



MSPO SURVEILLANCE CERTIFICATION SUMMARY REPORT [YEAR 02] 2020



SALCRA

KARABUNGAN MINI OIL PALM ESTATE

KM 78, Jalan Miri/Bintulu, 98007 Miri, Sarawak.



BQAS Certification [M] Sdn Bhd

Lot 7823, Sublot 6, 2nd Floor, Block A, King Center,
Simpang Tiga, 93350, Kuching, Sarawak.

Tel: 082 572 043

Email: bqassb@gmail.com

Website: www.bqas.com.my

Accreditation No: ACB MSPO CB15



MSPO SURVEILLANCE CERTIFICATION REPORT Year 02: 2020

SALCRA: KARABUNGAN MINI OIL PALM ESTATE

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

Ref No: BQ/KME/AU/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/KME/AU/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, MTLD, 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: | KM 78, Jalan Miri/Bintulu, 98007 Miri, Sarawak. | |
| Contact Person / Job Title: | Benet Anak Mudang | Assistant Estate Manager |
| Telephone / Mobile: | 019 8683750 | |
| Email / Website | benetm@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 |

Disclaimer:

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EXECUTIVE SUMMARY

KARABUNGAN MINI OIL PALM ESTATE [KMOPE] is one of 21 Palm Oil Estates owned and managed 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.

KMOPE is located at KM 78, Jalan Miri/Bintulu, 98007 Miri, Sarawak. The Office Site is situated at Geo-coordinates N03° 52' 52.6" E113° 49' 32.1"; 301 hectares of total certified area owned by SALCRA

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 KMOPE:

| | |
|--------------------------------------|---|
| No of Employees | • 25 employees: 10 locals / 15 foreign |
| MPOB License No / Expiry date | • No: 6112 6200 2000 / Expiry: 30 04 2021 |
| Date of Establishment | • 2013 |
| Certified Area | • 301 hectares |
| FFB Actual Production Volume 2019 | • 2,036.17 MT |
| FFB Estimated Production Volume 2020 | • 2,840 MT |

The Surveillance Audit was conducted on 15 & 16 07 2020; 2 Auditors; 4 mandays. The purpose of this Audit is to evaluate the implementation, including effectiveness, and continuous compliance to MSPO requirements of KMOPE 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.

4 findings were recorded during this Surveillance Audit; 3 OFI – opportunity for improvement; 1 NC – non-conformance. 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 Karabungan Mini 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 KMOPE include treated water, domestic waste collection & disposal, electricity and telecommunication services.

KMOPE has continuously complied & conformed to MSPO Certification standards, conditions & requirements.

Conclusively, the Lead Auditor therefore recommended that KMOPE 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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Ref No: BQ/KME/AU/SVA2/07/20

Standard: MS 2530-3:2013

30 09 2020

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 nd Floor, Block A, Kings' Centre, Simpang Tiga, 93350, Kuching, Sarawak. | |
| Contact: | Email: bqassb@gmail.com | Tel: +6 082 572 043 |
| | WhatsApp: +6 017 814 1112 | Website: www.bqas.com.my |
| Surveillance Audit Date: | 15 - 16 07 2020 | Audit Duration: 4.0 man-days |
| BQAS Audit Team: | Name | Role in the Audit |
| | Dominic Retan Giah | Lead Auditor |
| | Robert Tella Gunjom | 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 310 hectares of Certified Area |
| 1.3. | MSPO Standards | <input checked="" type="checkbox"/> | PART 3: MS2530-3:2013 |
| 1.4. | Maps and others [Refer Attachments] | <input checked="" type="checkbox"/> | Google Location |
| | | <input type="checkbox"/> | |
| | | <input type="checkbox"/> | |

2.0. INFORMATION: CERTIFIED ENTITY

KARABUNGAN MINI ESTATE

| | | |
|-------------------------------|---|-------------------------------|
| Primary Function: | <input checked="" type="checkbox"/> Plantation/Organized Smallholders | <input type="checkbox"/> Mill |
| Site Address: | KM 78, Jalan Miri/Bintulu, 98007 Miri, Sarawak. | |
| Management Contact Details | | |
| Name: Benet Anak Mudang | Job Title: Assistant Estate Manager | |
| Mobile: 019 8683750 | Email: benetm@salcra.gov.my | |
| Name: Adelinna Anak Libin | Job Title: Research Executive | |
| Mobile: 014 5846694 | Email: adelinnal@salcra.gov.my | |
| Headcount: | Local: 10 | Foreign: 15 Total: 25 |
| MPOB License No: 611262002000 | Expiry Date: 30-04-2021 | |
| Scope of Activity: | #Menjual dan Mengalih | |
| Date of Establishment: 2013 | Geo-Coordinates: N03° 52' 52.6" E113° 49' 32.1" | |



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Ref No: BQ/KME/AU/SVA2/07/20

Standard: MS 2530-3:2013

30 09 2020

| | |
|---|---|
| Certified Area: 301 ha | Planted Area: 301 ha |
| FFB Production (actual) 2019: 2,036.17 MT | FFB Production (estimate) 2020: 2,840 MT |
| Sources of FFB: | Main FFB purchaser: Niah Palm Oil Mill |
| No of Planting Blocks: 16 | No of Palm trees: 38,918 |
| Palm Species: Clonal Palm Kuching | Age Range of Palm Trees: 7 |
| Topography: undulating terrain | Soil Type: Mineral |
| Land Status / Ownership: | <input type="checkbox"/> Rented <input checked="" type="checkbox"/> Own Land <input type="checkbox"/> Joint Venture |
| Validity/Date of Certification: 30 04 2018 to 29 04 2023 | Other Sustainability Certification: |

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"> • Observation of process & activities • Review of documentations & records • Site visits • Field inspections |
| Assessment method | Paper <ul style="list-style-type: none"> • Assessing past implementations from records, reports of the management system Practice <ul style="list-style-type: none"> • Assessing current implementation from observing current practices People <ul style="list-style-type: none"> • Assessing future maintenance from interviewing personnel on understanding & assessing competencies. |

| 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 | Dominic Retan | Lead Auditor |
| | Robert Tella | 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 – field sites
- 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: 2

No of Mandays: 4

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 | The SALCRA MSPO Policy, available in English and Malay, signed by the GM Mr Joseph Blandoi on April 1, 2020 is prominently displayed on the office noticeboard, fertilizer & chemical store, and staff housing. |
| 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 | The SALCRA MSPO Policy is applicable to all operations with a general statement "to ensure sustainable development and continuous improvement". |

Criterion 4.1.2: Internal audit

| Indicator | Requirement | Compliance | Findings |
|-----------|---|--|---|
| 4.1.2.1 | Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | KME was last audited on July 9, 2020. The summary of audit findings indicates 2 NC and 0 Issue of Concern (or Opportunity for Improvement). The finding is in the process of being resolved now. The findings from previous audits were analysed and summarised in an attachment to the minutes of meeting of the management review. |
| 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 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | Sighted SALCRA Operating Procedures No. GPG 7.1 MSPO (Internal Audit), approved by the previous GM Datu Vasco Sabat Singkang in 01/10/2018. The internal audit shall be |



| | | | |
|---------|---|--|--|
| | nonconformities, in order to implement the necessary corrective action. | | conducted at least once a year. The internal audit report was in the form of the internal audit checklist with remarks indicating OFI and NC. |
| 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 | The report shall be made available to the SALCRA management review when it next meets. The review meeting was scheduled for April 2020 but due the COVID-19 Movement Control Order and the subsequent CMCO and RMCO, the new has been set for August 2020. |

Criterion 4.1.3: Management review

| | | | |
|---------|---|--|--|
| 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 | The previous management review meeting (MSPO Steering Committee) was conducted in Nov. 21, 2019 where the previous internal audit report of April 25-26, 2019 was included in a summary of MSPO2530-3 findings for the whole of SALCRA. Audited entities were advised to rectify the Internal audit findings within the time frame given (3 months after the date of audit). |
|---------|---|--|--|

Criterion 4.1.4: Continual improvement

| | | | |
|---------|---|--|--|
| 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 | <p>Sighted: Continuous Improvement Programme Year 2020 for the SALCRA Balance Scorecard Programme with an acknowledgement by the assistant estate manager Mr Benet Mundang. It covers the following areas:</p> <ul style="list-style-type: none"> ● Operational excellence (to increase SALCRA's Group productivity, to improve work processes, to establish agronomic database, to improve use of technology, to improve staff competency and to improve internal communication) ● Business diversification (to increase investment in viable business ventures) ● Rural communities' well being (to improve in rural community quality of life and to improve social outcomes) ● Environmental management (through waste reduction, environmental awareness among staff & workers, |
|---------|---|--|--|

| | | | |
|---------|---|--|---|
| | | | efficient use of non-renewable and renewable energy, forest restoration and water quality conservation). |
| 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 | <p>Mainly through a system of sharing information, sending staff and workers for training with contractors, suppliers and manufacturers with respect to the use of fertilizers and machines.</p> <p>Example:</p> <ul style="list-style-type: none"> ● Use of chemicals by G-Planter (last demonstration on 07/07/2020 by MR & Mr David of G-Planter) for KME workers. ● Use of tractor for FFB evacuation scheduled in the next few months (to be demonstrated in Karabungan estate). |
| 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>Such action plans come from initiatives described in the SALCRA Balance Scorecard Programme for the CIP Year 2020.</p> <p>Among the initiatives in improving use of technology for Operational Excellence is the implementation of the agronomic consultancy and FFB ripeness standard to the harvester. Among the initiatives on environmental awareness is the training and awareness on the application of chemicals and the use of tractor for FFB evacuation.</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 disclosure that could result in negative environmental or social outcomes. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | The MSPO Policy and others (Safety & Health, Environment, Social Policy & Objectives, Sexual Harassment) are available in both English and Malay, prominently displayed. The movement of staff is also put up on the outside wall of the office providing an instant overview of the staff presence. |



| | | | |
|---------|--|--|--|
| 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>Management documents are prominently displayed on the office noticeboard, fertilizer & chemical store and staff housing. The noticeboard inside the office also serves as a bulletin board as it contains circulars and memos from the estate management regarding routine activities.</p> <p>The production figures are also available updated against the monthly budget inside the office of the assistant estate manager.</p> |
|---------|--|--|--|

Criterion 4.2.2: Transparency method of communication and consultation

| | | | |
|---------|---|--|---|
| 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>SALRA has established its General Procedure Guideline No. GPG 7.2 on Communication and Correspondence (Internal and External) approved by GM Mr Joseph Blandoi on 16/03/2020.</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>Mr Benet Mudang is appointed the MSPO Coordinator for Karabungan Mini OPE and Sg Sebiew Mini OPE as appointment letter from the Head of Agronomy, Sustainability & Research Ms Jacinta Graley Jutien on 16/04/2019.</p> <p>The Consultation and Communication representative for Karabungan Mini OPE is Ms Adelinna anak Libin in a minute of 06/05/2019 from the assistant estate manager Mr Benet Mundang.</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 type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI | <p>Available:</p> <p>List of stakeholders includes a total of 23 entities:</p> <ol style="list-style-type: none"> 1. Contractors 2. Suppliers 3. Authorities 4. Neighbor in the vicinity of Karabungan Seed Garden & Mini Estate <p>The list was last reviewed on 24/03/2020.</p> |

Criterion 4.2.3: Traceability



| | | | |
|---------|--|--|---|
| 4.2.3.1 | The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s). | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>Sighted SALCRA General Procedure Guideline No. GPG 7.3 on Traceability Procedure for FFB Production approved by the previous GM on 01/10/2018.</p> <p>Attachment: Flow Chart on FFB Harvesting & Evacuation, Edition A, Amendment: 1, Date: 01/09/2018.</p> |
| 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 | <p>Inspection is conducted daily with fortnightly reconciliation using the FFB Sales form which tracks the daily production/delivery from the estate to the Niah Palm Oil Mill.</p> <p>Sample sighted - daily record for June 2020 with the total (1 12.61 MT) and grades (FFB Grade A) noted in the June FFB Sales form. The subtotal for the 1st 2 weeks is 58.59 MT and 54.02 MT for the 2nd fortnight.</p> |
| 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 | <p>Mr Luke anak Harus is appointed as the estate representatives for Traceability in a minute from the assistant estate manager Mr Benet Mudang dated 06/05/2019.</p> |
| 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 | <p>Sighted:</p> <ul style="list-style-type: none"> ● Daily Vehicle Productivity Report for FFB delivered by the estate's lorries to the Niah Palm Oil Mill (operated by Sarawak Plantation Agriculture Development Sdn Bhd). Although 2 lorries are listed, only lorry no. QAA 5440 K was operating for the whole of June 2020 as the other vehicle was undergoing repairs. A total of 112.61 MT was delivered for the month. ● The accompanying Custom Report Group by Material from 01/06/2020 to 30/06/2020 totaling 112.61 MT. ● Delivery Note dated 29/06/2020 by QAA 5440 K for 353 bunches from 2 blocks weighing 2.46 MT, with attached grading form no. 217033. |

**PRINCIPLE 3 COMPLIANCE TO LEGAL REQUIREMENTS****Criterion 4.3.1: Regulatory requirements**

| Indicator | Requirement | Compliance | Findings |
|-----------|---|--|---|
| 4.3.1.1 | All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>Compliance is monitored and evaluated at the SALCRA HQ by the Legal & Secretarial Officer Ms Angela Jinget.</p> <p>The various MSPO policies, corporate mission and vision statements, list of staff, estate bulletin, permits, licenses, posters from Sarawak Forest Department on protected species, circulars and memos are available for public viewing on the office noticeboard both inside and outside.</p> |
| 4.3.1.2 | The management shall list all laws applicable to their operations in a legal requirement register. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>Sighted: SALCRA List of Legal Register (Doc. No. MSPO 4.3.1.2, Effective Date: July 2020, Revision No. 2) organized into fields and the corresponding Acts for compliance. There is a total of 38 fields.</p> <p>Example: for field on Organization, the relevant Acts are Law of Sarawak Ordinance No. 3 of 1976 and SALCRA Ordinance, 1976.</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"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>Monitoring for updates and evaluation for compliance is done at the head office by the Legal and Secretarial Officer who broadcasts the information to the mills and estates in SALCRA.</p> |
| 4.3.1.4 | The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>The assigned estate representative for Legal & Compliance Monitoring is Mr Mick anak Megom appointed by the assistant estate manager Mr Benet Mudang in a minute of 06/05/2019.</p> |

Criterion 4.3.2: Land use rights

| | | | |
|---------|--|--|---|
| 4.3.2.1 | The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>KME occupies part of the former Veterinary Station already established in 1976 on State land in the area of Karabungan. The SALCRA Karabungan Mini OPE was set up in 2013.</p> |
|---------|--|--|---|



| | | | |
|---------|---|--|--|
| 4.3.2.2 | The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land. | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | Not applicable as this land is provided by the Department of Agriculture for use by SALCRA. |
| 4.3.2.3 | Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | The estate legal boundary is all fenced up (except along Sg Karabungan) with 1 entry point provided to facilitate vehicle access for harvesting & maintenance. The Karabungan river forms a common boundary between the SALCRA Karabungan Seed Garden and Mini Estate and facilities operated by the DoA Veterinary Service. |
| 4.3.2.4 | Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC). | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | Not applicable as this land is provided by the Department of Agriculture for use by SALCRA. |

Criterion 4.3.3: Customary rights

| | | | |
|---------|---|--|---|
| 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 | Not applicable as this land is provided by the Department of Agriculture for use by SALCRA. |
| 4.3.3.2 | Maps of an appropriate scale showing extent of recognized customary rights shall be made available. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | Locality map sighted: Karabungan Seed Garden & Mini Estate, Miri prepared (from aerial image) by SALCRA Survey Unit, dated 02/11/2018, File Ref. SAL/PED/SV/47-8. Plan No. SAL/PED/SV/47-8B, Job No.: 02/2018 Scale: 1:9,000 |
| 4.3.3.3 | Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | Not applicable as this land is provided by the Department of Agriculture for use by SALCRA. |



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 | Karabungan Mini Estate is situated within the State Land serving as "Pusat Ternakan Karabungan" by Jabatan Perkhidmatan Veterinar Sarawak. Internal SIA conducted in March 2020 and the following plans were developed to mitigate negative impact while promoting and maintaining positives ones: <ol style="list-style-type: none"> a. Access and use rights, road maintenance and construction. b. Economics livelihood and employment opportunities. c. Other communities' values and corporate social responsibility to the local communities. d. Environmental preservation. |

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 | System/procedures established. Refer general procedure guideline GPG7.4 dated 01 st Oct 2018. All past complaint and grievances are documented. Document sighted and verified. |
| 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 | All recorded complaint and grievances have been resolved within timeline. Register book and forms sighted and verified. |
| 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 forms are available for all employees and stakeholders to make complaint at the premises with a suggestion box for collecting all filled forms. |
| 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 | Existence of such system are made aware and explain in meetings with employees and stake holders. Minute and pictures sighted. |



4.4.2.5 Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. Yes No OFI Interview with stakeholders and personnel verified that all complaints and grievances in the past 24 months have been resolved.

Criterion 4.4.3: Commitment to contribute to local sustainable development

4.4.3.1 Growers should contribute to local development in consultation with the local communities. Yes No OFI CSR activities commitment contributing to local sustainability development are handled by Corporate Communication Unit in SALCRA headquarters. The estate has provided employment to locals and shares the estate road network with local farmers.

Criterion 4.4.4: Employees safety and health

4.4.4.1 An occupational safety and health policy and plan shall be documented, effectively communicated and implemented. Yes No OFI OSH Policy developed covering all activities and signed by current top management, Mr. Joseph Blandoi dated 9/3/2020 Ref: Safety and Health Policy & Objectives. **GOOD FINDING:** Harvesting sickles are provided sheath on the blade while being transported.

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. Yes No OFI Safety and Health policy available. Records of meeting and implementation and evidence in pictures and minute of meeting available sighted and verified. Aspects of safety and health are pointed out at the morning muster.

B. b) The risks of all operations shall be assessed and documented Yes No OFI HIRARC on all activities/operation are assessed and documented for, 13 activities associate with oil palm maintenance were. The assessment was last updated on 09/06/2020.

C. An awareness and training program which includes the following requirements for employees exposed to pesticides: Yes No OFI Annual Training programme developed and conducted for all employees about their jobs function. Records and evidence of training available, sighted and verified. Refer: 4.24 OPE training matrix and programmed base on job description.

C.1 All employees involved shall be adequately trained on safe working practices; and Yes No OFI Adequate training on safe working practices are conducted. Photos and attendance recorded and sighted.



| | | | |
|-----|---|--|--|
| 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 | All Safety Data Sheet on all product are available and communicated to relevant employees. SDS folder on all product available, sighted and verified. Good finding: All SDS are segregated and hang separately for easy reference. |
| 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 | Personal Protective Equipment are provided free of charge by the management as identified by HIRARC. Evidence of issuance of PPE in files are sighted and verified. |
| 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 type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI | SOP for handling chemicals sighted: Peratiran Keselamatan Mengendalian Bahan Kimia, No. Ruj.: OSH /OSOP/22I; Tarikh berkuatkuasa: 12/09/2019, approved by assistant estate manager Mr Benet Mudang. OFI: Consider to clarify in the SOP the result of the HIRARC and CHRA with reference to medical surveillance for workers handling chemicals. |
| 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 | The assistant estate manager Mr Benet Mudang is appointed to be responsible for workers safety and health. Refer Letter of appointment: 40-2020/SAL/OSH/3 dated 11 th Feb. 2020 from Chairman, Main Safety & Health Committee Mr Alexander Wong. |
| 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 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | OSH Committee meeting conducted to discuss matters and issues that affect their business related their employee's safety and health and welfare. Minute of meeting are taken, and any remedial action taken are recorded. Refer: Last OSH Committee meeting minute, dated 01.07.2020. |



| | | | |
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| | any remedial actions taken are recorded | | |
| 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 exist and understood by all employees. Procedures and instruction are communicated by posting it on noticeboard and other strategic places. Explained to employees during meeting and in morning briefing. Flow chart and action plan available, signed by Mdm. Mahani Maji, safety and health officer, dated 06 th 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 type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI | Employees trained in First Aid are available at site office, however still awaiting approval for next certification course. First aid box and accident guideline available, no expired medicine sighted. OFI: Consider sending field assistant or field supervisor for the course. Ref: Mdm. Adelinna Libin (Research Officer). |
| 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 | Zero accident since estate was started in 2013, Annual return on Zero Accident are submitted to DOSH by SALCRA headquarters. |

Criterion 4.4.5: Employment conditions

| | | | |
|---------|---|--|--|
| 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 | SALCRA Good Social Practices Policy established and practiced and sighted. Evidence of good social practice are seen in in sight visit and interviews of stakeholders. Policy signed by top management, Mr. Joseph Blandoi dated 01st April. |
| 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 | All workers are given equal opportunity and statement established. Statement are display on noticeboard and communicated to employees during meeting. SALCRA Sexual Harassment Policy & Objectives signed by top management Mr. Joseph Blandoi dated 01st April. |
| 4.4.5.3 | Management shall ensure that employees' pay and conditions meet | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | Employees pay and condition meet the legal industry minimum standard. |



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| | <p>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.</p> | <input type="checkbox"/> OFI | <p>Evidence sighted – Mr. Tara anak Aris (Local worker) for the month of June 2020:</p> <ul style="list-style-type: none"> a. Payslip: RM221.75 b. Kontrak Pekerjaan: Daily paid labourer. c. Offer letter/Tawaran Pekerjaan dated 04/05/2020 from the assistant estate manager (on behalf of SALCRA) and endorsed by Mr Tara anak Aris (I/C NO. 710402-13-5714) ON 04/05/2020 and witnessed by staff-in-charge Mr Luke anak Harus). |
| 4.4.5.4 | <p>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.</p> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>All contractors are ensured by the management to comply with the employment act in relation to minimum wages. Refer: Works Order WOREqKARA2000001 No. 55616 dated 01/03/2020, Attachment General Condition of Contract (Sample work order). Document sighted and verified.</p> |
| 4.4.5.5 | <p>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.</p> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>Accurate records of all accounts on all employees including seasonal workers sighted and verified.</p> |
| 4.4.5.6 | <p>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 employee indicated in the employment records.</p> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>Copies of all employment contract signed by both parties available, Sample:</p> <ul style="list-style-type: none"> a. Local : JIMIS MURAN AK MENGGONG I/C No.: 950719136291 MALE IBAN MAINTAINANCE DEPARTMENT. b. Foreign : MUHAMAD SULHAN PASSPORT No: AT855734. MALE. LOMBOK INDONESIA. |



| | | | |
|----------|--|--|---|
| | | | DRIVER |
| | | | Document sighted and verified. |
| 4.4.5.7 | The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | Time recording system established and verified by the following: a. Buku rekod kedatangan Harian Kakitangan. b. Check roll for employees. Document sighted and verified. |
| 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 | Working hours and break in time records comply with legal regulations and collective agreements. Working hours and overtimes are put on display for transparency. Sighted and verified. |
| 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 | Existing wages and overtimes payment reflected in pay slip and check roll meet legal requirement. Document sighted and verified. |
| 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 | The following social benefits are given to employees: a. Incentives depending annual profit. b. Free housing/quarters all employers. d. Harvester's incentives RM2/MT in excess of 30MT. |
| 4.4.5.11 | In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | Five door labor barrack and staff quarters. Basic amenities: Water – paid by individual. Electricity – estate pays RM20 subsidy monthly. |
| 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 | Sexual harassment and violence policy established and implemented by posting it on noticeboard and constant reminder during weekly assembly. Document signed by top management Mr. Joseph Blandoi dated 01 st April 2020. |



| | | | |
|----------|---|--|--|
| | | | There are NO history of case of sexual harassment and violence in the organization. Document sighted and verified. |
| 4.4.5.13 | The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | Rights of all employees are respected and reflected in Social Policy and Objectives, signed by top management Mr. Joseph Blandoi dated 01st April 2020. Document sighted and verified. |
| 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 | No children or young person employed by the management, list of workers and employees available sighted and verified. |

Criterion 4.4.6: Training and competency

| | | | |
|---------|--|--|---|
| 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 | Training programs developed and conducted for all employees and contractors. Evidence in attendance, photos and training contents/material sighted and verified. Last training done on 07th July 2020. Types of training: a. Training on Chemical Handling. b. Instructor: Mr. Tay and Mr. David. c. Venue: Karabungan Seed Garden. Document sighted and verified. |
|---------|--|--|---|



| | | | |
|---------|---|--|--|
| 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 | <p>TNA conducted and plan prior to implementation of the training programme.</p> <p>To date six (06) training have been conducted for the year 2020.</p> <p>Training Need Analysis sighted and verified.</p> <p>Refer: Training matrix for plantation group year 2020.</p> <p>Document sighted and verified.</p> |
| 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 accordance to the documented training procedure. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>Annual Training programme developed and conducted for all employees about their jobs function. Records and evidence of training available. There 18 training topics planned for the year 2020.</p> <p>Refer: Karabungan OPE training matrix for year 2020.</p> <p>Document sighted and verified.</p> |

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 | <p>Sighted: SALCRA Environmental and Sustainability Policy signed by the GM Mr Joseph Blandoi dated April 1, 2020. It is displayed on the office noticeboard, on the wall of fertilizer & chemical store and at the housing area.</p> <p>Aspects of the policy are regularly communicated during the daily tool box meeting before work.</p> |
| 4.5.1.2. | The environmental management plan shall cover the following: | | |
| A. | An environmental policy and objectives | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>A) The SALCRA Environmental Policy strives to:</p> <p>1) Meet applicable legislative requirements</p> <p>2) Minimise or eliminate pollution or adverse effects on the environment</p> |

| | | | |
|---------|--|---|---|
| | | | <p>3) Provide a safe and secure working environment for its employees and relevant stakeholders</p> <p>4) Educate and provide training to its employees and relevant stakeholders on environment and biodiversity.</p> <p>5) Continuously improve effective environmental management programmes and system through periodic review of the policy to meet current needs.</p> |
| B. | <p>The aspects and impacts analysis of all operations.</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI</p> | <p>Aspect and Impact Analysis is carried out on 32 activities / operations in the SALCRA Identification of Environmental Aspects and Impacts Form for Sg Sebiew OPE prepared by the Sustainability Executive (Ms Patricia Chan at that time) on 21/07/2017 and checked by the Head of Agronomic, Sustainability & Research on 28/07/2017 (Mr Martin Kusong at that time). The impact of each activity is assessed based on an aspect of the activity and graded with a score. A high significance score of 15 was noted for 2 activities such as:</p> <ul style="list-style-type: none"> ● Desilting Drain (its aspect is high turbidity due to runoff) specifies environmental monitoring as an existing control measure with its risk control to desilt as required. ● Diesel generator (its aspect of spillage of diesel, lubricants,) specifies regular inspection and bunding as existing risk control measures. The risk control is training for the genset operator and the installation of an oil trap and concrete floor. |
| 4.5.1.3 | <p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI</p> | <p>The SALCRA Environmental Improvement Plan (EIP) for the Sg Sebiew OPE (endorsed by the assistant estate manager Mr Benet Mudang on 08/01/2020) describes the objective and impact on the environment and provides</p> |



| | | | |
|---------|--|--|---|
| | | | <p>management plans for 5 aspect of the environment:</p> <ol style="list-style-type: none"> 1. Environmental awareness 2. Training 3. Plantation development 4. Soil erosion and sediment pollution management 5. Preservation of water quaiity 6. Agrochemical management 7. Air quality management 8. Management of wastes <p>Work teams are briefed on aspects of these activities before proceeding to their respective work sites. Safety SOPs and guidelines are also posted on the walls of the office, the workshop and the various stores.</p> |
| 4.5.1.4 | A program to promote the positive impacts should be included in the continual improvement plan. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>These are described as Initiatives in the SALCRA in the Continuous Improvement Programme Year 2020 (ref. No. SAL/su/MDSPO/P1/4). The initiatives along with Strategic Objectives, KPI and Remarks are detailed out according to operational areas such as:</p> <ol style="list-style-type: none"> 1. Operational Excellence 2. Business Diversification 3. Rural Communities' Well Being 4. Environmental Management |
| 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"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>Sighted: Safety & Health Plan and Training Matrix 2020 & 2021 prepared on 20/02/2020 for Karabungan Mini Estate which includes training on such environmental subjects as Recycle Waste Awareness, Endangered Animals Awareness, HCV Awareness and Chemical Exposure.</p> <p>Evidence is in the form of training reports comprising attendance list, photos and training contents/material all sighted and verified. For example: training on Chemical Handling was conducted by Mr Benet Mudang on 04/03/2020 at Karabungan Seed Garden,</p> |



| | | | |
|---------|---|--|--|
| 4.5.1.6 | Management shall organize regular meetings with employees where their concerns about environmental quality are discussed. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>Miri attended by 3 staff (Luke Harus, Ericson & Mick Megom) and 4 workers.</p> <p>Environmental issues are discussed in the estate safety & health committee meeting as reports from the committee members.</p> <p>Karabungan Mini OPE conducted its last quarterly SHE committee meeting on 08/07/2020 attended by 12 members, chaired by the assistant estate manager Mr Benet Mudang. Among the environmental issues raised were:</p> <ul style="list-style-type: none"> ● Status of housekeeping at the chemical and fertilizer store, the nearby waste centre and the workers housing area. ● Environmental issues such reminder against fishing in Sg Karabungan, labeling of used chemical containers for storing spray water and marking of flood prone stretches along access roads. |
|---------|---|--|--|

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

| | | | |
|---------|---|--|--|
| 4.5.2.1 | Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate time frame. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>Karabungan Mini OPE began recording its consumption of non-renewable energy in 2018. The actual quantity consumed is recorded against the planned or budgeted quantity.</p> |
| 4.5.2.2 | The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>For 2019, the budgeted electricity consumption is 1,000 kWh while the actual consumption was 2,266 kWh.</p> <p>For diesel, the budgeted consumption for 2019 is 9,909litres with the actual at 7,007.26 litres. The consumption for 2020 is being recorded.</p> |
| 4.5.2.3 | The use of renewable energy should be applied where possible. | <input type="checkbox"/> Yes <input type="checkbox"/> No | Not applicable |



OFI

Criterion 4.5.3: Waste management and disposal

4.5.3.1 Waste products and sources of pollution shall be identified and documented.

Yes

No

OFI

The SALCRA Identification of Waste Products and Sources of Pollution from Oil Palm Estate lists out the following waste type and sources:

1. Plastic bottle, food and drink containers, etc
2. Food & drink paper wrapper
3. Used paper
4. Old computer & printer
5. Used tyre
6. Used oil filter
7. Used vehicle / machinery battery
8. Used lubricating oil
9. Used hydraulic oil
10. Contaminated sand or wood dust (spillage kit) from cleaning up spillage
11. Used chemical container
12. Used fertilizer bag

4.5.3.2 A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:

A Identifying and monitoring sources of waste and pollution

Yes

No

OFI

The Waste Management Plan for Karabungan Mini OPE details out the sources of various items for:

- Scheduled waste
- Domestic waste

The WMP is prepared by the estate supervisor and checked by the research officer on 16/03/2020.

B. Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products.

Yes

No

OFI

Currently the following waste products are recycled:

- Used fertilizer bags as collection bags for loose fruits



| | | | |
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| | | | <ul style="list-style-type: none"> ● Empty chemical containers are re-used as receptacles for triple-rinsed spray water. |
| 4.5.3.3 | <p>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.</p> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI | <p>Karabungan Mini OPE follows the SALCRA General Procedure Guideline No. GPG 7.5 Handling of Wastes, approved by the previous GM on 01/10/2018 which covers identification of wastes, storage and labelling, transfer of scheduled waste, accidental spillage, inventory, training and maintenance of records. The procedure identifies the following types of scheduled waste:</p> <ol style="list-style-type: none"> 1. Used lubricant oil 2. Used hydraulic oil 3. Used oil filter 4. Used batteries 5. Contaminated sand / spillage kit from clean up of oil spillage 6. Empty fertilizer bag and 7. Empty chemical container. |
| 4.5.3.4 | <p>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.</p> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>Empty pesticide containers are stored as general store items in the Waste Centre for recycling as receptacles for triple-rinsed water to be used in chemical spraying. The containers are used to destruction when they are disposed as scheduled waste (perforated and broken) through the designated scheduled waste contractor (appointment of the contractor has been interrupted by the MCO and the CMCO from March to June.)</p> |
| 4.5.3.5 | <p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI | <p>Waste from the office is collected and disposed together with that from the Veterinary office in a common landfill operated by the Department of Agriculture. Domestic waste from the Karabungan Mini OPE (generated the housing quarters and the estate) is disposed off into the estate dump pit. Sighted: KM OPE Domestic Waste Assessment Year 2020 with entries on number of residents, number of landfills, condition of overflow, name of person</p> |



monitoring and endorsement by the research officer.

NC: The dumping pit visited at the workers quarters did not meet the requirements of SALCRA GPG 7.5 Handling of Wastes. During the visit, it was observed that the pit was in the compound of the workers quarters. The mixed waste disposed was not segregated. The pit & previous pits were not marked.

Criterion 4.5.4: Reduction of pollution and emission

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

- Yes, No, OFI

Karabungan Mini OPE maintains a record of the crop in MT produced from its estate (present size of 301 ha. certified area), fertilizer usage (kg), the distance travelled from plantation to the Niah POM (km), diesel usage (litres) and electricity usage (kW). The GHG emission is derived from multiplying the emission factor for each category of these inputs with the units of each input. For 2020 (Jan. - June), the resultant figure is a GHG value at 169,376.05. With the FFB production at 1,318.93 MT, the GHG emission works out at 128.42 kg CO2e/MT FFB.

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

- Yes, No, OFI

Karabungan Mini OPE refers to the Environmental Improvement Plan endorsed on 08/01/2020 & the SALCRA Waste Management Plan for Karabungan Mini checked by the research officer Ms Adelinna Libin on 16/03/2020. This SWP identifies the sources of pollutants and specifies action plans to address the pollution caused.

Criterion 4.5.5: Natural water resources

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:

- Yes, No, OFI

Sighted: Karabungan Mini OPE Water Management Plan for Year 2020 which determines the water usage, sources of water supply, wastewater outlet, action plan to optimize water usage and the person to monitor at the following locations:



| | | | |
|---|--|--|---|
| | | | 1. Labour line & office 2. Washroom / toilet |
| A | Assessment of water usage and sources of supply. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | The main source of water is from the water board (Lembaga Air Kawasan Utara) for potable water. The bills issued are filed for monitoring of payment. Rain water harvesting is practiced by collecting rain in ponds and HDPE tanks to supply wash water in the staff & workers quarters. |
| B | Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <ul style="list-style-type: none"> Water sampling is conducted every quarter with samples tested by the Department of Agriculture. KME will only be notified of significant results indicating parameters above limits. No such notice has been received for 2019 and 2020. |
| 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"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | Used water is discharged for land application into the drainage network to be taken up by plants with the RDC and the Agriculture Training Centre. Pipes within the complex are periodically checked for leakage and immediately repaired. |
| 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"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | The KME shares a common boundary with the area set aside for the Department of Agriculture along the Sg Karabungan. A field visit indicated that a buffer of wild grass and some tall trees (emergent species in secondary growth) is maintained on either bank. No weirs or dams are constructed across Sg Karabungan. |
| E | Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented. | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | Not applicable as natural vegetation is in place. |
| F | Where bore well is being use for water supply, the level of the ground water table should be measured at least annually. | <input 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 type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | Not applicable |
| 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 | Harvesting of rain water is in practice at the office and housing area for washing. |

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

| | | | |
|----------|--|--|---|
| 4.5.6.1. | Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover: | | |
| A | Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | For the identification of the HBV habitats, SSME refers to the Biodiversity Assessment Report for Karabungan Mini Palm Oil Estate done and prepared by the Sustainability Executive Patricia Chan on 09/07/2020. Some species of flora and fauna identified in the plantation site comprised of: <ul style="list-style-type: none"> ● Ficus benghalensis (Fig plant) - protected (in the list of Convention on International Trade in Endangered Species - CITES) ● Bubuilcus ibis (Cattle egrets) protected (in the list of CITES) but of LC (Least Concern under International Union for Conservation of Nature - IUCN). |
| 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 | No wildlife seen or reported in KM OPE due to the the fenced perimeter of the estate. Free roaming cattle of the DoA Veterinary Service was sighted inside the estate during field visit. Posters on wildlife from the Sarawak Forestry Corporation are also available on the office noticeboard to remind workers and visitors about protected and totally protected species, both animals and plants. |
| 4.5.6.2. | If rare, threatened or endangered species, or high biodiversity value, are | | |



| | | | |
|---------|--|--|---|
| | present, appropriate measures for management planning and operations should include: | | |
| A | Ensuring that any legal requirements relating to the protection of the species are met. | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | As there are no RTE species identified in the area, this is not applicable . |
| 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 | Signboards are available to discourage and warn off against fishing, hunting and gathering. |
| 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 | Posters on wildlife from the Sarawak Forestry Corporation are also available at the housing area and the store for chemical and fertilizer to remind workers and visitors about protected and totally protected species, both animals and plants. |

Criterion 4.5.7: Zero burning practices

| | | | |
|---------|--|---|--|
| 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 type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | Not in practice |
| 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 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 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 type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | Not applicable as the estate has been recently established in 2013. |



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 | Appropriate standard operating procedures available consistently implemented and monitored. Refer SALCRA Plantation Manual. GOOD FINDING: the estate was found to be well maintained. The base of the palms were generally kept free of germinating loose fruits. Pruning of the palms was also on schedule. |
| 4.6.1.2 | Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | 1. Topography of KARABUNGAN OIL PALM ESTATE: <ol style="list-style-type: none"> Level with 0 - 04% slopes. Undulating 04 - 12% slopes. Rolling 12 - 24% slopes. 2. Soil conservation measured implemented by estate are: <ol style="list-style-type: none"> Selective spraying. FronD stacking. Terracing Cover cropping. Refer: KARABUNGAN OIL PALM ESTATE soil survey and assessment report dated November 2018 made by PARAM AGRICULTURAL SOIL SURVEYS (M) SDN. BHD. Document sighted and verified. |
| 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 | <ol style="list-style-type: none"> Block: 14 Total Hectare: 301ha Planting material: Clonal Wilmar and DXP Planted Year: December 2013 Total No. of palm 38,918. |

Criterion 4.6.2: Economic and financial viability plan



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.

Yes
 No
 OFI

Management plan established demonstrating attention to economic and financial viability through long term management planning. Refer: MANAGEMENT BUDGET 2020 Document sighted and verified.

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.

Yes
 No
 OFI

Not applicable. No replanting programme established, all crops are age of 7 years old.

4.6.2.3 The business or management plan may contain:

A Attention to quality of planting materials and FFB.

Yes
 No
 OFI

Planting material: CLONAL WILMAR and DXP The planting of this materials are to support the research and development in palm oil and other research center.

B Crop projection: site yield potential, age profile, FFB yield trends.

Yes
 No
 OFI

Year planted 2013 – 2015

| Budget Year | 2020 | 2021 |
|-------------------|--------|--------|
| Matured Crop | 251 | 251 |
| Hectarage | | |
| No. of palms | 29,930 | 29,930 |
| Production (MT) – | 3,039 | 3,780 |
| Yield/ha | 12.11 | 15.06 |

C Cost of production: cost per ton of FFB.

Yes
 No
 OFI

2020 – RM342.3
 2021 – RM2447.7
 Refer Budget summary of mature area direct cost for the year 20202 (estimated actual) & 2021
 Document sighted and verified.

D Price forecast

Yes
 No
 OFI

Price Forecast for the year 2020:
 Forecast: RM400.00
 Actual: RM414.00
 Refer KRA Monthly report.



| | | | |
|---------|---|--|--|
| E | Financial indicators: cost benefit, discounted cash flow, return on investment. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> OFI | <p>Financial indicators not available.</p> <p>All financial and cash flow is handled by Headquarters.</p> |
| 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>Monthly progress report is available and submit to HQ monthly.</p> <p>Refer KRA monthly report.</p> <p>Document sighted and verified.</p> |

Criterion 4.6.3: Transparent and fair price dealing

| | | | |
|---------|---|--|---|
| 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>Pricing of product are determined by the mill base on pre-arranged agreement.</p> <p>Existing mechanism of determining pricing is acceptable.</p> <p>All FFB is send to Niah Palm Oil Mill Sdn Bhd for processing as per Letter of Offer for the Purchase of Oil Palm FFB ref: no. SPAD/FFBPURC/2020/NPOM11 from Sarawak Plantation Agriculture Development Sdn Bhd to SALCRA endorsed by the Head of Agronomy, Sustainability & Research on 6th March 2020 which details the FFB Price Calculation (as item no. 4 in the Letter) as follows:</p> <p>FFB Price (RM/MT) = (AB + CD) -E + F + G</p> <p>Where:</p> <p>A = monthly Peninsular Malaysia MPOB Average CPO Price less:</p> <p>1) Selling & Distribution Costs charges st RM80.00/MT</p> <p>2) Sarawak Sales Tax (SST)</p> <p>3) MPOB Cess - RM14/MT</p> <p>B = Effective Oil Extraction Rate (based OER less FFB off-spec quality deduction)</p> <p>C = monthly Peninsular Malaysia MPOB Average PK Price less:</p> <p>1) Selling & Distribution Costs charges st RM86.00/MT</p> <p>2) Sarawak Sales Tax (SST) on CPKO</p> <p>D = Effective Kernel Extraction Rate</p> <p>E = Processing Fee</p> |
|---------|---|--|---|



MSPO SURVEILLANCE CERTIFICATION REPORT Year 02: 2020

SALCRA: KARABUNGAN MINI OIL PALM ESTATE

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

Ref No: BQ/KME/AU/SVA2/07/20

Standard: MS 2530-3:2013

30 09 2020

F = Transport Subsidy (if applicable)

G = Volume incentive (if applicable)

| | | | |
|---------|--|--|--|
| 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>Sample sighted: Offer for the Purchase of Oil Palm FFB ref: no. SPAD/FFBPURC/2020/NPOM11. It specifies interim payment for 80% of the first half month's consignment. Final payment of 100% of the month's consignment less the interim payment shall be paid upon confirmation of the Peninsular Malaysia MPOB average price for CPO, PK and CPKO for the month.</p> |
|---------|--|--|--|

Criterion 4.6.4: Contractor

| | | | |
|---------|---|--|--|
| 4.6.4.1 | Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information. | <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI | <p>The current contractor hired is aware of MSPO requirement.</p> <p>Sighted: Training Report dated 10/07/2020 of Briefing on SALCRA's policies for workers and contractor personnel.</p> <p>OFI: To improve recording of induction and briefing carried out on the contractor and his work personnel.</p> |
| 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 | <p>Sample sighted: Works Order No. 55616 dated 01/03/2020 between SALCRA and Jepuri & Family Enterprise to carry out mechanical Scrapping of Woodies & Shrubs at Phase 2 SALCRA Karabungan, Miri on 48.34 hectares, commencing 1st March 2020 & ending on 31st March 2-020. The unit price of RM367.00/hectares for a total RM17,740.78.</p> |
| 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 | <p>In compliance. Two auditors from BQAS are currently auditing this estate.</p> |
| 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 | <p>The officer responsible is the Assistant Estate Manager Mr Benet anak Mudang who verifies contractor work with estate supervisor Luke Harus. Work done is monitored by stages of completion prior to approval for payment.</p> |

PRINCIPLE 7 DEVELOPMENT OF NEW PLANTING



No development of new planting

5.2. SUMMARY OF FINDINGS

| Principles | P1 | P2 | P3 | P4 | P5 | P6 | Total |
|--|----|----|----|----|----|----|-------|
| No of OFI: Opportunity for Improvement | 0 | 0 | 0 | 2 | 0 | 1 | 3 |
| No of NC: Non-Conformance | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Total | 0 | 0 | 0 | 2 | 0 | 0 | 4 |

1. Principle 4 Social Responsibility, Health, Safety & Employment Conditions

Criterion 4.4.4: Employees safety and health

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

| | | |
|--|--|---|
| 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 Labelling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. | <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI | <p>SOP for handling chemicals sighted:</p> <p>Peraturan Keselamatan Mengendalian Bahan Kimia: OSH /OSOP/22I: dated 12/09/2019, approved by assistant estate manager Mr Benet Mudang.</p> <p>OFI: Consider to clarify in the SOP the result of the HIRARC and CHRA with reference to the medical surveillance for workers handling chemicals.</p> |
|--|--|---|

2. Principle 4 Social Responsibility, Health, Safety & Employment Conditions

Criterion 4.4.4: Employees safety and health

| | | |
|---|--|---|
| 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 type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> OFI | Employees trained in First Aid are available at site office, however still awaiting approval for next certification course. |
|---|--|---|



MSPO SURVEILLANCE CERTIFICATION REPORT Year 02: 2020

SALCRA: KARABUNGAN MINI OIL PALM ESTATE

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

Ref No: BQ/KME/AU/SVA2/07/20

Standard: MS 2530-3:2013

30 09 2020

| | | | |
|--|--|--|--|
| | | | <p>First aid box and accident guideline available, no expired medicine sighted.</p> <p>OFI: Consider sending field assistant or field supervisor for First Aid Course</p> <p>Ref: Mdm. Adelinna Libin (Research Officer).</p> |
|--|--|--|--|

3. Principle 5 Environment, Natural Resources, Biodiversity & Ecosystem Services

Criterion 4.5.3: Waste management and disposal

| | | | |
|---------|--|--|--|
| 4.5.3.5 | Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> OFI | <p>Waste from the office is collected and disposed together with that from the Veterinary office in a common landfill operated by the Department of Agriculture. Domestic waste from the Karabungan Mini OPE (generated the housing quarters and the estate) is disposed into the estate dump pit. Sighted: KM OPE Domestic Waste Assessment Year 2020 with entries on number of residents, number of landfills, condition of overflow, name of person monitoring and endorsement by the research officer.</p> <p>NC: The dumping pit visited at the workers quarters did not meet the requirements of SALCRA GPG 7.5 Handling of Wastes</p> <p>During the site Audit, it was observed that the pit was in the compound of the workers quarters. The mixed waste disposed was not segregated. The pit & previous pits were not marked.</p> |
|---------|--|--|--|

4. Principle 6 Best Practices

Criterion 4.6.4: Contractor

| | | | |
|---------|--|---|--|
| 4.6.4.1 | Where contractors are engaged, they shall understand the MSPO requirements | <input type="checkbox"/> Yes <input type="checkbox"/> No | The current contractor hired is aware of MSPO requirement. |
|---------|--|---|--|



and shall provide the required documentation and information.


OFI

Sighted: Training Report dated 10/07/2020 of Briefing on SALCRA's policies for workers and contractor personnel. **OFI: To improve recording of induction and briefing carried out on the contractor and personnel**


5.3. STAKEHOLDERS' CONSULTATION REPORT

All the stakeholders interviewed appreciated that establishing the estate led to the improvement in the local economy through employment of locals. A female worker also confirmed that there had been no cases of sexual harassment. KMOPE was also considered a genial corporate neighbor.

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 Karabungan Mini OPE management systems and that the requirement of the Standards MS2530-3:2013 is fulfilled.</p> <p>2 findings were recorded.</p> <p>Conclusively it is the opinion of the Audit Team that KMOPE 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> |  Dominic Retan Giah Date: 16/07/2020: |

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> |  Name: Benet Mudang Date: 16/07/2020 |
|--|---|---|

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

Based on the Findings/Action taken by Auditee/Closures above, KMOPE 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 KMOPE be maintained.

Dominic Retan Giah
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

SALCRA Operational Area

