



# MSPO SURVEILLANCE CERTIFICATION SUMMARY REPORT [YEAR 02] 2020



## SALCRA

### BATANG AI OIL PALM ESTATE

Jalan Hydro, 95900, Lubok Antu, Sri Aman, Sarawak



**BQAS Certification [M] Sdn Bhd**

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



## MSPO SURVEILLANCE CERTIFICATION REPORT Year 02: 2020

SALCRA: BATANG AI OIL PALM ESTATE

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

Ref No: BQ/SBAOPE/SVA2/07/20

Standard: MS 2530-3:2013

30 09 2020

### CERTIFIED ENTITY

MSPO Standards	<input checked="" type="checkbox"/> MS2530-3:2013 General Principles for Palm Oil Plantations & Organized Smallholders	
Type of Certification:	<input type="checkbox"/> Individual	<input checked="" type="checkbox"/> Group
Project Ref No:	: BQ/SBAOPE/SVA2/07/20	
MSPO Certificate No:	BQAS P3 023-1 0420	
MSPO Certificate Validity:	30 04 2018 – 29 04 2023	
HQ Office Address:	Wisma SALCRA, No 1, Lot 2220, Block 26, MTL D, Jalan Dato Mohd Musa, 94300, Kota Samarahan, Sarawak.	
Contact Person / Job Title:	Mdm Patricia Chan	Sustainability Executive
Telephone / Mobile:	082 621 904	016 831 2705
Email / Website:	patriciachan@salcra.gov.my	
Site Address:	Jalan Hydro, 95900, Lubok Antu, Sri Aman, Sarawak	
Contact Person / Job Title:	Mr James Melaka	Ag Estate Manager
Telephone / Mobile:	017 8504791	
Email / Website	batangai-ope@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:	Wilfred S Landong	Managing Director
Telephone / Mobile:	+6 082 572043	+6 017 222 5555
Email / Website:	bqassb@gmail.com	www.bqas.com.my

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## EXECUTIVE SUMMARY

BATANG AI OIL PALM ESTATE [BAOPE] is one of 21 Palm Oil Estates owned by SALCRA [Sarawak Land Consolidation Rehabilitation Authority].

This is a Surveillance Certification Report Year 2 [third year of certification] for SALCRA Group of Estates & scope is group certification under the Standards MSPO MS2530-3:2013 for Oil Palm Plantations & Organized Smallholders.

BQAS [BQAS Certification Sdn Bhd] had been selected to conduct this Surveillance Audit taking over from another Certification Body. It is to be noted that this Audit which was scheduled earlier to be conducted in March, 2020 was forcibly delayed due to compliance requirements of COVID 19 MCO [movement control order] enforced by government authorities of Malaysia.

BAOPE is located at Jalan Hydro, 95900, Lubok Antu, Sri Aman, Sarawak. The Office Site is situated at Geo-coordinates N01° 07' 14.18" E111° 49' 55.94"; approximately 55 kilometers from Sri Aman Town; 2,021 hectares of total certified area; on land owned by local communities; operated and managed by SALCRA vide a Land Development Agreement.

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 BAOPE:

No of Employees	• 258 employees: 206 locals / 52 foreign
MPOB License No / Expiry date	• No: 56712000 2000/ Expiry: 31 12 2020
Date of Establishment	•
Certified Area	• 2021 hectares
FFB Actual Production Volume 2019	• 22,284.62 MT
FFB Estimated Production Volume 2020	• 26,300MT

The Surveillance Audit was conducted on 16 & 17 07 2020; 3 Auditors; 6 mandays. The purpose of this Audit is to evaluate the implementation, including effectiveness, and continuous compliance to MSPO requirements of BAOPE management systems. Assessments were done at Estate Site Office and estate proper to assess documentation, facilities and field operations. Information & data were systematically gathered & documented from interviews, observations of process and activities, field audits & review of documentations and records.

2 findings were recorded during this Surveillance Audit. CAR [corrective action report] were raised on these findings; all CARs were closed out on 29 08 2020.

During the Audit, dialogues and interviews were conducted with staffs, field 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 Batang Ai OPE management & staffs and this was found to be positive, cordial & mutually beneficial.

Estate employees are remunerated in compliance with Employment Act & minimum wage regulations; and living & housing conditions in the staff housing and facilities are generally meeting standard requirements of health & safety regulations & the relevant Housing Act. Available amenities in Batang Ai OPE include treated water, domestic waste collection & disposal, electricity and telecommunication services.

Batang Ai OPE has continuously complied & conformed to MSPO Certification standards, conditions & requirements.

Conclusively, the Lead Auditor therefore recommended that BAOPE Certification under SALCRA Group of Estates under MSPO Standards MS2530-3:2013 Part 3 – General Principles for Oil Palm Plantations & Organized Smallholders to be continued and maintained.



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Standard: MS 2530-3:2013

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## 1.0. INFORMATION: CERTIFICATION ASSESSMENT

### INFORMATION: CERTIFICATION BODY

Name: BQAS Certification [M] Sdn Bhd [11799994-x]  
 CB No: MSPO 06092019 CB 15  
 Address: Lot 7823, Sublot 6, 2<sup>nd</sup> Floor, Block A, Kings' Centre, Simpang Tiga, 93350, Kuching, Sarawak.  
 Contact: Email: [bqassb@gmail.com](mailto:bqassb@gmail.com) Tel: +6 082 572 043  
 Whatsapp: +6 017 814 1112 Website: [www.bqas.com.my](http://www.bqas.com.my)  
 Surveillance Audit Date: 16 & 17 07 2020 Audit Duration: 6 man-days  
 BQAS Audit Team: Name Role in the Audit  
 Wilfred S Landong Lead Auditor  
 Patrick Sibat Auditor  
 Douglas Alau Auditor

1.1.	Type of Certification Assessment	<input checked="" type="checkbox"/>	Annual Surveillance Audit [Year 2]
1.2.	Scope of MSPO Certification	<input checked="" type="checkbox"/>	Production of Sustainable Fresh Fruit Bunch from 2666 hectares of Certified Area
1.3.	MSPO Standards	<input checked="" type="checkbox"/>	PART 3: MS2530-3:2013
1.4.	Maps and others	<input checked="" type="checkbox"/>	Google Location
	[Refer Attachments]	<input type="checkbox"/>	
		<input type="checkbox"/>	

## 2.0. INFORMATION: CERTIFIED ENTITY

### BATANG AI OIL PALM ESTATE

INFORMATION	CERTIFIED ENTITY		
Company Name	<b>SALCRA: Sarawak Land Consolidation Rehabilitation Authority</b>		
Company Registration No:			
Main Address:	Wisma SALCRA, NO 1, Lot 2220, Block 26, MTLD Jalan Datuk Mohd Musa, 94300, Kota Samarahan, Sarawak, Malaysia		
Site Name:	Batang Ai Oil Palm Estate		
Primary Function:	<input checked="" type="checkbox"/> Plantation/Organized Smallholders	<input type="checkbox"/> Mill	
Site Address:	Jalan Hydro, 95900, Lubok Antu, Sri Aman, Sarawak.		
Management Contact Details			
Name: James Anak Melaka	Job Title: Assistant Estate Manager		
Mobile: 017 8504791	Tel:	Email: <a href="mailto:batangai-ope@salcra.gov.my">batangai-ope@salcra.gov.my</a>	
Headcount:	Local:206	Foreign: 52	Total: 258



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## MS 2530-3:2013 General Principles for Plantations & Organized Smallholders

MPOB License No: 56712000 2000	Expiry Date: 31-12-2020		
Scope of Activity:	#Menjual dan Mengalih		
Date of Establishment:	Geo-Coordinates: N01° 07' 14.18" E111° 49' 55.94"		
Certified Area: 2,121 ha	Planted Area: 2,021 ha		
FFB Production (actual) 2019: 22,284.62 MT	FFB Production (estimate) 2020: 26,300MT		
Sources of FFB: own estate	Main FFB purchaser: Lubok Antu Palm Oil Mill 2		
No of Planting Blocks: 45	No of Palm trees: 228,645		
Palm Species: CALIX 600, GH 500, GUTHRIE	Age Range of Palm Trees: 4 – 23		
Topography: undulating terrain	Soil Type: Mineral		
Land Status / Ownership:	<input type="checkbox"/> Rented	<input type="checkbox"/> Own Land	<input checked="" type="checkbox"/> Joint Venture
Land are owned by the local communities [individual or group] who entered into a legal Land Development Agreement with SALCRA on a tenure of 25 years effective from the 1 <sup>st</sup> planting year.			
Validity/Date of Certification: 30 04 2018 to 29 04 2023	Other Sustainability Certification: MPOB Code of Good Agricultural Practices (CoGAP)		

### 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 from	Interviews – staffs, contractors, local communities, FFB suppliers & other stakeholders <ul style="list-style-type: none"> <li>• Observation of process &amp; activities</li> <li>• Review of documentations &amp; records</li> <li>• Site visits</li> <li>• Field inspections</li> </ul>
Assessment method	Paper <ul style="list-style-type: none"> <li>• Assessing past implementations from records, reports of the management system</li> </ul> Practice <ul style="list-style-type: none"> <li>• Assessing current implementation from observing current practices</li> </ul> People <ul style="list-style-type: none"> <li>• Assessing future maintenance from interviewing personnel on understanding &amp; assessing competencies.</li> </ul>

Surveillance Audit		Audit Findings Classification	
Term	Meaning	Description	
YES	Compliance	•	Fulfilled 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.

**4.0. ASSESSMENT PROCESS**

**4.1. AUDIT TEAM**

Assessment Stage	Name	Role
Surveillance Year 02	Wilfred S Landong	Lead Auditor
	Douglas Alau	Auditor
	Patrick Sibat	Auditor

**4.2. AUDIT PLAN**

**4.2.1. AUDIT OBJECTIVES**

**Surveillance Audit**

- 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 (e.g. promotional material, website, use of BQAS logos and marks, use of the certificate)
- Customer specific requirements

**4.2.2. ASSESSMENT SITES / PROGRAMS / PARAMETERS**

MS2530-3:2013 General Principles for Palm Oil Plantation & Organized Smallholders

**4.2.2.1. Assessment Sites**

Assessment were performed at:

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

**4.2.2.2. Assessment Program**

Date: 16 – 17 07 2020

No of Auditors: 3

No of Mandays: 6

Day 1

- Opening Meeting
- Review Certification Audit Report
- Documentation Audit
- Stakeholders dialogues/interviews (contractors, local community representatives, adjacent landowners)
- Field Audits  
FFB harvesting & evacuation activities, boundaries, riparian & buffer zones, chemical handling activities etc.
- Estate sites assessment  
Inspection/observation of staff/workers housing & living conditions, facilities & amenities, water reservoir & management, domestic waste treatment etc.  
Stores [chemical, schedule waste, PPE etc.] & workshop

Day 2

- Documentation Audit [continuation]
- Closing Meeting
- Issue CAR – corrective action report form
- 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
- 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

**5.0. SURVEILLANCE ASSESSMENT****5.1. SURVEILLANCE AUDIT REPORT****PRINCIPLE 1 MANAGEMENT COMMITMENT & RESPONSIBILITY**

Criterion 4.1.1: Malaysian Sustainable Palm Oil (MSPO) Policy			
Indicator	Requirement	Compliance	Findings
4.1.1.1	A policy for the implementation of MSPO shall be established.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Following policies signed by the General Manager SALCRA dated 09 03 2020 & 01 04 2020 noted & verified: MSPO Policy Environment & Sustainability Policy Sexual Harassment Policy Social Policy Safety & Health Policy
4.1.1.2	The policy shall also emphasize commitment to continual improvement.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted in the MSPO Policy [01 04 2020] SALCRA's commitment to MSPO Certification is assured by its' compliance to the following principles [1-7] to ensure sustainable development and continuous improvement.



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			Also noted CIP Program 2020 [SALCRA balance scorecard] dated 10 02 2020
<b>Criterion 4.1.2: Internal audit</b>			
Indicator	Requirement	Compliance	Findings
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Internal Audit conducted annually. MSPO Internal Audit Plan for all SALCRA 2020 noted Noted strong and weak points and potential area for further improvement addressed in IA Report dated 13 02 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"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Viewed Internal Audit Operating Procedure Ref No: GPG 7.1 dated 01 09 2018 approved by General Manager. BAOPE Internal Audit conducted on 11 02 2020 Findings: 6 NC & 31OFI recorded. Corrective action report raised and closed out on 17 03 2020
4.1.2.3	Report shall be made available to the management for their review.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Report is made available to SALCRA MSPO Steering Committee for review scheduled to be in September 2020
<b>Criterion 4.1.3: Management review</b>			
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"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Management review scheduled and conducted annually by the MSPO Steering Committee For 2019, MR was conducted on 21 11 2019 attended by estate and corporate management of SALCRA. IA Report, continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO form the integral agenda of the meeting chaired by Plantation Development Manager.
<b>Criterion 4.1.4: Continual improvement</b>			
4.1.4.1	The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	CIP Program for Year 2020 doc dated 12 02 2020 include following continual improvement area: <ul style="list-style-type: none"> <li>• Operational excellence</li> <li>• Business diversification</li> </ul>



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			<ul style="list-style-type: none"> <li>Rural communities social &amp; economic well being</li> <li>Environmental management</li> <li>Mechanized FFB evacuation</li> </ul> <p>Verified in compliance</p>
4.1.4.2	The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology, where applicable, that are available and feasible for adoption.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<ul style="list-style-type: none"> <li>Mechanized harvesting &amp; manuring – use of motorized wheelbarrow [tarantula motorized trolley mini dumper] to be implemented in 2020 [7 units]</li> <li>Using UAV drone for palm tree count, boundary survey</li> <li>Prime mover for FFB evacuation</li> </ul> <p>Verified compliance</p>
4.1.4.3	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Noted on the Action Plan and training schedule for Year 2020 - 2021, for all categories of staff and managers in areas of:</p> <ul style="list-style-type: none"> <li>Policies</li> <li>Standard operating procedures</li> <li>MSPO awareness</li> <li>Safe work procedures</li> <li>Usage of PPE</li> <li>Buffer zone management</li> <li>Scheduled waste &amp; domestic waste management</li> <li>Calibration of spray pump and manuring cup</li> </ul> <p>Viewed and verified all training report on the above. All well documented</p>

## PRINCIPLE 2 TRANSPARENCY

Criterion 4.2.1: Transparency of information and documents relevant to MSPO requirements			
Indicator	Requirement	Compliance	Findings
4.2.1.1	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted & evidence that estate management communicate information to relevant stakeholders [written & spoken] in dual medium/language [Bahasa & English]. Notices



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	disclosure that could result in negative environmental or social outcomes.		are posted at Notice Board in respective work depot [workshop, stores, etc.]
4.2.1.2	Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Relevant management documents &amp; information [notices, procedures, estate management policies etc.] are made available to estate stakeholders and general public both at notice boards and upon request.</p> <p>Additionally, quarterly briefing is given to stakeholders and the AJPLS committee.</p> <p>No meeting conducted yet in 2020 due to MCO of COVID 19. Last meeting of AJPLS held on 18 11 2019.</p>
<b>Criterion 4.2.2: Transparency method of communication and consultation</b>			
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Verified and viewed Doc Ref: General Procedure Guidelines No: GPG 7.2 Communication &amp; Correspondences [internal &amp; external] approved by the General Manager on 16 03 2020.</p> <p>In compliance.</p>
4.2.2.2	A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Verified and view in Doc Ref: General Procedure Guidelines No: GPG 7.2 page 4 shows the responsibility of each operating level:</p> <ul style="list-style-type: none"> <li>• Senior Management</li> <li>• Senior officers</li> <li>• All Staff member</li> </ul> <p>For BAOPE, Mdm Rosita Rani was appointed as Person in Charge [PIC] for Consultation &amp; Communication on 12 06 2020</p>
4.2.2.3	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Viewed and evidenced in P2 file comprehensive and complete list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders are properly maintained and updated.</p>
<b>Criterion 4.2.3: Traceability</b>			
4.2.3.1	The management shall establish, implement and maintain a standard	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Viewed and verified in Doc Ref: General Procedure Guideline No: GPG 7.3 Traceability</p>



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	operating procedure to comply with the requirements for traceability of the relevant product(s).	<input type="checkbox"/> OFI	Procedures for Fresh Fruit Bunch [FFB] Production approved by the General Manager dated 01 10 2018
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Estate Manager, Field Assistants does daily field inspection and checklists are recorded in Daily field inspection book. The estate management team also communicated and monitor daily activities vide Social Media communication group. Evidence viewed and verified.
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	BAOPE appointed Mr. Bionie Belun as Person in Charge [PIC] for Traceability on 12 06 2020 Viewed and verified appointment letter
4.2.3.4	Records of sales, delivery or transportation of FFB shall be maintained.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Records of sales, delivery or transportation of FFB are maintained using the following documents & records: <ul style="list-style-type: none"> <li>• Traceability record FFB</li> <li>• Platform record</li> <li>• Bunch record Book</li> <li>• Delivery chit</li> <li>• Weighbridge ticket</li> <li>• Crop Monitoring Book</li> <li>• Checkroll System</li> <li>• RAMP record book</li> </ul>

## PRINCIPLE 3 COMPLIANCE TO LEGAL REQUIREMENTS

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"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted that BAOPE strives to ensure that all operations are in compliance with applicable local, national and international laws and regulations. The legal documents relevant to the compliance with MSPO regulatory requirements are properly filed. Ref.: File MSPO Principle 3 (BAOPE N0.3)
4.3.1.2	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	Viewed and verified SALCRA List of Legal Register prepared by Sustainability Executive, Patricia Chan and endorsed by Legal &



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		<input checked="" type="checkbox"/> <input type="checkbox"/>	<p>Secretarial Officer, Angela Junget dated 07.07.2020.</p> <p>The Doc. N0. MSPO 4.3.1.2 dated July 2020 (Rev. N0. 2), shows a list of 59 laws and regulations. SALCRA Legal Register categorises the 59 laws and regulations in relation to:</p> <ol style="list-style-type: none"> <li>1. Organisation: e.g. SALCRA Ordinance 1976</li> <li>2. MPOB: e.g. MPOB (Licensing) Reg. 2005</li> <li>3. Business: e.g. Windfall Profit Levy Act 1998</li> <li>4. Supplies: e.g. Control Supplies Reg. 1974</li> <li>5. Land: e.g. Land Code (Amendment) Ordinance 2018</li> <li>6. Employee: e.g. Minimum Wages Order 2020</li> <li>7. Amenities: e.g. Sewage Systems &amp; Service Ordinance 2005</li> <li>8. Safety: OSHA 1994</li> <li>9. Environment: e.g. NREO (Prescribed Activities) (Amendment) 1997</li> <li>10. Protected Sites and Species: e.g. Biosafety Act 2007</li> <li>11. Wildlife Protection: e.g. WPO 1998</li> <li>12. Crop Protection: e.g. Pesticide Act 1974</li> </ol> <p>Ref.: File MSPO Principle 3 (BAOPE N0.3)</p> <p>In the same Folder there is Senarai Keperluan Undang Undang with effective date 10.2017. This Senarai comprises 6 sections - Alam sekitar dan Air, Racun Makhluk Perosak, Imigresen, Pekerjaan, MPOB and Hidupan Liar dan Taman Negara.</p>
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"/> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The Legal Register is being updated as and when required. The first List is dated 02.2020. The present Legal Register (Doc. N0. MSPO 4.3.1.2) is the revision N0. 2. dated July 2020.</p>
4.3.1.4	The management should assign a person responsible to monitor compliance and to track and update	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sighted that Ms. Ziana Zuda (IC 920624-13-5598), a Clerk of BAOPE, is being appointed by the MSPO Coordinator as the Person In-charge of Legal Requirement. The</p>



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	the changes in regulatory requirements.		appointment was made on 12.06.2020 and accepted on the same date. Ref.: File MSPO Principle 3
<b>Criterion 4.3.2: Land Use Rights</b>			
Indicator	Requirement	Compliance	Findings
4.3.2.1	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>BAOPE activities do not diminish the land use rights of other users.</p> <p>a) Verified from the interviews of the Estate Manager and field audit on 16.07.2020, the surrounding local land owners are allowed to use the plantation roads and /or traditional footpath to access their respective lands.</p> <p>b) Confirmed by the interviews (16.07.2020) of some land owners having common boundaries with the plantation that they are allowed to use the plantation roads as well as their traditional footpaths.</p>
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"/> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>SALCRA BAOPE estate land are NCR Land. It is evidenced that landowners' rights are not being threatened or reduced by terms expressed in the following legal documents:</p> <ul style="list-style-type: none"> <li>• Land Development Agreement</li> <li>• Letter of consent (Untitled NCR Land)</li> </ul> <p>-Ref.: File Letter of Consent</p> <p>Sample docs Land Development Agreement between SALCRA and Entalang Anak Lampong [IC 550920-13-5239], Rh Jubang, Sebangki Panjai, the owner of Lot 083/004/169 containing 9.486 ha.</p>
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground, where practicable.	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>One Legal Perimeter boundary marker was verified during the field audit on 16.07.2020 with geocoordinates: N 01 07.906; E 111 47.177</p> <p>It is recommended that a durable pole such as plastic pipe should be installed at the Legal Marker to make the original marker visible.</p>



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4.3.2.4	Where there are, or have been disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted that there is no dispute. There are Letter of Consent and Land Development Agreement signed by both parties.
<b>Criterion 4.3.3: Customary Rights</b>			
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 type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Salcra had established its procedures and processes leading to the signing of the document called Letter of Consent [sample LOC signed by Entalang Anak Lampong [IC 550920-13-5239], Rh Jubang, Sebangki Panjai, the owner of Lot 083/004/169. This is followed by the signing of the Land Development Agreement between SALCRA and Landowner.  In the case of landowners who refused to participate in the scheme, their land will be excised out without their rights being threatened or reduced.
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available.	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Viewed and examined estate Maps of an appropriate scale showing extent of recognized customary rights. To verify, the AGIS mapping system is used.  In addition, the location of the individual Lots owned by individual owner are shown in the Map attached to the respective Land Development Agreement.
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted that negotiation and FPIC are recorded and copies of negotiated agreements are recorded, evidenced and demonstrated in the: <ul style="list-style-type: none"> <li>• Land Development Agreement</li> <li>• Agreement/Letter of consent with/from landowners.</li> </ul>





			The Jawatankuasa Pengurusan Ladang Salcra is also the committee representing & responsible for ensuring FPIC is regulated and observed.
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**PRINCIPLE 4 SOCIAL RESPONSIBILITY, HEALTH, SAFETY & EMPLOYMENT CONDITIONS**

**Criterion 4.4.1: Social impact assessment (SIA)**

Indicator	Requirement	Compliance	Findings
4.4.1.1	Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	SIA Report was done for the assessment of SALCRA'S Batang Ai Oil Palm Estate dated 03 <sup>rd</sup> January 2020. Batang Ai OPE also maintain the SIA Matrix for continuous social assessment.

**Criterion 4.4.2: Complaints and grievances**

4.4.2.1	A system for dealing with complaints and grievances shall be established and documented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	A system for dealing with complaints and grievances can be seen as a General Procedure Guideline: No: GPG 7.4 - Handling of Complaints and Grievances, established on 1 <sup>st</sup> September 2018, approved and signed by the General Manager on the 1 <sup>st</sup> October 2018..
4.4.2.2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The flowchart of the Handling Complaint and Grievances SOP viewed in GPG 7.4 file, dated 1 <sup>st</sup> September 2018, indicated acceptable system in resolving disputes in 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 a complaint.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Complaint and Grievance Register Book and Form is available. Four types of Issues, i.e. Complaint, Request, Query and Other Issues to be communicated through Phone call, Correspondence and Meet Up. These issues are categorized High, Medium and Low ratings.  This form is also available at the Complaint and Grievance Box at the office entrance.
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Based on the complaints recorded using 'Complaint and Grievances Book', the workers seem to be aware of the complaint facilities



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			provided by the estate. As of this surveillance Audit, there is no complaints received so far.
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	There were 8 Requests received since October 2019 till May 2020 and all were acted on immediately.
<b>Criterion 4.4.3: Commitment to contribute to local sustainable development</b>			
4.4.3.1	Growers should contribute to local development in consultation with the local communities.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Assisting surrounding local communities in providing Lorries/Tractors and drivers to transport family members' burial.
<b>Criterion 4.4.4: Employees safety and health</b>			
4.4.4.1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<p>The occupational safety and health policy has been standardized across SALCRA plantation and mills, established on 14<sup>th</sup> June 2017, approved and signed by the General Manager and plan was viewed to be in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act139). Safety and Health issues were discussed and documented in the Occupational Safety and Health Committee minutes of meeting. The last meeting was held on 19<sup>th</sup> June 2020 at BAOPE Meeting room. The minute can be viewed at the Health &amp; Safety file.</p> <p><b>It is observed that the dispenser and nozzle of skid tank is leaking and this is hazardous to safety of workers</b></p>
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"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The safety and health policy is available in the Office File. The Policy is placed and sighted at the Estate's Notice Boards.
B.	b) The risks of all operations shall be assessed and documented	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	HIRARC in assessing risks of all operation was well documented in the file Ref: OSH/SOP/19, established on 05/09/2011 revised on



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			13/12/2017, approved and signed by the estate manager.
C.	An awareness and training program which includes the following requirements for employees exposed to pesticides:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Training Matrix Available.</p> <p>The latest training was given on 27<sup>th</sup> February 2020 on the Basic Requirement of MSPO Awareness Program.</p>
C.1	All employees involved shall be adequately trained on safe working practices; and	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	All types and categories of training are found and sighted in the Safety & Health Training Record (Staff & Workers) Training.
C.2	All precautions attached to products shall be properly observed and applied.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Briefings are based on the safety & Health Standard Operating Procedures.
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	During site visit, the workers and staffs were using appropriate PPE to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).
E.	The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The SOP for chemical handling and storage can be viewed in file, titled Chemical Control; Ref No.: OSH/SOP/22 dated 12 <sup>th</sup> September 2018, endorsed by the Estate Manager. The SOP was found to be 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.
F.	The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Letter of Appointment for the Estate Manager as the Chairman of the Estate's Safety & Health Committee dated 11 <sup>th</sup> February 2020 signed by Mr. Alexander Wong, Chairman of the Main Safety & Health Committee for SALCRA.



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G.	The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meetings are kept and the concerns of the employees and any remedial actions taken are recorded	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The Safety and Health Committee is tasked to conduct the necessary requirement for the health. Safety and welfare of the employees.
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	Accident and emergency procedures can be viewed in the file Safety and Health, title <b>"Prosedur Kecemasan Semasa Kemalangan dan Kecederaan"</b> , prepared and signed by Ms Mahani Maji, Safety and Health Officer, HQ, dated 6 <sup>th</sup> July 2020
I.	Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	At the time of the audit, it was reported that Mr. Edward Sely Anak Patrick Jawa and Mr. Marcus Tembak Anak Dagang are the two Trained and Certified First Aiders in BAOPE assisting the Estate. Manager. 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"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Records of accidents can be viewed in the folder Accident/Incident record/Monthly Performance Record. The latest incident recorded was on 11/05/2020. The record will be reviewed during Occupational Safety and Health Committee meetings.
<b>Criterion 4.4.5: Employment conditions</b>			
4.4.5.1	The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The priority for SALCRA Estate as stated in its Social Policy and Objectives, is 'SALCRA is committed, as far as practicable; to improve the quality of life of the rural communities participating in its land development program'. The policy was approved and signed by SALCRA general Manager on 8 <sup>th</sup> November 2017.



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4.4.5.2	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, color, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The executive staffs, supervisors and office workers are predominantly Bumiputera, all are Sarawakians.</p> <p>Harvesters are mainly Indonesians.</p> <p>There is no indication that the management practices and discrimination in regards to race, color, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p>
4.4.5.3	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Based on one the workers pay slips and employment contracts, Ms Ziana Zuda Anak Pengabang, worked as Admin Clerk, her wages for the month of June 2020 found to meet legal or industry minimum standards as per collective agreement.</p>
4.4.5.4	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Work Order for Package Work Load sighted. Syarikat Pertanian Bumi as one of the Sub-contractor for harvesting FFB, at a Sub-contracted rate @ RM36.00 per MT.</p>
4.4.5.5	The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Work Order Record and Worker's Work Done Proof list for the month of June 2020 sighted and a record of Payment Summary dated 2<sup>nd</sup> July 2020 is available and verified.</p>
4.4.5.6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The contract of Ms Ziana Zuda Anak Pengabang, seem to be fair and signed by the Estate Manager. According to the staff, a copy of the employment contract was given to them upon signing.</p>
4.4.5.7	The management shall establish a time recording system that makes working	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Pocket Checkroll Sheet system to record the working hours and overtime. The payment slip</p>



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	hours and overtime transparent for both employees and employer.	<input type="checkbox"/> OFI	showed deduction of EPF and SOCSO, working days, weekends and public holidays works, wages advancement and allowances. Check Roll for Workers' attendances every morning. Drivers' and Office Staffs' Attendances Record Book are also utilized.
4.4.5.8	The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The working hours and breaks as showed in the salary and daily paid worker slips, are viewed to be 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"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Incentives given in-lieu of overtime is given to deserving staff. Based on Ms Ziana Zuda Anak Pengabang's employment contracts, there were incentives for good performance given to the workers, free living quarters, annual holidays, free medical care and promotions to be evaluated by the management. The performance appraisal will be conducted by their immediate Superior, using the <b>Borang Sasaran Kerja Tahunan (SKT)</b> .
4.4.5.10	Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Wages and Fixed Allowance on the pay slips as shown in Ms Ziana Zuda Anak Pengabang, was viewed to be in line with legal regulations and collective agreements.
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	<b>A. During site visit to the workers' quarters, all of the units are still habitable, except the 1<sup>st</sup> Unit, whereby the beams are almost rotten.</b> <b>B. All of the quarters are provided with basic amenities and facilities.</b> <b>1. However, the inhabitants should take care of the cleanliness of the compounds especially</b>



			<p>the drains.[clogged drain]. and domestic waste.</p> <p>2. Domestic waste should be segregated according to types; papers and cardboard, bottles and glasses, plastic and other recyclable waste and kitchen waste.</p> <p>3. Chicken sheds were found too close to the living quarters, health hazard to residents.</p> <p><b>C. Staff Quarters</b></p> <p>All of the living quarters are habitable and provided with basic amenities and facilities.</p> <p>1. In one of the staff quarters, it was found out that Fertilizers and weedicides/pesticides are being stored besides the wall. Should be removed immediately.</p> <p>2. Domestic waste were also found being thrown indiscriminately around the living quarters.</p> <p>3. Clogged Main drains, pools of excess rain water around the staff quarters and main road to the quarters.</p> <p><b>D. POWER CABLE</b></p> <p>It was observed that Power Cable which was being detached from one of the buildings was still attached to the main line can be hazardous to passers-by.</p>
4.4.5.12	The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The management has established Sexual Harassment Policy & Objectives on 1 <sup>st</sup> April 2020, approved and signed by the General Manager.
4.4.5.13	The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	In the estate's Social policy and Objectives or any other documented policies, SALCRA didn't mentioned any workers' right to form and join trade union. The welfare of the workers is the responsibility of the management and any disgruntle or complaints has its own SOP. Nevertheless, according to the Estate manager, the management will respect if the employees and workers to exercise their right



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	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.		to form a trade union, without any discrimination or suffer repercussions.
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	There are no child labor employed at the mill.
<b>Criterion 4.4.6: Training and competency</b>			
4.4.6.1	All employees, contractors and relevant smallholders are appropriately trained. A training program (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>I) Viewed in the titled Training For Plantation Group Plan Year 2020, endorsed and signed by the Estate Manager, all employees were appropriately trained. Records of training are view in the folder Batang Ai South OPE Training Record</p> <p>II) As for the contractors and suppliers, they are required to attend the Safety, Health, Environment and Quality briefing. Safety briefing has been given to Syt Pertanian Bumi in January 2019.</p>
4.4.6.2	Training needs of individual employees shall be identified prior to the planning and implementation of the training program in order to provide the specific skill and competency required to all employees based on their job description.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The training program and plan for the BAOPE is based on Training Recommendations for OPE Personnel, attached at the folder Training Record.
4.4.6.3	A continuous training program should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The continuous training program for 2020 -2021 can be viewed at the file "Safety & Training Record for Plantation Group.





	accordance to the documented training procedure.		
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**PRINCIPLE 5 ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY & ECOSYSTEM SERVICES**

**Criterion 4.5.1: Environmental management plan**

Indicator	Requirement	Compliance	Findings
4.5.1.1	An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Sighted is the SALCRA's Environmental and Sustainability Policy dated 08.11.2017 signed by the General manager, Datu Vasco Sabat Singkang.  Ref.: File OSH -Safety & Health Policy (BAOPE N0.1)  Sighted also BAOPE Environmental Policy which among others, outlines the evaluation of environmental aspects and impacts from operations, HIRARC, Buffer Zone Management and Environmental Awareness.  Ref.: File MSPO Principle 5 (BAOPE N0.5)
4.5.1.2.	The environmental management plan shall cover the following:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	
A.	An environmental policy and objectives	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Noted that the environmental policy and objectives are stated Environmental Management Plan mentioned above.
B.	The aspects and impacts analysis of all operations.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Sighted that the aspects and impacts of all operations are being analyzed using SALCRA's



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		<input type="checkbox"/> OFI <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Identification of environmental aspects and impacts Form (SALCRA -FRM xx)</p> <p>Ref: File MSPO Principle 5 (BAOPE NO.5)</p>
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>An environmental plan to mitigate negative impacts and to promote positives ones are stated in the SALCRA - FRM Form, EMP Report dated May 2019 (NREB Ref. NO.: NREB/66-1/2B/84) and EMR covering January-March 2020 period (Ref.NO. NREB/6-1/2B/17).</p> <p>Ref: File MSPO Principle 5 (BAOPE NO.5)</p>
4.5.1.4	A program to promote the positive impacts should be included in the continual improvement plan.	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sited also the Environmental Improvement plan (EIP) dated 24.02.2020 (revision) endorsed by the Estate Manager.</p> <p>Ref.: File MSPO Principle 5 (BAOPE NO.:5).</p>
4.5.1.5	An awareness and training program shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sighted are Training Program for the Plantation Group in the form of Training matrix dated Jan. 2020 covering Year 2020-2021. The main topics are MSPO Awareness, Environmental Management, Safety &amp; health and Job Competency.</p> <p>Ref.: File OSH (BAOPE 4).</p>
4.5.1.6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sighted are records of regular meetings with the employees regarding the environmental quality. These meetings concern with identification of environmental aspects and impacts, environmental improvement plan and action plan to reduce significant pollutant.</p> <p>For example, on 27.02.2020 there was an awareness training on MSPO for 36 staff from Bau, Serian Sri Aman and Saratok region over a duration of 1 day. Ref: File OSH (BAOPE 4).</p>

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



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<p>4.5.2.1</p>	<p>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 non-renewable energy in the operations over the base period.</p>	<p><input checked="" type="checkbox"/> <b>Yes</b>  <input type="checkbox"/> No  <input type="checkbox"/> OFI</p>	<p>Sited a Summary of Diesel and Electricity Usage for year 2019 and 2020: a) monthly diesel usage on monthly basis for Twin-cab, Lorries, Tractors and three-wheeler; b) electricity usage by the Office compound and Summary of electricity bills for 2019 -2020.</p> <p>The assessment is carried out by comparing the estimated consumption (budgeted) with the actual usage commencing from 2019.</p> <p>The Format also shows the action plan to reduce fuel consumption &amp; significant pollutant from emission in order to optimize and monitor the usage of fuel as well as the action plan to reduce electricity consumption.</p> <p>Ref: File MSPO Principle 5 (BAOPE N0.5)</p>
<p>4.5.2.2</p>	<p>The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.</p>	<p><input checked="" type="checkbox"/> <b>Yes</b>  <input type="checkbox"/> No  <input type="checkbox"/> OFI</p>	<p>Sited a Summary of Diesel and Electricity Usage for year 2019 and 2020: a) monthly diesel usage on monthly basis for Twin-cab, Lorries, Tractors and three-wheeler; b) electricity usage by the Office compound.</p> <p>The assessment is carried out by comparing the estimated consumption (budgeted) with the actual usage commencing from 2019.</p> <p>The Format also shows the action plan to reduce fuel consumption &amp; significant pollutant from emission in order to optimise and monitor the usage of fuel as well as the action plan to reduce electricity consumption.</p> <p>Ref: File MSPO Principle 5 (BAOPE N0.5)</p>
<p>4.5.2.3</p>	<p>The use of renewable energy should be applied where possible.</p>	<p><input checked="" type="checkbox"/> <b>Yes</b>  <input type="checkbox"/> No</p>	<p>The Estate manager, James Melaka stated that the possible use of renewable energy is under consideration (via personal communication).</p>



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		<input type="checkbox"/> OFI	
<b>Criterion 4.5.3: Waste management and disposal</b>			
4.5.3.1	waste products and sources of pollution shall be identified and documented.	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Noted that the waste Products and sources of pollution have been identified and documented - that is being categorized into 12 types.</p> <p>Ref: File MSPO Principle 5 (BAOPENo.5)</p>
4.5.3.2	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:		The Waste management Plan has been established and implemented.
A	Identifying and monitoring sources of waste and pollution	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Noted that Waste Products and sources of pollution have been identified, monitored and documented.</p> <p>Ref.: File MSPO Principle 5 (BAOPE N0.5)</p>
B.	Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products.	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>From the interviews of field staff: a) Pruned fronds are stacked in-between the palm rows and used as mulches. b) Integration of cattle rearing (85 heads) serves as source of organic fertilizers. c) empty plastic containers are used to carry premix chemicals to the field.</p> <p>Ref.: File MSPO Principle 5 (BAOPEN0.5)</p>
4.5.3.3	The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sighted is the SALCRA General Procedure Guideline (N0: GPG 7.5)- Handling of Wastes.</p> <p>Duly signed by the General Manager dated 01.10.2018. The GPG 7.5 is used for handling both the Scheduled Waste and for Domestic Waste. The Schedule wastes are disposed by the appointed Contractor based on the Sixth Schedule (Regulation 12) EQA 1974; EQ</p>



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			<p>(Scheduled Wastes) Regulations 2005 : Consignment Note for Scheduled Wastes.</p> <p>Sited also Inventori Buangan Terjadual Sehingga 2019 in accordance with Jadual Kelima (peraturan 11).</p> <p>Ref. File MSPO Principle 5 (BAOPE N0.5)</p>
4.5.3.4	Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national program on recycling of used HDPE pesticide containers.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	According to the Estate manager, the empty pesticide containers are being punctured and stored at designated place (confirmed by site inspection) prior to the disposal by appointed contractor. HDPE pesticide containers are also disposed off by the appointed contractor.
4.5.3.5	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Domestic wastes are collected by Majlis Daerah Lubok Antu twice a week which it disposes at Landfill, Jalan CIQ, Lubok Antu.
<b>Criterion 4.5.4: Reduction of pollution and emission</b>			
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Noted that Waste Products and sources of pollution have been identified and documented. Ref: File MSPO Principle 5.</p> <p>Noted also there is s Form /Format for the Identification of Environmental Aspects and Impacts. Ref.: File MSPO Principle 5.</p> <p>Noted that GHG value calculation is being conducted based on the acreage and type of land, crop, distance of transportation to Mill, fertilizers usage, fuel &amp; lubricants consumption, Diesel usage, electricity usage.</p>



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			<p>There is specific emission factor (EF) for each material (e.g. one liter of Diesel has EF 3.14 while a KWh of electricity only 0.89.</p> <p>January 2020 -June 2020 the GHG Value due to fertilizers application, usage of diesel and electricity for the FFB production of 8377.13 MT was calculated at 173,793.79 as being acknowledged by the Assistant Estate Manager on 01.07.2020.</p> <p>Ref. File MSPO Principle 5</p>
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Noted that Waste Products and sources of pollution have been identified and documented.</p> <p>Noted also there is Form /Format for the Identification of Environmental Aspects and Impacts.</p> <p>The Action Plans are stated in the Format for the Identification of Environmental Aspects and Impacts, In the Environmental Improvement Plan and in the SALCRA Waste Management Plan.</p> <p>Ref.: File MSPO Principle 5</p>
<b>Criterion 4.5.5: Natural water resources</b>			
4.5.5.1.	The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Sighted - There is Water Management Plan (WMP) 2020 being established. Date of Revision: 02.03.2020</p> <p>Field Inspection on 16.07.2020 confirmed that the Buffer Zone along the river bank (e.g. Sg. Kerisik) is being maintained. Signage is being firmly installed regarding the preservation of the Buffer Zone.</p> <p>In addition, the water quality of the natural river such as Sg. Kerisik is monitored on quarterly</p>



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			<p>basis. Lates EMR covers a periopd of October-December 2020 (Ref. No.: NREB/6-1/2B/17; (16)NREB/6-1/2B/84).</p> <p>Ref.: File MSPO Principle 5</p>
A	Assessment of water usage and sources of supply.	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Noted - WMP 2020 provides assessment of water usage and sources of supply. For example, water usage for cleaning of vehicles &amp; machinery at the workshop come from JBALB.</p> <p>Noted that the staff are paying their own monthly water bills to JBALB authority.</p>
B	Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Noted - WMP 2020 includes the monitoring of outgoing water; for example, water usage for cleaning of vehicles &amp; machinery at the workshop goes to the Oil Trap and the main drain.</p>
C	Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Noted- WMP2020 includes Action Plan to Optimize Water Usage; for example, at the workshop optimization measures include,</p> <p>i) water tap is to be closed when not in use,</p> <p>ii) leaking pipe is to be repaired promptly;</p> <p>iii) harvesting of rainwater is carried out at the workshop.</p>
D	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along natural waterways within the estate.	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Verified during field inspection: i) Sign Board being erected for public information &amp; notification that Buffer Zone of about 5 meters wide is maintained and preserved along Sg. Kerisik</p> <p>In addition, environmental monitoring of water quality of Sg. Kerisik is conducted on quarterly basis.</p>



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E	Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The Estate Manager, informed the audit team that natural vegetative regeneration and growth along the river bank is strictly protected. Field inspection on 10.07.2020 noted that natural vegetation within the Buffer Zone grows profusely.
F	Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Not Applicable.
4.5.5.2	No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Verified from field inspection & interviews of the Estate manager as well as the staff from the surrounding longhouse that there is no bund, weirs and dam being constructed across the natural waterways.
4.5.5.3	Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Verified from field inspection that water harvesting is not yet being carried out. However, harvesting of rainwater at the staff's and workers' accommodation for domestic purposes is at their own choices.
<b>Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value area</b>			
4.5.6.1.	Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:		Noted that there is on-going collation of information on the status of RTE species and high biodiversity value area.
A	Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	SALCRA Sustainability Executive, Tuan Doulos Alau confirmed that his team is compiling a report on the study entitled " Identification of High Biodiversity Value Habitats". The study identifies rare and threatened habitats that could be affected by the oil palm cultivation activities. The study included making inventory of RTE species which is on-going, demarcation of Buffer Zone, displaying signages on





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			prohibition of illegal fishing, hunting and catching of RTE species.
B	Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Noted that the on-going study determines the conservation status, legal protection status, etc. based on the following Guidelines:</p> <p>a) Wild Life Protection Ordinance 1998 (First Schedule, Part I &amp; Part II - Totally Protected Animals and Protected Plants);</p> <p>b) Convention on International Trade in Endangered Species of Wild Fauna and Flora (Appendices I, II, and III), 2017.</p>
4.5.6.2.	If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:		Noted that mitigation measures are being implemented.
A	Ensuring that any legal requirements relating to the protection of the species are met.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Noted and verified by field inspection that legal requirements relating to the protection of the species are ensured by posting relevant wildlife &amp; Plant Protection posters on the notice Board of the Office.</p> <p>Informed by the estate manager that the general public are also reminded on the protection of RTE species during informal dialogues with the longhouse folks.</p>
B	Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Illegal hunting, fishing and collecting activities are being discouraged by installing the signages at strategic places in the field. For example at Sg. Kerisik bridge the signage is installed at Coordinates:</p> <p>N 01 07' 368"; E 111 46' 934".</p>



4.5.6.3	A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	A proper Management Plan for Protected Fauna and Flora Species and High Biodiversity Value Area has been fully documented. The implementation of various mitigations and conservation measures have been also put in place.
<b>Criterion 4.5.7: Zero burning practices</b>			
4.5.7.1	Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Noted that there is Zero Burning practices stated in the SALCRA Plantation Manual (Copyright 2011), under Section 6 - 6.4 Sequence of works for land preparation.</p> <p>During field inspection there was no evidence of field burning. There was also no evidence of the burning of domestic wastes as the domestic wastes are collected by Majlis Daerah Lubok Antu twice a week.</p>
4.5.7.2	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Not applicable
4.5.7.3	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Not applicable
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Not Applicable.



**PRINCIPLE 6**

**BEST PRACTICES**

**Criterion 4.6.1: Site management**

Indicator	Requirement	Compliance	Findings
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>A. The Good Agriculture Practice for site management are detailed out in the PLANTATION MANUAL Copyright 2011, issued by SALCRA Plantation Department (HQ) in 2011 for the following operations:</p> <ol style="list-style-type: none"> <li>1) Oil Palm Nursery Establishment and Operation</li> <li>2) Field Establishment &amp; Immature Maintenance</li> <li>3) Harvesting, Delivery and Mature Upkeep</li> </ol> <p>B. The SOPs for site management are detailed out in "Peraturan Keselamatan dan Kesehatan Pekerja", Ref. No.OSH/SOP/1, effective date 14<sup>th</sup> June 2010, for the following operations:</p> <ol style="list-style-type: none"> <li>1. General Safety for Oil Palm Estate Workers.</li> <li>2. PPE</li> <li>3. Clearing</li> <li>4. Oil palm manuring</li> <li>5. Weeding management</li> <li>6. Oil Palm Pruning</li> <li>7. Harvesting oil palm</li> <li>8. Loading FFB</li> <li>9. Field Transportation</li> <li>10. Workers' Safety while using Estate Trailer</li> <li>11. Workshop Safety</li> <li>12. Noise Control</li> <li>13. Ramp Maintenance</li> <li>14. Integrated pest management - Beneficial plants</li> </ol>
4.6.1.2	Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Mucuna Species being planted on hill slope to prevent soil erosion, as well as terraces for planting on slopes with the use of contour lining spaced at approximately 27 feet to 30 feet apart (horizontal distance).



	waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.		For surface run-off, palm fronds are used to control soil erosion.
4.6.1.3	A visual identification or reference system shall be established for each field.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Each field in a block is marked on a plate at road junctions with a number indicating the Block and Phase it is in and its size, Year of Planting, Plant Material and Stand per Hectare for the Block.</p> <p>The Block Marker used in this BAOPE is in full Compliance with the Standard Marker.</p>
<b>Criterion 4.6.2: Economic and financial viability plan</b>			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>All of BAOPE Budget Guidelines are being covered under the "Salcra's Management Budget Guidelines For Year 2020 and Forecast Year 2021-2023 for Salcra &amp; Group of Companies.</p> <p>Batang Ai Oil Palm Estate's Progress of Work Report for the Month of December 2019 which provides a comprehensive overview on a cumulative basis of the actual plantation progress against the plan. Actual crop production is compared against forecast (estimate) according to planting age (block) and the yield (MT/ha) is generated for a 12-month period.</p> <p>Noted that for the whole plantation the yield (based on 12-month FFB production) as of Dec.2019 is <b>13.64 MT/ha.</b>; as compared to the estimate at <b>17.34 MT/ha</b></p> <p>The plan also presents an in-depth overview of projected operational expenses for all aspects of the plantation such as:</p> <ul style="list-style-type: none"> <li>• Harvesting</li> <li>• Manuring</li> <li>• Pruning</li> <li>• Vehicle utilization</li> <li>• Labour as per check roll</li> </ul>



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			Based on the spreadsheet (Production Against Budget 2019) presented for the plantation as a whole, the actual production shows a declining profile towards the end of the year but at a slower rate than the budgeted trend as palm are towards the end of their productive stage.
4.6.2.2	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	A long term replanting programme is available, sighted and to be reviewed as and when needed.
4.6.2.3	The business or management plan may contain:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Sighted: the BAOPE Crops Budget Y2020 (Upkeep and Maintenance Programme Y2020)
A	Attention to quality of planting materials and FFB.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	D X P (Sime Darby, Guthrie, Calix 600).
B	Crop projection: site yield potential, age profile, FFB yield trends.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	As reflected in the BAOPE Analysis of Expenditure as at 31 <sup>st</sup> December 2019 - Estate Direct Cost, the Crop projection are as follows: <ul style="list-style-type: none"> <li>• Site yield potential estimated at <b>17.34 MT/ha;</b></li> <li>• Age profile: planted between to <b>1997-2018;</b></li> <li>• FFB yield: <b>13.64 MT/ha as of Dec.2019.</b></li> </ul>
C	Cost of production: cost per ton of FFB.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Cost of production: Estimated for 2019 at <b>RM2,648/ha or RM207.80/MT FFB.</b>
D	Price forecast	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Price forecast: estimated at RM401 for 2020 and RM381 for 2021.
E	Financial indicators: cost benefit, discounted cash flow, return on investment.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Financial indicators: Cost of production is inclusive of upkeep (reading spraying, pruning), fertilizer & its application, harvesting & collection,



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			<p>transportation and other cost; all amounting to <b>RM2,648/ha or RM207.80/MT FFB (2019)</b>.</p> <ul style="list-style-type: none"> <li>Total production is <b>22,455 MT harvested from 1,662 ha</b>.</li> <li>Estate Target <b>2020 - 26,300 MT</b>.</li> </ul>
4.6.2.4	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>The estate operation heavily relies on the Crops Budget Y2020 (Upkeep and Maintenance Programme Y2020) which specifies a monthly target for each type of operations.</p> <p>The actual achieved targets are reported in the monthly Progress of Work Report for submission to SALCRA HQ which keeps tab on variance between target achieved and budget to permit mitigating action to be taken.</p> <p>Sighted: Estate Plan from the Plantation Division (Hq) on the Y2020 target of <b>25,860 MT</b> production budget which must be achieved.</p>
<b>Criterion 4.6.3: Transparent and fair price dealing</b>			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>SALCRA product &amp; services pricing is the responsibility of Marketing &amp; Sales Dept @ HQ.</p> <p>FFB purchase price:</p> <ul style="list-style-type: none"> <li>For smallholders purchase price is advised daily from HQ [mechanism – average bunch pricing]</li> <li>For bigger supplier actual price given is informed monthly by HQ. Example May pricing is given in June.</li> </ul> <p>CPO / PK pricing computation is also issued monthly from HQ.</p> <p>Price determinants are MPOB, Peninsula Malaysia rates, selling &amp; distribution costs, Viewed &amp; verified doc.</p>
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	<p>Viewed contract - Evidenced in terms and contract conditions is fair and legally enforceable.</p>
<b>Criterion 4.6.4: Contractor</b>			
4.6.4.1	Where contractors are engaged, they shall understand the MSPO requirements	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Evidenced noted:</p>



# MSPO SURVEILLANCE CERTIFICATION REPORT Year 02: 2020

SALCRA: BATANG AI OIL PALM ESTATE

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

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Standard: MS 2530-3:2013

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	and shall provide the required documentation and information.	<input type="checkbox"/> OFI	1. MSPO Briefing by BAOPE to Syarikat Pertanian Bumi in January 2019. Viewed and verified compliance
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Viewed and Verified Work Order Issued to Syt Pertanian Bumi. Evidenced in terms and contract conditions is fair and legally enforceable.
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	The BSOPE is currently entertaining the auditors from BQAS to undertake this Surveillance Audit 2. BQAS has previously conducted the Initial Audit since 2018.
4.6.4.4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI	Controls points at BAOPE Estate entrance by Auxiliary police <ul style="list-style-type: none"> <li>• RAMP by Grader</li> <li>• Estate sites – by Field Assistant</li> <li>• Office – Finance &amp; Admin</li> </ul> Viewed all related documentations. In compliance.

## PRINCIPLE 7 DEVELOPMENT OF NEW PLANTING

Not applicable

No implementation and development of new planting in Year 2020

## 5.2. SUMMARY OF FINDINGS

<b>No of OFI: Opportunity for Improvement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>No of NC: Non-Conformance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>

Criterion 4.4.5: Employment conditions			
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	During site visit to the workers' quarters, all of the units are still habitable, except the 1 <sup>st</sup> Unit, whereby the beams are almost rotten. All of the quarters are provided with basic amenities and facilities. However, the inhabitants should take care of the cleanliness of the compounds especially



			<p>the drains.[clogged drain]. and domestic waste.</p> <p>Domestic waste should be segregated according to types; papers and cardboard, bottles and glasses, plastic and other recyclable waste and kitchen waste.</p> <p>Chicken sheds were found too close to the living quarters, health hazard to residents.</p> <p>Staff Quarters</p> <p>All of the living quarters are habitable and provided with basic amenities and facilities.</p> <p>In one of the staff quarters, it was found out that Fertilizers and weedicides/pesticides are being stored besides the wall. Should be removed immediately.</p> <p>Domestic waste were also found being thrown indiscriminately around the living quarters.</p> <p>Clogged Main drains, pools of excess rain water around the staff quarters and main road to the quarters.</p> <p>Power Cable</p> <p>It was observed that Power Cable which was being detached from one of the buildings was still attached to the main line can be hazardous to passers-by.</p>
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<b>Criterion 4.4.4: Employees safety and health</b>			
<b>4.4.4.1</b>	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI	The occupational safety and health policy has been standardized across SALCRA plantation and mills, established on 14 <sup>th</sup> June 2017, approved and signed by the General Manager and plan was viewed to be in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act139). Safety and Health issues were discussed and documented in the Occupational Safety and Health Committee minutes of meeting. The last meeting was held on 19 <sup>th</sup> June 2020 at BAOPE Meeting room. The





		minute can be viewed at the Health and Safety file. <b>It is observed that the dispenser and nozzle of skid tank is leaking and this is hazardous to safety of workers</b>
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**5.3. STAKEHOLDERS' CONSULTATION REPORT**

Stakeholder Name: (Can be organization name; state "Anonymous" if the stakeholder refuse to disclose)	<ol style="list-style-type: none"> <li>1. Kilau Anak Dana</li> <li>2. TR Lagie @ danday Gandy Anak Anyau</li> <li>3. Henry Gadang Anak Bliang</li> <li>4. Julie Subur</li> </ol>
Stakeholder Group: (Can refer to Appendix 1 of ACB-OPMC 4)	<ol style="list-style-type: none"> <li>1. Mandore (Internal Stakeholder) and Salcra's Scheme Participant (land owner)</li> <li>2. Local community Leader(Land Owner) and Package Contractor</li> <li>3. Mandore (Internal Stakeholder)</li> </ol>
Consultation Technique: (Can select more than one)	<input checked="" type="checkbox"/> Meeting (to submit list of participants if available) <input type="checkbox"/> Phone interview <input type="checkbox"/> Written views and comments (mail, email etc. based on pre-determined questions) <input type="checkbox"/> Research (internet, journal or other credible literature sources)

	Criteria	Result	Remarks
1.	Is this stakeholder register in the organization's stakeholder list?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Stakeholder is part and parcel of the development project as Foreign workforce, staff and land owner within the Salcra Land Development Project.</i>
2.	Based on input received, is transparency of information between organization and stakeholder justified? (clause 4.2.1 & 4.2.2)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Under the General Procedure Guideline N0o.: CPG 7.2, a two-way communication is available where Complaints, Requests and other issues can be conducted and acted on amicably.</i>
3.	Any feedback, complaint or grievances raised by this stakeholder before? (If Yes, please briefly explain the nature of the feedback/ complaint/ grievance in Remarks)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	



4.	If (3) above is Yes, is the organization handle the feedback/ complaint/ grievance appropriately?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	
5.	Any land issue being raised during audit against the organization? (if Yes, does the issue been, or in progress of being resolved?)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Participants joined Salcra Project voluntarily.
6.	Any social issue being raised during audit against the organization? (if Yes, does the issue been, or in progress of being resolved?)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
7.	Any environmental issue being raised during audit against the organization? (if Yes, does the issue been, or in progress of being resolved?)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
8.	Is the issue stated above being brought to the audit?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	

**Remarks, comments and opportunities for improvement:**

1. A total of 4 stakeholders were interviewed, 1 Harvester (Foreign Worker - PMI), 2 land owners(participant) of Salcra Plantation and 1 Mandore during this Surveillance Audit. They represent the local communities around the plantation area.

2. The first stakeholder, being a foreign worker, has been working with SALCRA for 12 years and earning between RM1,200-1,400 per month. Attended MSPO briefing by SALCRA and is well aware of its requirements and conditions.

3. The other three stakeholders share a common view that the Estate Management is proactive in community service, especially, for providing lorries/tractors to transport their family members' burial, for which they were very appreciative.

4. All three of them are aware of the MSPO Certification Process undertaken by BAOPE. TR Lagie, Mr. Henry and Mr. Kilau are satisfied with their participation in the SALCRA Project.

5. Work environment and staff/workers association - no complaints from stakeholders as work environment is very conducive and proper incentives as well as dividends are given when due.


Comments:

1. Salcra to employ more local in the plantation maintenance work.




- 2. BAOPE to ensure that FFB are fully harvested by PMs, as it seems that the production is way below production target.
- 3. SALCRA's project provides good source of income for the land owners.
- 4. Over all, they are satisfied with the treatment given by Salcra BAOPE management.

**5.4. AUDIT CONCLUSION**

	Summary Statement of Lead Auditor	Signature
	<p>The purpose of this Surveillance Audit is to evaluate the implementation, including effectiveness, of SALCRA Batang Ai Oil Palm Estate management systems and that the requirement of the Standards MS2530-3:2013 is fulfilled. The complete Audit Plan and processes were completed and performed by the Auditors.</p> <p>2 findings were recorded.</p> <p>Conclusively it is the opinion of the Audit Team that BAOPE had adequately maintained effectively the implementation of its' management systems and that continued Certification under MS2530-3:2013 to be continued; subject to satisfactory actions taken on all findings.</p>	 Wilfred S Landong Date: 17 07 2020

**5.5. ACKNOWLEDGEMENT BY CERTIFIED ENTITY MANAGEMENT REPRESENTATIVE**

	<p>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.</p>	 James Melaka Date: 17 07 2020
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**5.6. CORRECTIVE ACTIONS REPORTS & ACTION TAKEN BY CERTIFIED ENTITY**

Corrective Action Reports were raised on 17 07 2020  
The Corrective Action Reports were closed out by Lead Auditor on 29 08 2020

**6.0. OFFICIAL SIGN OFF**

**6.1. ASSESSMENT RECOMMENDATION: LEAD AUDITOR**



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Based on the Findings/Action taken by Auditee/Closures above, Batang Ai Oil Palm Estate had been able to demonstrate generally its continual compliance to and with requirements of the MSPO MS2530-3:2013 Standard under General Principles for Palm Oil Plantation & Organized Smallholders. Therefore, it is recommended that the Certification of SALCRA BAOPE be maintained.

Wilfred S Landong

30 08 2020

## 6.2. ASSESSMENT REVIEW BY TECHNICAL REVIEWER

Notes:

Technical Review of SALCRA Group of Estates are done on a Group basis under SALCRA Group of Estates Public Summary Report

## 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. PLAN FOR NEXT SURVEILLANCE AUDIT

Surveillance Audit Year 02 was delayed due to COVID19 Movement Control Order as enforced by Malaysian government authorities.

Surveillance Audit Year 03 of SALCRA Group of Estates will revert back to be in compliance with official date of Certification.

## 8.0. ATTACHMENTS

Location Map of SALCRA Estates

### 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)

## SALCRA Operational Area

