan-Mar 2021 BOD levels were below 20 ppm and complied with the standard requirements. The results are reported to DOE through Online Effluent Reporting System.</p>
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Criterion 4.5.5: Natural water resources

Indicator	Requirement	Compliance	Findings
4.5.5.1.	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:	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>There is Water Management Plan (WMP) already established in order to promote the efficient use of water and meet the water conservation requirements under Sarawak Water Resources Enactment 1998. The water quality criteria are based on the National Water Quality Standards for Malaysia. The WMP document were prepared and reviewed by a team led by the Mill Engineer (Joseph Ratan) and Approved by the Mill Manger (Penny ak Nyapay) on 13 December 2017.</p>
A.	Assessment of water usage and sources.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	<p>Water usage is measured using flow meter and being recorded on monthly basis - in recent month an average of about 12,437.42 cubic meter.</p> <p>The sources of water for the Mill come from Sg. Merio /water reservoir and also from the harvesting of rain water. The water is being treated by the Mill's own water treatment plant. Water for utilities and domestic purposes is obtained from JBALB.</p> <p>The LAPOM WMP is comprehensive in its monitoring of monthly water usage (cu.M) by various process including for</p>

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			boiler operation (14440), engine room operation (557), kernel plant operation (835), Press station operation (1949), housing usage (7103) and other usage (200). Ref. File Water Management Plan and LAPOM2-FRM 501.38
B.	Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	The daily discharge is monitored. For example, the final 2019 average discharge of treated effluent was 177,207 cu.M, which is within the limits of state and national policies and regulations.
4.5.5.2.	Ways to optimize water and nutrient usage and reduce wastage (having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	The LAPOM WMP also include ways to optimizes water usage as well as being outline in the Contingency Plan During Water Management Issue for year 2017/2018 endorsed by the Mill manager on 10 November 2017.
4.5.5.3.	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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	The process of open discharge of POME into a drainage that lead to Sungai Merio and monitoring of various water quality parameters can be viewed in file ref: TETP (Final Discharge Report). Noted also that for LAPOM 2 there is on-going construction of Methane Trapping Plant to reduce discharge of POME into water course.

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PRINCIPLE 6: BEST PRACTICES

Criterion 4.6.1: Site management

Indicator	Requirement	Compliance	Findings
4.6.6.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted and verified that the Mill has at least 29 documented SOPs and these SOPs are being consolidated as LAPOM2 Operating Manual.
4.6.6.2	All palm oil mills shall implement best practices.	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that the Mill strictly implement best practices based on the LAPOM 2 Operating Manual.

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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that business management plan for LAPOM 2 is documented on an annual basis - annual budgeting which is reviewed annually by the management. Budget Framework: - zero based and activity-based budgeting technique; - use of balanced Scorecard Management System Strategic Planning time frame (5 years).

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"/> Compliance <input type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major	Noted that the pricing mechanisms are the responsibility of the Marketing & Sales Dept of SALCRA. For FFB purchase price: - for smallholders purchase price is advised daily from HQ (mechanism based on average bunch pricing); - for bigger supplier actual price is informed monthly by HQ.

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			<p>These prices are among the parameters used for annual budgeting.</p> <p>Price determinants are MPOB.</p> <p>Viewed and verified Doc. Memo on purchase prices of FFB by LAPOM2 for May 2020 dated 09.06.2020</p>
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in a timely manner.	<p><input checked="" type="checkbox"/> Compliance</p> <p><input type="checkbox"/> OFI</p> <p><input type="checkbox"/> NC - Minor</p> <p><input type="checkbox"/> NC - Major</p>	<p>Noted that the contract conditions are transparent, legal and fair. Contract Agreements can be viewed with various contractors, for examples;</p> <ul style="list-style-type: none"> - SALCRA Jaya Sdn. Bhd. on transportation of CPO dated 23.01.2017; -Teras Maju Enterprise Contract Agreement with LAPOM 2 dated 17.06.2020. <p>Noted also that Purchase Order and Service Order are used for contract works.</p>

Criterion 4.6.4: Contractor

Indicator	Requirement	Compliance	Findings
4.6.4.1	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.	<p><input checked="" type="checkbox"/> Compliance</p> <p><input type="checkbox"/> OFI</p> <p><input type="checkbox"/> NC - Minor</p> <p><input type="checkbox"/> NC - Major</p>	Noted that there is Annual Training Plan on MSPO SEPOM FRM 301.6A - briefing to contractors was conducted in March 2019. MSPO briefing to Teras Maju Sdn. Bhd. was conducted on 04.05.2021.
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor.	<p><input checked="" type="checkbox"/> Compliance</p> <p><input type="checkbox"/> OFI</p> <p><input checked="" type="checkbox"/> NC - Minor</p> <p><input type="checkbox"/> NC - Major</p>	<p>Noted and verified the Contract Agreement with Teras Maju Sdn. Bhd.</p> <ul style="list-style-type: none"> - Scope of contract: Transportation of EFB, Fiber and decanter; - Date /Ref No. P 16.06.2020
4.6.4.3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.	<p><input checked="" type="checkbox"/> Compliance</p> <p><input type="checkbox"/> OFI</p> <p><input type="checkbox"/> NC - Minor</p> <p><input type="checkbox"/> NC - Major</p>	Noted that it is stated in the contract agreement with Bee Enterprise that the contractor accept MSPO auditors to verify assessment through a physical inspection. Ref: SAL/MSPO/P6/4(a)/2021.
4.6.4.4	The management shall be responsible for the observance of the control points applicable to	<p><input checked="" type="checkbox"/> Compliance</p> <p><input type="checkbox"/> OFI</p> <p><input type="checkbox"/> NC - Minor</p>	Noted and verified the documents regarding the locations of control points at LAPOM:

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<p>the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted.</p>	<p><input type="checkbox"/> NC - Major</p>	<p>- Mill entrance by Auxiliary Police - RAMP by Grader - Mill sites by Mill Engineer, - Office by Finance & Admin.</p>
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5.2. SUMMARY OF FINDINGS

Principles	P1	P2	P3	P4	P5	P6	Total
No of NC: Major	0	0	0	0	0	0	0
No of NC: Minor	0	0	0	0	0	0	0
No of OFI: Opportunity for Improvement	0	0	0	0	2	0	2
Total	0	0	0	0	2	0	2

Finding No 1

Criterion 4.5.1: Environmental management plan

Indicator	Requirement	Compliance	Findings
4.5.1.2	<p>The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations.</p>	<p><input type="checkbox"/> Compliance <input checked="" type="checkbox"/> OFI <input type="checkbox"/> NC - Minor <input type="checkbox"/> NC - Major</p>	<p>There is aspects and impacts analysis covering 19 activities as recoded in Document Ref. LAPOM2-FRM 601.2. However, the Template for Environmental Aspects and Impacts (A&I) Register could be further improved to provide at least the following information: - Aspect Type - Activity/Product/Service - Aspects - Impacts - Severity - Probability - Rating (Significant score) - Legislation - Action Plan / Mitigation - Review date The development of Environmental A&I Register should be supported by Risk Assessment Matrix.</p>




Finding No 2


Criterion 4.5.3.2: Waste management plan

Indicator	Requirement	Compliance	Findings
4.5.3.2	<p>A waste Management Plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <p>a) identifying and monitoring sources of waste and pollution;</p> <p>b) improving the efficiency of resource utilization & recycling of potential wastes as nutrients or converting them into value-added</p>	<p><input type="checkbox"/> Compliance</p> <p><input checked="" type="checkbox"/> OFI</p> <p><input type="checkbox"/> NC - Minor</p> <p><input type="checkbox"/> NC - Major</p>	The waste management plan needs further improvement.

5.3. AUDIT CONCLUSION

Summary Statement of Lead Auditor	Signature
<p>The purpose of this Surveillance Audit 03 [remote audit] is to evaluate the continuous implementation, including effectiveness, of Salcra – Lubok Antu Palm Oil Mill 2 management systems and that the requirement of the Standards MS2530-4:2013 is fulfilled. Only 2 Findings were observed in this Audit; classified as OFI [opportunity for improvement]. LAPOM 2 had continually demonstrated effectiveness of the management system and fulfilled the requirement of the Standards MS2530-4:2013. It is therefore recommended that Salcra – Lubok Antu Palm Oil Mill 2 certification continue to be maintained</p>	 Wilfred S Landong Date: 26 05 2021

5.4. ACKNOWLEDGEMENT BY CERTIFIED ENTITY

<p>This is to acknowledge and confirm the Audit Assessments described in this Report and the Acceptance of the Contents and Findings in the said Audit Report.</p>	 Mr Gira Enggam Mill Manager Date: 26 05 2021
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5.5. CORRECTIVE ACTION REPORTS & CLOSURE

Corrective Action Reports were raised on 26 05 2021


The Corrective Action Reports were closed out by Lead Auditor on 15 07 2021

6.0. OFFICIAL SIGN-OFF

6.1. ASSESSMENT RECOMMENDATION BY LEAD AUDITOR

	Signature
<p>Based on the Findings/Action taken by Auditee/Closures above, LAPOM 2 – Lubok Antu Palm Oil Mill 2 had been able to demonstrate and improved on its continual compliance to and with requirements of the MSPO MS2530-4:2013 Standard for General Principles for Palm Oil Mills.</p> <p>Therefore, it is the recommendation of the Audit team that the Certification of LAPOM 2 under MSPO MS2530-4:2013 Standard continue to be maintained.</p>	 Wilfred S Landong Date: 20 07 2021

6.2. ASSESSMENT REVIEW – TECHNICAL REVIEWER

<p>I/the undersigned, being the Technical Reviewer, confirm that I have examined thoroughly all contents of this Report in its' entirety.</p> <p>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 Lead Auditor recommendations had been based upon this information.</p> <p>I, hereby confirm that, the Certification of Lubok Antu Palm Oil Mill 2 under the Standard MSPO2530-4:2013 under General Principles for Palm Oil Mill be maintained.</p>	 Maxwell S Landong 01 08 2021
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7.0. CONCLUSION

7.1. CERTIFICATION: BQAS MANAGEMENT

In reference to MS 2530-4:2013, BQAS Management hereby approved of:

- Issuance of the certificate.
- Issuance of the certificate as soon as implementation of corrective action(s) has been demonstrated.
- Maintenance of the certificate.**
- Maintenance of the certificate as soon as implementation of corrective action has been demonstrated.

7.2. NEXT SURVEILLANCE ASSESSMENT PLAN

SVA 04 – tentatively to be in April / May, 2022.

8.0. APPENDICES / ATTACHMENTS

Nil

FOOTNOTES

All audit findings are based on a sampling process, targeted towards reliable evidence for effective implementation and compliance of the management system. Where applicable findings and required corrective action were or will be agreed upon with the responsible managers or management representatives, steps have been or will be defined to resolve such non-conformity. Further business aspects may exist, positive or negative, which have not been reviewed by the audit team. It is the organization's responsibility to investigate and evaluate the potential impact and scope of findings, thus continuously ensuring full compliance to the applied standard(s).