

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)




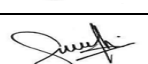
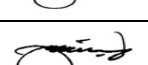
CERTIFICATION AUDIT REPORT

Part 3: General Principles for Oil Palm Plantations and Organized Smallholders

Lock Huat Holdings Sendirian Berhad
Bukit Toh Alang [Estate]

-Individual Certification-

MAIN ASSESSMENT AUDIT
10th June 2019 – 11th June 2019

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	10/07/19	Issued as Draft Report	Surenthiran Panneerselvam	Lead Auditor	
A	24/07/19	Peer Review 1 Comments	Remi bin Rasidi	Peer Reviewer 1	
A	24/07/19	Peer Review 2 Comments	Mohd Zuhaili bin Mukri	Peer Reviewer 2	
B	26/07/19	Issued as Final Report	Surenthiran Panneerselvam	Lead Auditor	
B	29/07/19	Final Report Approved	Muhammad Syafiq bin Abd Razak	Certifier	

Acknowledgment by Lock Huat Holdings Sendirian Berhad					
Rev	Date	Description	Management Representative	Role	Signature
B	29/07/19	Acceptance of the contents	Mr. S. Siva Subramaniam	Estate Manager	

Declaration

The auditor(s) has (had) no personal, business or other ties to the client and the assessment is carried out objectively and independently.

WITH INTEGRITY WE SERVE



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Note: Section II of this report contain confidential information and been protected from public disclosure.

SECTION I : PUBLIC SUMMARY REPORT

1.1 Certification Scope

Global Gateway Certifications Sdn. Bhd. (GGC) has conducted the Certification Assessment of **Lock Huat Holdings Sendirian Berhad, Bukit Toh Alang [Estate]**. During this **Main Assessment Audit (Stage 2)**, the audit team were briefed by Estate Manager, of the supply base disposition. The estate consists only Bukit Toh Alang Estate.

This assessment was conducted onsite on **10th June 2019 – 11th June 2019** to assess the compliance of the certification unit against the **"MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholder"**. The scope of certification is **"Management of Sustainable Oil Palm Plantations from Cultivation, Planting and Production of Fresh Fruit Bunches"**.

1.2 Company details and Contact information

Company Name	Lock Huat Holdings Sendirian Berhad
Business Address	C/O Gergaji Management Sdn Bhd, 23, Beach Street, 10300, Penang.
Contact Person	Mr. S. Siva Subramaniam
Office Telephone	+604 5721335
E-Mail	btaest@yahoo.com

1.3 Certification Unit

Name of the Certification Unit

No	Name of the Certification Unit	Site Address	GPS Reference of the site office	
			Longitude	Latitude
1.	Bukit Toh Alang Estate	P. O. Tasek Glugor Jarak, 13300, Tasek Glugor, Seberang Perai, Penang.	E 100°29'59.1"	N 5°26'49.7"

MPOB License Information

No	Name of the Site	LICENCE NUMBER	EXPIRY DATE	SCOPE ACTIVITY
1.	Bukit Toh Alang Estate	502374502000	31.01.2020	Menjual & Mengalih FFB

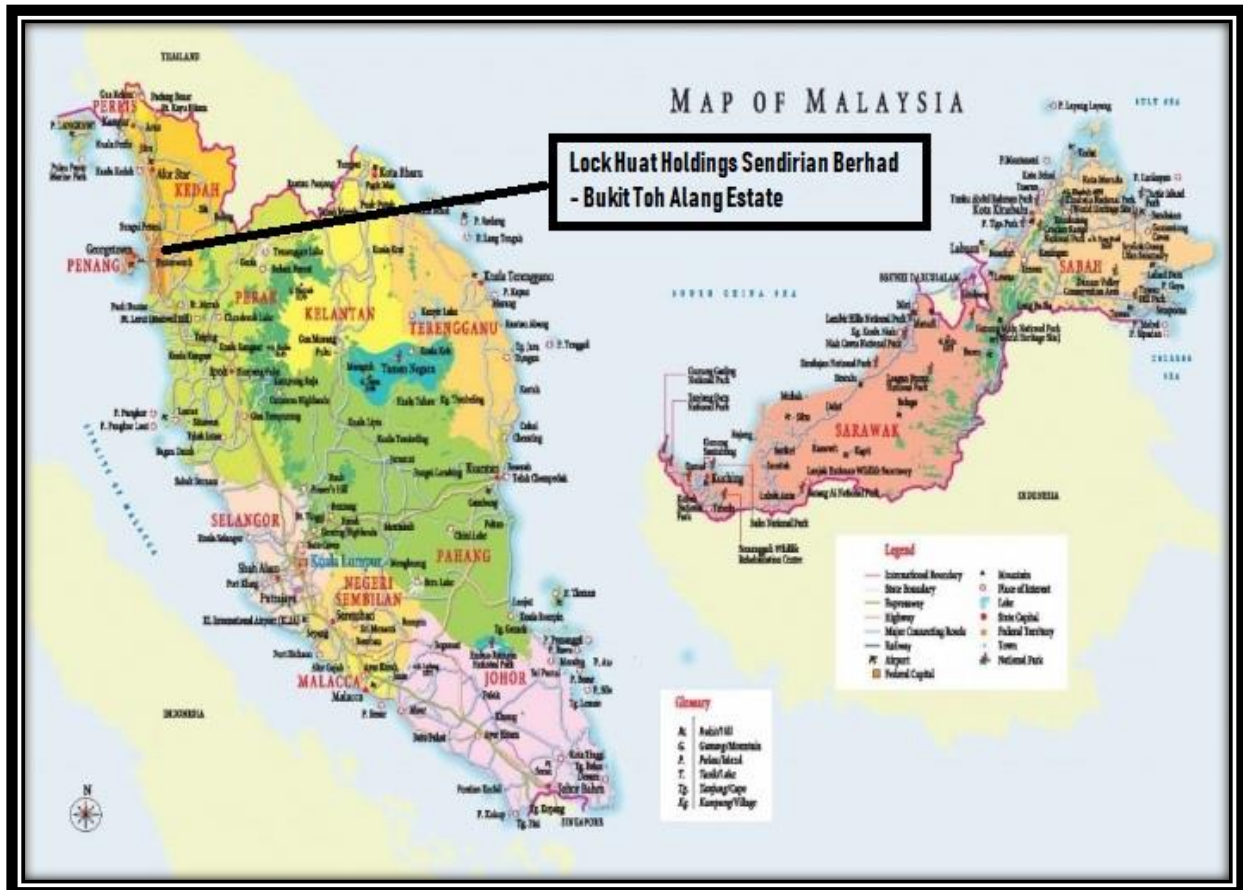


Others Sustainability Certification

No	Name Of The Site	Others Sustainability Certifications
1.	Bukit Toh Alang Estate	NIL

1.4 Map Showing Geographical Location

1) Lock Huat Holdings Sendirian Berhad – Bukit Toh Alang [Estate]



2) Bukit Toh Alang Estate



1.5 Production Area, Actual and Projected FFB Production (MT)

Name of the Certification Unit	Area Summary (HA)		
	Certified Area (per Land Title)	Planted	Mature
Bukit Toh Alang Estate	417.51	387.22	340.31
Total	417.51	387.22	340.31

Name Of The Supply Base	Area Summary (HA)		
	Conservation Area	HCV	Others
Bukit Toh Alang Estate	-	-	28.33
Total	-	-	28.33

Name of the Certification Unit	FFB Summary (MT)		
	Projected from last audit	Actual Production for 12 Months [Jun 2018-May 2019]	Projected Production for next 12 Months [Jun 2019-May 2020]
Bukit Toh Alang Estate	NIL	8,707.16	6,370.00
Total	NIL	8,707.16	6,370.00

1.6 Certificate Details

Certification body	Global Gateway Certifications Sdn. Bhd., No. 10 Jalan Rasmi 7, Taman Rasmi Jaya, 68000 Ampang, Selangor Darul Ehsan, Malaysia. Tel.: +603 4256 2689; Fax: +603 4256 2687 Website: www.ggc.my
Assessment standard	(MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders
Certificate number	GGC-BTA001-MSPO-00-2019
Initial certificate issued date	29 th July 2019
Certificate expiry date	28 th July 2024
Stage 1 assessment date	09 th May 2019
Stage 2 / Main Assessment	10 th June 2019 – 11 th June 2019
Annual Surveillance 1 [ASA 1]	April 2020
Annual Surveillance 2 [ASA 2]	April 2021
Annual Surveillance 3 [ASA 3]	April 2022
Annual Surveillance 4 [ASA 4]	April 2023

1.7 Qualification of the Lead Assessor and Assessment Team

Lead Auditor

Name: Surenthiran Panneerselvam

Graduate in PgDip/MSc Oil and Gas Accounting from University of Abertay Dundee, Scotland, UK. Equipped with experience in sustainability audit field and with more than 6 years working experience. Involved in MSPO Assessment since 2017. Fully trained in audit certification such as MSPO, RSPO, ISO9001:2015, ISO37001: 2016. Able to communicate in both Bahasa Malaysia and English (written and spoken).

During this assessment, he assessed on the aspect of Management Commitment & Responsibility, Transparency, Legal, Safety and Health, Social, Stakeholder's Consultation, Workers Welfare, Environment, Best Practices and etc. Able to speak and understand Bahasa Malaysia and English.

Auditor

Name: Mohd Azmi Samynathan bin Abdullah

He has more than 20 years working experience several industries mostly on HR Management. He has experience in second- and third-party auditing system. Master's in Business Administration. He is also fully trained in ISO9001:2008 (Quality Management System) Lead Auditor Course and successfully completed Malaysian Sustainable Palm Oil (MSPO) Auditor Training course (MPOCC endorsed). Able to write and speak in Bahasa Malaysia and English.

During this assessment, he assessed on the aspect of Legal Compliance, Safety and Health, Social, Stakeholder's Consultation, Workers Welfare and etc. Able to speak and understand Bahasa Malaysia and English.

1.8 Audit Methodology

The audit was conducted based on sampling following the method as specified in the MSPO requirements (MSPO-Questionnaire Self-Assessment – RA). In the case of this certification unit, sampling calculation was not applied as there is only one estate namely "Bukit Toh Alang Estate".

The assessment activities include of documents review and site inspection. The documents that had been reviewed among others were company policy, internal procedures, management system procedures, waste management procedures, legal documents etc. Significant issues that would impact to the environmental and social were also been verified.

The methodology for collection of objective evidence was established during physical site inspections, observation of tasks and processes, interviews of stakeholders, interview of officers, review of documents and data. Checklists and questionnaires were used to guide the collection of information and the comments made by external stakeholders were also been taken into consideration in this assessment.

Appendix A (Audit Plan) details the actual assessment plan. Stakeholders were consulted randomly during the assessment to obtain feedback on the management compliance and performance (Appendix C) of MSPO.

1.9 Audit Plan Information

Audit Date	10 th June 2019 - 11 th June 2019
Name of site(s) visited	Bukit Toh Alang Estate
Total number of man-days spent	4 man-days

1.10 Audit Result Summary Findings

Category	Numbers	Status (Closed/Open/Not Applicable/No Action Requires)
Major Nonconformities	1	Closed
Minor Nonconformities	1	Closed
Area of Concern	1	No action requires
Noteworthy /Positive Comments	6	No action requires

1.11 Stakeholder Consultation

As per ACB-Malaysian Sustainable Palm Oil (MSPO); ACB-OPMC4; Issue 1, 01st August 2017; Stakeholder Consultation Requirements for Certification Bodies Operating Oil Palm Management Certification Under Malaysian Sustainable Palm Oil (MSPO) Certification Scheme. The consultation during the audit will be carried out during the stage 2 and recertification audit of the management unit. The CB shall carry out stakeholder consultation to ensure continued compliance with the requirements of the certification standards. However, stakeholders' consultation during surveillance audit may be limited to those stakeholders who have raised concerns, complaints or disputes prior to the audit.

GGC has published the public notification on 10th May 2019 and as to accommodate a stakeholders' consultation meeting for estate. Therefore, it was conducted on 10th June 2019 - 11th June 2019 in Bukit Toh Alang Estate to gather information from the local communities in accordance to Certification Scheme and Stakeholder Consultation requirements.

During this Main Assessment (Stage 2) audit, the audit team has conducted stakeholder consultations involving both internal and external stakeholders as to understand the practices in relation to environmental, social performance and their performance with respect to the MSPO requirements. The meeting was conducted without the present of estate management.

At the start of meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholders before discussions continued. The auditor recorded comments made by stakeholders and verified with the estate management before incorporating into the assessment findings. There was no negative complaint or feedback received during the audit or during the field assessment when interviewing with the external and internal stakeholders. The details are as per table below:

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	All stakeholders	<ul style="list-style-type: none"> Stakeholders who attended the meeting are still unaware about what is MSPO. Unclear knowledge on the existence of a complaints/grievance mechanism. Further, they do not know where they should direct their request/complaints to. Only a few of them are aware of the complaints/grievance mechanism. 	<ul style="list-style-type: none"> Management will continue briefing to all stakeholders on MSPO awareness Management will continue briefing to all stakeholders on MSPO's complaint and grievance mechanism available in their company 	Will review by next surveillance audit
2.	Stakeholders B (Local communities)	<ul style="list-style-type: none"> Raised a concern that the Palm Oil Estate bordering Kampung Jarak Atas is full of secondary jungle (semak samun). Owing to this the villagers are encountering pests' problems for instance snakes, monkeys, Wild boars and other wild animals. 	<ul style="list-style-type: none"> Management to handle the issue amicably. 	Will review by next surveillance audit
3.	Stakeholders C (Government Agency)	<ul style="list-style-type: none"> Concerned about there are cattle encroaching into the "Loji Penapisan Air". This is because the estate has fenced their boundary and the cattle could not go into the Oil Palm estate area for grazing. 	Management to handle the issue amicably.	Will review by next surveillance audit
4.	Stakeholders D (Government Agency)	<ul style="list-style-type: none"> He said he was not invited during last stakeholder's meeting. Requested the Mill to response to District's Development Plan especially in obtaining Sijil Menduduki Bangunan which was initiated since 2013. 	Management to handle the issue amicably.	Will review by next surveillance audit
5.	Stakeholder E (Neighbouring Estate)	<ul style="list-style-type: none"> Highlighted that the smallholders have no manpower as well as the money to implement the MSPO. As such he requests MPOB to help the smallholders financially as well as professionally (advise and manpower from MPOB) to implement the MSPO. 	No action requires	-

1.12 Recommendation

The company has established sustainability policy, objectives and procedures that define an effective system for the administration and control of sustainability management system throughout all operation activities of Bukit Toh Alang Estate. Estate Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual.

The management is committed to comply with MSPO system by giving awareness training to all personnel involved in this standard to make them understand the procedures and implementation of the standard. The employees are aware of the requirements of MSPO. There was no complaint or feedback received during this Main Assessment (Stage 2) Audit.

This report will be internally reviewed prior to certification decision by GGC and externally peer reviewed by independents panel reviewers (qualified and trained by MPOCC). During this Main Assessment (Stage 2) Audit, based on MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO)] Part 3: General Principles for Oil Palm Plantations and Organized Smallholders), there were 1 major, 1 minor non-conformities and 1 area of concern has been raised to the facility that being audited.

Since the audit objectives as mentioned in the audit plan have been achieved and assessment resulted of major non-conformity findings is closed. Therefore, the Lead Auditor recommends a certificate of compliance "**MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders**" is awarded to Bukit Toh Alang Estate.

1.13 Date of Next Surveillance Audit

The first annual surveillance assessment visit will be scheduled after 12 months of the MSPO Certificate being issued.

1.14 Confidentiality

GGC auditors will not discuss or reveal any of the confidential information seen during the audit to any third party. Any public summary of the main assessment will be approved by the client prior to publication.

1.15 Abbreviations Used

BOD	Biological Oxygen Demand
CHRA	Chemical Health & Risk Assessment
CIP	Continuous Improvement Plan
COD	Chemical Oxygen Demand
CoP	Code of Practise
CSPO	Certified Sustainable Palm Oil
CPO	Crude Palm Oil
CSPK	Certified Sustainable Palm Kernel
DOE	Department of Environmental
DOSH	Department of Occupational Safety and Health Malaysia
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FFB	Fresh Fruit Bunch
FGS	Finished Good Stock
GAP	Good Agriculture Practise

GHG	Greenhouse Gas
GGC	Global Gateway Certifications Sdn Bhd
HIRARC	Hazard Identification, Risk Assessment and Risk Control
ISCC	International Sustainability & Carbon Certification
IPM	Integrated Pest Management
MPOB	Malaysian Palm Oil Board
MPOCC	Malaysian Palm Oil Certification Council
MSPO	Malaysian Sustainable Palm Oil
NCR	Non-Conformance Report
NGO	Non-Government Organization
OHS	Occupational Health & Safety
OHSAS	Occupational Health and Safety Assessment Series
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social Environmental Impact Assessment
SOP	Standard Operating
SPO	Sludge Palm Oil



SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA

2.1 Principle 1 : Management commitment and responsibility

Criterion 1 Malaysian Sustainable Palm Oil (MSPO) Policy

Indicator 1 A policy for the implementation of MSPO shall be established.

Summary Bukit Toh Alang has established Sustainability Policy. The policy was approved on 8th June 2018 and signed by Mr. Andrew Saw Khay Chin, Director of the company.

MSPO Policy was briefed to the:

- 1) External Stakeholders
 - MSPO briefing and explanation on MSPO Policies under agenda No. 2 during Stakeholders meeting held on 28th March 2019 chaired by Tn. Hj. Hirodin.
- 2) Internal Stakeholders
 - MSPO Awareness for Internal Stakeholder was conducted on 3rd May 2018 by Tn. Hj. Hirodin attended staff & workers during mustercall. During interview, workers are able to explain their understanding of 3 P's, safety working practices and other MSPO related matters.

In Compliance **Yes** No Not Applicable

Indicator 2 The policy shall also emphasize commitment to continual improvement.

Summary Bukit Toh Alang has established Sustainability Policy. The policy was approved on 8th June 2018 and signed by Mr. Andrew Saw Khay Chin, Director of the company.

Policy stated on continual improvement and can be integrated to include MSPO and continual improvements.

In Compliance **Yes** No Not Applicable

Criterion 2 Internal audit

Indicator 1 Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.

Summary Bukit Toh Alang Estate has established MSPO Procedure on the Internal Audit. MSPO-01; Rev 0; Date 1st July 2018.

The internal audit done annually by team appointed as Internal auditors. Internal audit report is made available and conducted on 15 – 17th April 2019. All internal audit findings have been reviewed and closed within the timeframe.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary Bukit Toh Alang Estate has established MSPO Procedure on the Internal Audit. MSPO-01; Rev 0; Date 1st July 2018.

The purpose of this procedure is to describe the audit process conducted internally to determine Bukit Toh Alang estate operations are effectively implemented to comply with the Malaysian Sustainable Palm Oil (MSPO) standards.

The internal audit conducted by Mr. Annamalai, Ms. Kannagi and Mr. Vinod on 15th – 17th April 2019. 3 major and non-conformities being raised during audit.

The Non – conformities being closed within the stipulated period by the Internal Auditor of 1 month from date audit. The findings were documented in the Internal Audit Findings Summary.

In Compliance **Yes** No Not Applicable

Indicator 3 Report shall be made available to the management for their review.

Summary Sighted the internal audit report dated 20th April 2019 is made available. Conducted by Mr. Annamalai who leads the internal audit team dated on 15-17th April 2019. The report is available for Management to review and being responded in timely manner.

In Compliance **Yes** No Not Applicable

Criterion 3 Management review

Indicator 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.

Summary Management Review conducted at once a year frequency basis. Management Review Meeting Report conducted on the 24th April 2019 chaired by Mr. Siva Subramaniam. Internal audit findings were discussed and closed out as part of the review reporting.

In Compliance **Yes** No Not Applicable

Criterion 4 Continual improvement

Indicator 1 The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.

Summary Bukit Toh Alang has established Sustainability Policy. The policy was approved on 8th June 2018 and signed by Mr. Andrew Saw Khay Chin, Director of the company. Sighted



list of continuous improvement plan just as maintain good condition of worker quarters and etc.

In Compliance **Yes** No Not Applicable

Indicator 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

Summary There is no new application of new technology implemented during the certification period. The current practices continued and guide by Estate Manager.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary Trainings were conducted for the introduction and implementation of any new information or technology that is feasible and applicable to the company.

In Compliance **Yes** No Not Applicable

2.2 Principle 2 : Transparency

Criterion 1 Transparency of information and documents relevant to MSPO requirements

Indicator 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.

Summary Bukit Toh Alang Estate has established the Stakeholder Communication & Consultation Procedure. MSPO-05; Rev 0, dated 1st July 2018. Stakeholder Meeting (Internal and External) was conducted on 28th March 2019 by Mr. S. Siva Subramaniam, Estate Manager attended by 59 stakeholders. The meeting was conducted at Bukit Toh Alang Estate – Main Office.

Sighted the record of meeting minutes with the internal and external stakeholders, the meeting was participated by director, neighboring estate managers, transporters, contractors, local authorities and workers. The meeting discussed on the Sustainability Policies, Environmental Impact Assessment and Management Plan, Social Impact Assessment and Riparian Area. The meeting was briefed on the safe working procedures and focuses on Complaint and Request Procedure to all workforce.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary Sighted "List of MSPO Document and Classification", as stated below:

CONFIDENTIAL	NON-CONFIDENTIAL
5	24

All these documents were sighted in the estate office. Requests for official documents through the estate office will have to go through the estate manager/assistant in charge, whom will make the decision as to whether the information can be shared to or viewed by the person requesting the information or document. As sampled taken:

NO	REFERENCE DOCUMENT
1	Policy
2	Standard Operating Procedure
3	Corporate Information
4	Internal audit report
5	Payroll documents
6	Employees records
7	Financial budget
8	Dispatch chit
9	Grading chit
10	Contracts

In Compliance **Yes** No Not Applicable

Criterion 2 Transparent method of communication and consultation

Indicator 1 Procedures shall be established for consultation and communication with the relevant stakeholders.

Summary Bukit Toh Alang Estate has established the Stakeholder Communication & Consultation Procedure. MSPO-05; dated 1st July 2018, Rev 0. The Standard Operating Procedure has identified mechanism for consultation and communication with the relevant stakeholders.

In Compliance **Yes** No Not Applicable

Indicator 2 A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.

Summary The person in charge for consultation and communication is En. Hirodin bin Yusuf, appointed on 6th March 2019 by the Estate Manager, Mr. S. Siva Subramaniam.

In Compliance **Yes** No Not Applicable



Indicator 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.

Summary Sighted latest stakeholders list updated by Estate Assistant Manager. Interviewed with the stakeholder and confirmed that they have been informed and keep updated during stakeholder meeting. The stakeholders are aware of the procedure and commitment to be implanted. List of stakeholders consists of:

- Governmental bodies
- Regulatory department
- Local communities
- Workers
- Suppliers
- FFB transporter
- Contractors

In Compliance **Yes** No Not Applicable

Criterion 3 Traceability

Indicator 1 The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).

Summary Bukit Toh Alang Estate has established the MSPO Procedure: Title FFB Traceability dated 1st July 2018 to establish suitable identification and traceability of FFB traceable from the plantation activities to the mill.

Check-roll workers are responsible in conducting harvesting operation, which workers are consisting of Bukit Toh Alang estate workers. Estate supervisor will conduct regular inspection, concurrently harvester will record the FFB harvested in daily bunch record.

At field, both Estate supervisor will conduct FFB grading and record all the Fresh Fruit Bunches (FFB) that harvested by the harvester in Daily Bunch Record. The daily bunch record consists of the following information:

- a) Harvester unique ID
- b) Date
- c) Quantity
- d) Field No.

Upon completion of field FFB Grading, the FFB will be loaded and transported to ramp and recorded in the Bunch Record. At ramp, the FFB again being graded and record in the Grading Record and Grading Chit.

Later, the FFB being loaded into the lorry and being weighed before transporting to mill. The weighbridge operator will key – in the following information in the system:-

- a. Date of weighing
- b. Gross/tare/net weight
- c. Contract Number



- d. Weighbridge ticket number
- e. Descriptions of contents
- f. Vehicle number
- g. Name of driver
- h. Time in / out

Finalizing key-in the information, the weighbridge operator will issue dispatch Chit, delivery Note and Dispatch Ticket. Then, the FFB being transported to the designated Mill as per Contract. Based on interview with Mr. Vinod, person in-charge of all the Estates traceability process, he is well versed with the procedures.

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall conduct regular inspections on compliance with the established traceability system.

Summary Daily task inspection form of Bukit Toh Alang Estate dated 25th April 2019 made available. The Management team on harvesting holds the responsibility on regular inspection of traceability system. The effectiveness of the monitoring will evidence in the internal audit and visit report findings. Manager will check and verify all the FFB movement on daily basis in logbook "FFB Transporting to Mill Record"

In Compliance **Yes** No Not Applicable

Indicator 3 The management should identify and assign suitable employees to implement and maintain the traceability system.

Summary The person in charge for traceability agenda is Mr. Vinod is the responsible person for implementing the Traceability Procedure. Sighted appointment letter of person in charge, dated 6th March 2019, approved by Mr. S. Siva Subramaniam, Estate Manager.

In Compliance **Yes** No Not Applicable

Indicator 4 Records of sales, delivery or transportation of FFB shall be maintained.

Summary FFB being sell to mill and being monitored by Estate Manager. Sighted the records of sales, delivery or transportation of FFB. This record being maintained and the documents are kept by the estate.

In Compliance **Yes** No Not Applicable

2.3 Principle 3: Compliance to legal requirements

Criterion 1 Regulatory requirements

Indicator 1 All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.

Summary

The company has established and updated list of applicable laws and regulations that are applicable for the estate. The legal register is available as listed below:

Sighted the Summary of Compliance updated on 29th April 2019. It includes the following:

1. Occupational Safety and Health Act 1994
2. Factories and Machinery Act, 1967
3. Uniform Building By Law, 1986
4. Pesticides Act 1974 (Act 149)
5. Petroleum (Safety Measures) Act, 1984
6. Electricity Supply Act, 1990
7. Fire Service Act, 1984
8. Environmental Quality Act 1974
9. Workers' Minimum Standards of Housing and Amenities Act 1990
10. Akta Kerja 1955
11. Employee Provident Fund Act 1991
12. Employees Social Security Act 1969
13. Akta Kesatuan Sekerja, 1959
14. Minimum Retirement Age Act, 2012
15. National Wage Consultative Council Act 2011, Minimum Wages Order (Amendment) 2018
16. Sabah Labour Ordinance
17. Jadual Pematuhan, Department of Environment
18. MPOB, 1998

However, one major non-conformity has been raised to estate. During site inspection at the Chemical Store we found that SDS for the following Chemicals were not displayed at the respective chemical area, as per Fasal 25 of "Akta Keselamatan Dan Kesihatan Pekerjaan 1994 [Akta 514] P.U. (A) 131/2000 Peraturan-Peraturan Keselamatan Dan Kesihatan Pekerjaan (Penggunaan Dan Standard Pendedahan Bahan Kimia Berbahaya Kepada Kesihatan) 2000".

- o Nano Activator X10
- o Ally 20DF - Herbicide
- o Dragon 505 - Insecticide

As per interview with person in charge, empty chemical container was not disposed as per Environmental Quality (Scheduled Wastes) Regulations 2005.

In Compliance Yes **No** Not Applicable

Indicator 2 The management shall list all laws applicable to their operations in a legal requirement register.

Summary

The list covers detail requirements that related to MSPO compliance. These documents include information on title of laws, subject, reference number, etc, requirement and status of compliance.

Sighted permits/licenses being monitored and updated by Mr. Annamalai (Chief Clerk). It includes;



- 1) Perakuan Penentuan Timbang dan Sukat Weigh Bridge No 10079N, expiry date: 20/11/2019; No Siri Lesen: B 1372289.
- 2) MPOB License No. 502374502000 for Bukit Toh Alang Estate expiry dated 31st Jan 2020.
- 3) Lesen Kebenaran Pembelian Racun makluk Perosak Amat Berbisa/Terhad; No: PEN/2018/MONO/0003(GL) Limit:152 liter.
- 4) Kerja Tanah Cadangan Mengeluarkan Tanah (Kuari) Di atas Lot 1253, MK 13, Seberang Perai Utara, dated 14th April 2008; No Rujukan (14)dml MPSP/50/9-13/3 Bah 3.
- 5) Permit Khas Barang Kawalan Berjadual; No ruj: SK(KHAS)(D)(P)07/19/PP/SPU, expire on 6th September 2019.

In Compliance **Yes** No Not Applicable

Indicator 3 The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.

Summary Updated in legal requirements and any new regulations coming into force are updated accordingly by advice from Plantations Agencies Sdn Bhd (PASB). MSPO Procedure Doc No: MSPO-P3-01 made available.

In Compliance **Yes** No Not Applicable

Indicator 4 The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.

Summary Sighted letter of appointment for the responsible person, Ms. Kannagi, signed by Mr. S. Siva Subramaniam (Estate Manager) dated 6th March 2019. As interviewed, she understands and well versed with the responsibility concerning to legal requirements.

In Compliance **Yes** No Not Applicable

Criterion 2 Land use rights

Indicator 1 The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.

Summary Estate land titles are available and well maintained. The estate has 49 titles with total hectarage of 417.51ha.

Syarat-syarat Nyata:

- Cultivation of Oil Palm: 49 land titles

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.

Summary Estate demonstrated legal ownership of their land by having legal land titles to the land. The copy of land titles is kept in the estate office. Evidence of annual payment of quit rent the state government is available in the form of receipts. The estate has 49 titles with total hectareage of 417.51ha.

In Compliance **Yes** No Not Applicable

Indicator 3 Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.

Summary Sighted letter with regards to marking estate boundary from the AGM (Agronomy & Innovation) dated 18.12.2018 related to executing the marking of estate boundary by the Technicians (GPS/GIS).

Sighted the drafted map on boundary markers' location kept in the file. According to En. Abd Kahar Bin Sarman (Estate Manager), the reading of the GPS coordinate is in progress.

In Compliance **Yes** No Not Applicable

Indicator 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).

Summary There is no evidence of conflict present in this estate. There is no violence in instigated violence in maintaining peace because company has a clear procedure for land conflict. During interview with stakeholders, no issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders reported.

In Compliance **Yes** No Not Applicable

Criterion 3 Customary rights

Indicator 1 Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.

Summary There is no customary land in or surrounding the estate. There are also no land disputes or claims involving this estate. The company has proper legal land tile for the land ownership.

In Compliance **Yes** No Not Applicable

Indicator 2 Maps of an appropriate scale showing extent of recognized customary rights shall be made available.

Summary There is no customary land in or surrounding the estate. There are also no land disputes or claims involving this estate. The company has proper legal land tile for the land ownership. Therefore, no maps for recognized customary rights is available.



In Compliance **Yes** No Not Applicable

Indicator 3 Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.

Summary There is no customary land in or surrounding the estate. There are also no land disputes or claims involving this estate. The company has proper legal land tile for the land ownership.

In Compliance **Yes** No Not Applicable

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

Criterion 1 Social impact assessment (SIA)

Indicator 1 Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.

Summary Social Impact Assessment Procedures Doc No: MSPO-P4 available and sighted. Social Impact Assessment carried out as per MS 2530-3: 2013 "Borang Soal Selidik Penilaian Impak Sosial" dated 28th March 2019. Social Impact Assessment (SIA) was carried out by Tn. Hj. Hirodin, Sr. Supervisor and approved by Mr. Siva Subramaniam, Estate Manager.

Social Impact Mitigation Plan dated 28th March 2019 available and was prepared by Tn. Hj. Hirodin (Sr. Supervisor) and approved by Mr. Siva Subramaniam (Estate Manager). Given below are some sample mitigation plan identified on their social impact:

- Kesedaran & Pengetahuan tentang MSPO rendah

Mitigation Plan: "Mengadakan mesyuarat dengan pihak berkepentingan dan memberi penerangan berkenaan apa itu MSPO".

- Komunikasi berkenaan Aduan & Rungutan Rendah.

Mitigation Plan: "Mengadakan mesyuarat dengan pihak berkepentingan dan memberi penerangan berkenaan cara untuk membuat aduan pada pihak estate".

- Makluman tentang pekerjaan di Estate kepada komuniti sekeliling adalah Rendah

Mitigation Plan: "Pihak estet akan menyediakan iklan untuk di war warkan kepada penduduk sekitar tentang peluang pekerjaan di estet".

In Compliance **Yes** No Not Applicable

Criterion 2 Complaints and grievances

Indicator 1 A system for dealing with complaints and grievances shall be established and documented.

Summary Sighted MSPO Procedure, Stakeholder Communication and Consultation Procedures, Ref. No MSPO-05, Rev 0 dated 1st July 2018 has been established and documented.

The procedure and flowchart outlined the mechanism to handle issues highlighted by all the stakeholders and resolved effectively, timely and appropriate manner that is accepted by all parties.

In Compliance **Yes** No Not Applicable

Indicator 2 The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.

Summary As sampled taken on 28th March 2019, complaint form seen and being responded by the Management. Sighted, the Management has responded all the Complaints and Grievances in timely and appropriate manner.

In Compliance **Yes** No Not Applicable

Indicator 3 A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.

Summary Complaint Form seen for External and Internal Stakeholders. All internal employee and external stakeholders' can deliver their complaints and grievances directly to the management through filling the complaints form and place into the Drop Box outside the Office which are easily assessible.

In Compliance **Yes** No Not Applicable

Indicator 4 Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.

Summary Stakeholders meeting conducted on 28th March 2019, conducted at Bukit Toh Alang Estate (Office). Meeting minutes was made available [Ref: 01/2019] as 59 stakeholders participated the meeting consist of internal and external stakeholders briefed that they can put forward their grievance and complaints to the estate management through the complaints and grievance form.

Sighted in the minutes of meeting the agenda on Complaints and Request Procedure being briefed to all workforce.

In Compliance **Yes** No Not Applicable

Indicator 5 Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.

Summary Sighted MSPO Procedure, Stakeholder Communication and Consultation Procedures, Ref. No MSPO-05, Rev 0 dated 1st July 2018 has been established and documented. No complaint has been made, as they have just started implementation of MSPO.

In Compliance **Yes** No Not Applicable

Criterion 3 Commitment to contribute to local sustainable development

Indicator 1 Growers should contribute to local development in consultation with the local communities.

Summary Estate is committed and have contributed to local development. The contribution made to the internal and external stakeholders. As evidence, the management has organized activities as follows: -

- Bukit Toh Alang Estate has donated RM500.00 each to the Temple and Masjid. Given below are the details:

NO	DESCRIPTION	AMOUNT	RECEIPT NO
1	Maha Muthu Mariaman Temple	RM500	0569
2	Masjid Jamek Jarak Atas	RM500 (Cash)	700283

In Compliance **Yes** No Not Applicable

Criterion 4 Employees safety and health

Indicator 1 An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.

Summary Sighted the Occupational Safety & Health Policy, Established on 8th June 2019 which was approved by Director of the company. The policy is written in Bahasa and English language.

The policy being displayed at the Notice Board and awareness programme to all the Stakeholders. 2019 OSH Plan sighted and approved by Mr. S. Siva Subramaniam dated on 2nd January 2019.

In Compliance **Yes** No Not Applicable

Indicator 2 The occupational safety and health plan shall cover the following:

- A safety and health policy, which is communicated and implemented.
- The risks of all operations shall be assessed and documented.
- An awareness and training programme which includes the following requirements for employees exposed to pesticides:
 - all employees involved shall be adequately trained on safe working practices; and
 - all precautions attached to products shall be properly observed and applied.
- 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).
- 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.

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.

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.

h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.

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.

j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.

Summary

Sighted the Occupational Safety & Health Policy. Established on 8th June 2019 which was approved by Director of the company. The policy is written in Bahasa and English language.

Adequate HIRARC being assessed and documented. Risk assessment was conducted through HIRARC based on the severity and the likelihood. HIRARC is consist of hazard identification (type of work activity, hazard & effect), Risk analysis (Existing risk control, likelihood, severity & risk) & Risk Control (Recommended control measures & PIC appointed are Staff or Executive). HIRARC review date: 22nd February 2019.

However, one minor non-conformity has been raised to estate. The HIRARC is insufficient as it is yet to cover the risks of all operations of the Estate for instance Store, Office, Security, Weigh bridge to name some.

The Estate has a comprehensive annual training plan for the Staffs and Workers and this was sighted in the training file. The programme as follows:-

NO	TOPIC	MONTH PROGRAMME	STATUS DONE
1	Emergency Response during Chemical Spillage, Fire, Flooding	October '19	In progress
2	Fire Drill & Basic Fire Fighting Balai Bomba Kg Selamat.	Sept '19	In progress
3	Chemical Handling	July '19	In progress
4	Pemanduan Traktor Selamat	Oct '19	In progress
5	Pemotongan Buah dengan Selamat	Monthly	In progress
6	First Aid Training by St John Ambulance	Monthly	In progress



SDS for chemicals are available in the file, however during site inspection at the Chemical Store we found that SDS for the following Chemicals were not placed at store.

- i. Nano Activator X10
- ii. Ally 20DF - Herbicide
- iii. Mytrax - Fungicide
- iv. Dragon 505 - Insecticide

Estate has provided appropriate PPE for all workers in their operations. PPE issuance records to workers available as seen PPE issuance record book and also during interviewing workers at site. SDS given to workers at the site (held by the Mandore) verified during site visit. (Spraying)

Chemical handling SOP Ref No: SOP-BTA-01 dated 28th March 2019 available and sighted. The document was prepared by Mr. Vinod and approved by Mr. Siva Subramaniam.

Person in-charge appointment letter available, Mr. Vinod was appointed as the person in-charge of workers safety and health vide appointment letter dated 6th April 2019 approved by Mr. Siva Subramaniam.

OSH Committee Chart 2019 sighted. Seen, Letter of appointment for committee members. The committee meeting has been conducted on 22nd March 2019. To discuss all issues regarding worker's safety and health. Sighted latest meetings minutes conducted on 22nd March 2019 and attended by staff/workers. The meeting discussed on OSH Matters, Accident Report, domestic waste and etc.

Emergency Response Procedure sighted and the ERP has clearly justified procedures when dealing with chemical spillage, accident and others. Emergency response plan include the emergency contact number, Emergency Respond Plan Procedure and exit routes in file and notice board.

First Aid training conducted by St John Ambulance and records sighted. Training was attended by Mr. Siva Subramaniam (Manager), Mr Vinod (Supervisor) and Tn. Hj. Hirodin (Sr. Supervisos) dated 17th November 2018 held in Sg Petani, Kedah.

No accident has been recorded and estate has sent JKPP 8 (I & II)/(IV) on annually basis to submit to Department of Occupational Safety Health (DOSH).

In Compliance Yes **No** Not Applicable

Criterion 5 Employment conditions

Indicator 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.

Summary Sighted "Social Policy" signed by Director of Lock Huat Holdings Sendirian Berhad, dated 8th June 2018. The policy is written in Bahasa and English language.



Communication of all the policies to workforce is through training and during muster call. Seen, the communication to External Stakeholders through the Stakeholder Meeting. The Policy being displayed at notice boards outside the office. Communication of all the policies to all staffs and workers was through briefing during muster call.

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.

Summary Sighted in the Social Policy on Free from discriminatory practices against sex, race, religion, nationality and political opinions. Established on 8th June 2019 which was approved by Director of Lock Huat Holdings Sendirian Berhad.

No evidence of discrimination based on race, skin color, religion, gender, national origin, ancestry, disability, marital status, and sexual orientation was found in the estate. All workers enjoy the same scale of pay.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary Sighted in the Social Policy on Payment of the minimum salary as gazette by law. Established on 8th June 2019 which was approved by Director of Lock Huat Holdings Sendirian Berhad. The policy is written in Bahasa and English language.

Pay and conditions are documented in the workers' Contract Agreement and wage payment records / pay slip. The salary is according to 'Guidelines on the Implementation on the Minimum Wages'. National Wages Consultative Council Act 2018 (Act 732) Malaysian minimum salary is RM1,100.00 as stated in the guidelines. Interview with both Estate staff and workers and with both male and female confirmed that they understand the terms and conditions of their employment.

Gopal Nair a/l Kasavan Nair (620313-02-5629) – General worker

March 2019	
Gaji (23 days x RM42.31)	RM 973.13
Other work allowance	RM 260.00
Gross salary	RM1,233.13
Deduction:	
EPF	RM108.00
SOCSSO	RM 6.25
Advance	RM 310.00
SOCSSO Ins	RM 2.50
Net Salary	RM806.38



Mohammad Shamsul Azhar Bin Zakaria (960629-07-5391)– General worker

March 2019	
Gaji (24.5 days x RM42.31)	RM 1,036.60
Overtime	RM 83.26
Other work allowance	RM 452.00
Gross salary	RM1,571.86
Deduction:	
EPF	RM 115.00
SOCSCO	RM 7.75
Advance	RM 300.00
SOCSCO Ins	RM 3.10
Net Salary	RM1,146.01

Nur Kamim (AU126557) – Harvester [Indonesian]

March 2019	
Harvesting amount	RM 2,098.80
Casual working/pruning	RM 990.00
Gross salary	RM 3,088.80
Deduction:	
Advance	RM 300.00
Net Salary	RM 2,788.80

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary The salary of contractor workers is according to "Guidelines on the Implementation on the Minimum Wages". National Wages Consultative Council Act (Act 732). Malaysian Minimum salary is RM1,100 as stated in guidelines.

Sighted contract agreement between contractors, as sampled:

- Muhammad Ansori – Indonesia
Passport: B2518076
FFB Harvester
- Parulian Damaniak – Indonesia
Passport: AU366757
FFB Harvester

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary Sighted, the registration card Pendaftaran Pekerja-Pekerja under Akta Keselamatan Dalam Negeri, 1960 Keselamatan Dalam Negeri (Undang –Undang Pendaftaran Pekerja),1960 (Peraturan 3) for Ahmad Saad Bin Hashim, Gopal Nair a/l Kasavan Nair, Parulian Damaniak – Indonesia.

The registration card includes the name, address, gender, date of birth, date of entry, period of employment, and other relevant information of the workers. Payslip sighted and are in accordance to legal requirement.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary Sighted, Employment Contract between Lock Huat Holdings Sendirian Berhad and the workers. The Agreement stated all the term and conditions according to Malaysian Law. The contract is in Bahasa Malaysia.

This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of local and Indonesian. Sample taken on Muhammad Ansori – Indonesia – B2518076, Parulian Damaniak – Indonesia – AU366757.

In Compliance **Yes** No Not Applicable

Indicator 7 The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.

Summary Working hours is 8 hours. From Saturday to Thursday. The overtime maximum is 104 hours according to Malaysian Law.

Daily attendance recorded during muster call. Estate has used pocket check-roll as a working time recording system.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary The working hour and break time has been clearly stated in the Employment Contract. Sighted in the Contract Agreement the rate of overtime which agreed by both parties.

The working hours and break time is displayed on notice board and clearly stated in contract employment of employees. There is no complaint received regarding payment or are forced to work overtime during field visit.

In Compliance **Yes** No Not Applicable

Indicator 9 Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.

Summary Pay Slip and Employment Contracts of each workers sighted. Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made.

Documented payslip was distributed to individual workers on the day of payment. Payment being made through cash and seen the letter of consent from workers to the Management.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary All workers have been provided with medical and accident insurance. All workers have been provided with regards to local workers, staffs and executives. EPF & SOCSO as required by the Malaysian Laws and Regulations.

Bonus payable based on
i. Company's performance
ii. Employees performance

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary All workers are provided with housing facilities at workers linesite, football field, shop, temple. Electricity and water are provided by the estate without any charges to the workers. During field visit, workers quarters available and habitable.

In Compliance **Yes** No Not Applicable

Indicator 12 The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.

Summary Sighted "Social Policy" signed by Director of Lock Huat Holdings Sendirian Berhad, dated 8th June 2018. The policy is written in Bahasa and English language.

Sexual harassment policy available. Policy Is displayed in office and notice board. Policy was communicated to employees during Policy Explanation Meeting dated on 25th May 2019 at Bukit Toh Alang Estate.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary Sighted "Social Policy" signed by Director of Lock Huat Holdings Sendirian Berhad, dated 8th June 2018. The policy is written in Bahasa and English language. The policy is displayed in notice board and office. The policy on respect the right of all employees to form or join trade union has been stated under the following number:

- "Respect the rights of all employees to form or join trade unions of their choice and to bargain collectively.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary Child and young person policy are incorporated in the Social Policy. Sighted "Social Policy" signed by Director of Lock Huat Holdings Sendirian Berhad, dated 8th June 2018. The policy is written in Bahasa and English language.

- Prohibit employment of workers by coercion or who are under age.

The policy has been displayed in notice board and office. No child labour is allowed in Bukit Toh Alang Estate. There are no children below ages of 18 working in the Estate and this was proven through checking the list of employees. The workers were clear that no one below 18 years old should be employed.

In Compliance **Yes** No Not Applicable

Criterion 6 Training and competency

Indicator 1 All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular

assessment of training needs and documentation, including records of training shall be kept.

Summary Training and Development policy is incorporated in the Social Policy which established by Bukit Toh Alang Estate. The policy is written in Bahasa and English language. The Estate has a comprehensive annual training plan. Training programme for the year 2019 were sighted in File 4 Employees Health and Safety Records. The training plan for 2019.

No.	Training	Date
1.	Training for Traktor driver	6/5/2019 [Sighted attendance record, and photographs of 5 workers participated]
2.	Emergency Response Plan (Accident) Training	30/4/2019 [Sighted attendance record, and photographs of 13 workers participated]
3.	Chemical spillage Training	
4.	Fire Flood, Drowning, Animal Attack	
5.	PPE handling and replacement procedure	12/5/2019 [Sighted attendance record, and photographs of 8 workers participated]

In Compliance Yes No Not Applicable

Indicator 2 Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.

Summary Yearly training plan is created based on Training Needs Analysis for workers involved in the operations. Sighted the Training Need Analysis of all workers, staffs and Management which are based on their competencies and job description.

In Compliance Yes No Not Applicable

Indicator 3 A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.

Summary All workers involved in the operations have been adequately trained in safe working practice. The estate has a comprehensive Training Needs Analysis for staffs and workers and this was sighted in the training records file. Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training.

In Compliance Yes No Not Applicable



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

Criterion 1 Environmental management plan

Indicator 1 An environmental policy and management plan which shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.

Summary Lock Huat Holdings Sendirian Berhad has established "Environment Policy" available dated on 8th June 2018. This policy is approved by the Director of Lock Huat Holdings Sendirian Berhad.

Policy has been communicated to the workers during muster call on 3rd May 2019 by Mr. Haji Hirodin. Bukit Toh Alang Estate established Standard Operating Procedure (SOP) for Environmental Management Plan (EMP), Ref: MSPO-06, Rev 0, dated 1st April 2018. Policy has been displayed in office, notice board outside office, meeting room, muster ground, and around the estate area.

Interview with the estate workers and staffs confirmed they have been trained under Environmental Policy and Management Plan. Records of the training in the form of the attendance list, pictorial evidence as well as the training handouts is made available to the audit team during the audit.

In Compliance **Yes** No Not Applicable

Indicator 2 The environmental management plan shall cover the following:
a) An environmental policy and objectives;
b) The aspects and impacts analysis of all operations.

Summary Lock Huat Holdings Sendirian Berhad has established "Environment Policy" available dated on 8th June 2018. This policy is approved by the Director of Lock Huat Holdings Sendirian Berhad. Bukit Toh Alang Estate established Standard Operating Procedure (SOP) for Environmental Management Plan (EMP), Ref: MSPO-06, Rev 0, dated 1st April 2018. Policy has been displayed in office, notice board outside office, meeting room, muster ground, and around the estate area.

Bukit Toh Alang Estate is committed towards implementing the following practices:

- Ensure all activities and facilities which related to palm oil plantation operation are in accordance to the legal and legislation requirements of Malaysia covering state and national level.
- Ensure all activities and facilities of plantation meets all the criteria in line with the company Environmental Policy.
- Identify and determines the palm oil plantation operations, environment aspects and potential environmental impacts caused by plantation activities.
- Ensuring the implementation of this environmental management plan, monitoring, reviewing and continuous improvement.



The estate has conducted environmental aspect and impact assessment for all its' activities in year 2019 as Environmental Aspect Impact Assessment (EAIA) is available during the audit. Evidence sighted as assessment done on 1st February 2019. Prepared by Mr. Hj Hirodin and approved by Mr. S. Siva Subramaniam, Estate Manager. The purpose of the procedure is to provide the relevant guidelines in the preparation and implementation of the Environmental Management Plan (EMP).

In Compliance **Yes** No Not Applicable

Indicator 3 An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.

Summary Estate has established the Environmental Management Plan – Mitigation and Monitoring Records; prepared by Prepared by Mr. Hj Hirodin and approved by Mr. S. Siva Subramaniam, Estate Manager on 1st February 2019. It consists column of the following;

- 1) No.,
- 2) Estate activities,
- 3) Environment Aspect/Impact/Effect of the Aspect & Impact,
- 4) Environmental Aspect & Impact Analysis i.e. Frequency/Likelihood, Consequences, Impact Level
- 5) Mitigation Measure
- 6) Monitoring Program.

The estate activities include;

- 1) Penggunaan petrokimia (petrol/diesel,dll) untuk aktiviti pengangkutan
- 2) Sisa kumbahan dari rumah pekerja dan pejabat
- 3) Sisa buangan tempatan dari rumah pekerja dan pejabat
- 4) Pengangkutan FFB ke kilang

In Compliance **Yes** No Not Applicable

Indicator 4 A programme to promote the positive impacts should be included in the continual improvement plan.

Summary Sighted the Management Review Procedure - Continuous Improvement Plan as the positive impact has been included into the Environmental Aspect Impact Assessment (EAIA). Sighted the program for continuous improvement plan includes:

- 3R Waste Management
- Implementing Solar System

In Compliance **Yes** No Not Applicable

Indicator 5 An awareness and training programme shall be established and implemented to ensure that all employees understand the policy, objectives of the environmental management and improvement management plans and are working towards achieving the objectives.

Summary Sighted the environmental related trainings is planned for 2019/2020 such as OSH & Environmental Committee, schedule waste training, Environmental responsibility, water management and high conservation identification.

The estates have comprehensive annual training plan relating to environmental for its staffs and workers. The training plan for 2019 was sighted. As evidence, seen in Bukit Toh Alang Estate, the Environment Issue Training", explaining about content policy dated 3rd May 2019 by Mr. Hj Hirodin. Attendance and photographs are made available.

In Compliance **Yes** No Not Applicable

Indicator 6 Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.

Summary Environmental meeting is combined with the OSH meeting as sighted OSH meeting minutes there is environmental issue has been discussed.

Training/ Meeting conducted at Bukit Toh Alang Estate, the Environment Issue Training", explaining about content policy dated 3rd May 2019 by Mr. Hj Hirodin. Attendance records and photographs are made available attended by staff and workers covering the following subjects;

- 1) Penerangan kepada pengenalan alam sekitar
- 2) Pengurusan sisa terjadual
- 3) Pengurusan sisa domestik/ sampah sarap daripada rumah
- 4) Rekod penggunaan tenaga
- 5) Sumber air semula jadi
- 6) Kawasan hutan simpan
- 7) Pembakaran sifar

In Compliance **Yes** No Not Applicable

Criterion 2 Efficiency of energy use and use of renewable energy

Indicator 1 Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.

Summary Diesel consumption is closely monitored by daily and monthly record as sighted in "Diesel Consumption on Feb (MT) – 2019". This is including baseline value based on 3 years data (e.g. year 2018=0.82 MT FFB). Electricity is monitored by monthly through TNB bill. The usage is based on per MT FFB production. Sighted record "Electrical usage for year 2018" (e.g. baseline value is 0.29 kW per MT FFB)

Seen Energy Optimization plan year 2019:

- Reduce energy consumption
- Reduce energy wastage
- Innovation in energy use
- Solar Energy



In Compliance **Yes** No Not Applicable

Indicator 2 The oil palm premises shall estimate the direct usage of nonrenewable 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.

Summary Sighted the projection consumption of diesel for Bukit Toh Alang Estate visited has been documented on annual basis based on the financial year. Records of diesel consumption on Feb (MT) 2019, average of 3.26 Diesel/MT is consumed compared to 0.82 Diesel/MT, the increase was due to engaging contractors in year 2019.

Seen Electrical Usage for year 2019, as in average 6.72 Electrical use/FFB production. All documents and information is available in File P5-02, Ref No: ENBIO-P5, Rev 00 dated 2nd June 2019 – Energy Use Record.

In Compliance **Yes** No Not Applicable

Indicator 3 The use of renewable energy should be applied where possible.

Summary There is no renewable energy is being use by the estate at the moment. There is long term plan to have solar panel, subject to top management approval.

In Compliance **Yes** No Not Applicable

Criterion 3 Waste management and disposal

Indicator 1 All waste products and sources of pollution shall be identified and documented.

Summary Bukit Toh Alang Estate has established MSPO Procedure for Waste Management [Ref.: MSPO-P5, Rev. 0 dated 1st July 2018]. Identification of waste and pollution is recorded in form "Inventory of Schedule Waste" including source of waste and type of waste generated.

The MSPO Procedure describes the following implementation on;

- 1) Waste management
- 2) Scheduled waste disposal
- 3) Domestic waste disposal

In Compliance **Yes** No Not Applicable

Indicator 2 A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for:
a) Identifying and monitoring sources of waste and pollution.

b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.

Summary Waste management plan available for Bukit Toh Alang Estate including identification and monitoring source of waste and improving the potential utilization and recycling.

As per SOP MSPO P-5, Rev 0, dated 1st July 2018, Clause 5.3 Domestic Waste Disposal Flow. No domestic waste was identified accordingly and classified as inorganic waste or organic waste was made available. As per interview by the manager, awareness has been provided on 3rd May 2019.

Sighted Waste Management Action Plan 2019 prepared by Pn. Siti Kamisah Binti Ramli (General Clerk) on 21.02.2019 has classified 4 types of waste includes;

- 1) Scheduled waste
- 2) Domestic waste
- 3) Recycle waste
- 4) Clinical waste

Sighted "Jadual Angkat Sampah – Bukit Toh Alang Estate" for 2019 (4 times a week), prepared by Mr. Hirodin Bin Yusof.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary Bukit Toh Alang Estate has "Panduan Akta Keselamatan & Kesihatan Pekerjaan (OSHA) 1994 which has specified the procedure to disposed the used chemical items just as containers. Standard Operating Procedure (SOP) sighted as "Prosedur Kerja Selamat Pemyburan Racun".

For the purpose of disposal, seen letter "Memohon Perkhidmatan Kutipan Sampah Sisa Baki dan Sisa Kitar Semula", dated 23rd April 2019 and acknowledge received by Jabatan Perkhidmatan Perbandaran"on 25th April 2019. As interviewed Estate Manager, Jabatan Perkhidmatan Perbandaran has visited the site.

In Compliance **Yes** No Not Applicable

Indicator 4 Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.

Summary As per interviewed with Mr. Muhamad Azim Bin A Rahman (Kadet Ladang), Bukit Toh Alang Estate has "Panduan Akta Keselamatan & Kesihatan Pekerjaan (OSHA) 1994 which has specified the procedure to disposed the chemical containers, as will be triple



rinsed and punctured to prevent contamination of water source or to human health. Some of it will be used as a pre-mix container.

As interviewed the workers during field visit, the chemical containers will be triple rinsed and punctured to prevent contamination of water source or to human health.

In Compliance **Yes** No Not Applicable

Indicator 5 Domestic waste should be disposed as such to minimise the risk of contamination of the environment and watercourse.

Summary Domestic waste for linesite area is managed by the estate. All domestic wastes are disposed at landfill located more than 1km from linesite. Last landfill was constructed on 5th April 2019 and closed on 30th May 2019.

Current landfill was constructed on 31st May.2019 and indicated on a field map. Domestic waste is disposed by local council, Majlis Perbandaran Seberang Prai. Estate has provided small bin in each house.

Seen letter "Memohon Perkhidmatan Kutipan Sampah Sisa Baki dan Sisa Kitar Semula", dated 23rd April 2019 and received by Jabatan Perkhidmatan Perbandaran"on 25th April 2019.

In Compliance **Yes** No Not Applicable

Criterion 4 Reduction of pollution and emission including greenhouse gas

Indicator 1 An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.

Summary All polluting activities are assessed via Environmental Aspect Impact Assessment (EAIA), the assessment is identified and documented in EAIA, prepared by Mr. Hirodin dated 1st February 2019.

One of example:

- Sub-activity: Human Sewage waste generated from workers base camp.
- Impact: Pollution of soil and water course
- Mitigation measure: Sewage waste in toilet goes to subsurface disposal system.
- Monitoring program: Mandore/Estate supervisor will check subsurface disposal system annually.

In Compliance **Yes** No Not Applicable

Indicator 2 An action plan to reduce identified significant pollutants and emissions shall be established and implemented.

Summary Estate has established the "Waste Management Plan" document as it consists column of Aspect/impact identification, risk assessment and risk control. Seen environmental policy of Bukit Toh Alang Estate, dated 8th June 2018 approved by Director of Lock Huat Holdings Sendirian Berhad.



Sighted zero burning signage during site visit and no open burning was observed during field and land field site visits.

In Compliance **Yes** **No** **Not Applicable**

Criterion 5 Natural water resources

Indicator 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:
a) Assessment of water usage and sources of supply.
b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.
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.).
d) Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.
e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.
f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.

Summary As verified during the audit, there are no natural water resources in estate compound. Water for domestic use are supplied by Perbadanan Bekalan Air, Penang. During field visit, no river through the estate area. Estate has taken 7 sample for analysis of in and out from their drainage water go out from estate compound.

In Compliance **Yes** **No** **Not Applicable**

Indicator 2 No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.

Summary No construction of bunds, weirs and dam across main rivers or waterways passing through an estate. Estate management has taken initiative of water sampling for drainage water, sample taken on 11th January 2019. Seen certificate of analysis and date of report on 23rd January 2019 by BP Food Testing Sdn Bhd.

In Compliance **Yes** **No** **Not Applicable**

Indicator 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).

Summary Based on interview conducted to Mr. Hirodin Bin Yusof, estate supervisor, there were road side drains constructed along the main road. Water harvesting is implemented in various ways such as retention of water in the field such as road side drains, ponds.

In Compliance **Yes** **No** **Not Applicable**



Criterion 6 Status of rare, threatened, or endangered species and high biodiversity value area

Indicator 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.
 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.

Summary Seen MSPO Procedure for Rare, Threatened, Endangered & High Biodiversity Management, Rev 0, dated 1st April 2018. Sighted letter "Memohon Untuk Mendapatkan Maklumat berkenaan rare, threatened and endangered species, di Ladang Bukit Toh Alang dated 22nd April 2019. Acknowledgement of Jabatan Perkilan Cawangan Seberang Perai dated 25th April 2019.

In Compliance **Yes** No Not Applicable

Indicator 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.
 b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts.

Summary Estate has management plan developed based on the pre-scoping data where the actual conservation status (ERT) based on IUCN or PERHILITAN is unknown.

 Estate management taken efforts and commitment to disallow illegal or inappropriate hunting, fishing or collecting activities, as well as developing responsible measures to resolve human-wildlife conflicts.

In Compliance **Yes** No Not Applicable

Indicator 3 A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.

Summary Estate has management plan developed based on the pre-scoping data where the actual conservation status (ERT) based on IUCN or PERHILITAN is unknown. Management plan sighted such signage of no hunting, monitoring of visitor in estate, patrolling and enforcement.

In Compliance **Yes** No Not Applicable

Criterion 7 Zero burning practices

Indicator 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.



Summary Company is implementing Zero Burning Practices as stated in "Environmental Policy". There is no evidence of fire used for waste disposal during field visit. Zero burning/ no open burning signage was seen and displayed at site.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary As per interview with Estate Manager, no special approval needed to do open burning. All replanting activities are using the felling method. The practice is observed during field assessment.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary As per interview with Estate Manager, no special approval needed to do open burning. All replanting activities are using the felling method. The practice is observed during field assessment.

In Compliance **Yes** No Not Applicable

Indicator 4 Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.

Summary SOP on Land Clearing is clearly explained on the methods of replanting is felled, chipped and shredded and mulched. Open burning in relation to new planting, re-planting or other development is not allowed and this was communicated to all employee and stakeholder. During replanting process, the old palm to be felled, chipped and pulverized and been remained in the field for self-composed.

In Compliance **Yes** No Not Applicable

2.6 Principle 6: Best practices

Criterion 1 Site management

Indicator 1 Standard operating procedures shall be appropriately documented and consistently implemented and monitored.

Summary The estate has implemented Good Agriculture Practice (GAP) as seen from visit to the estate and seen from the document and also interviewing the workers.

No.	SOP
1	SOP for Oil Palm Planting Industry
2	SOP for Land Clearing
3	SOP for Land Preparation for New Planting & Re-planting
4	SOP for Oil Palm Technique
5	SOP for Manual Fertilizer Application for Immature and mature palm
6	SOP for Planting Leguminous Cover Crop (LCC)
7	SOP for Wheelbarrow Fertilizer Application for Immature and Mature Palms
8	SOP for Semi mechanized manuring for immature and mature palms
9	SOP for Leguminous Cover Crop Manuring
10	SOP for Empty Fruit Bunch (EFB) Mulching
11	SOP for fertilizer sampling for analysis
12	SOP for planning and organization of fertilizer application
13	SOP for Weeding
14	SOP for Integrated Management of Rat Control
15	SOP for Integrated Management of Bagworm and nettle caterpillar control
16	SOP for Integrated Management of Rhinoceros Beetle Control
17	SOP for Integrated Management of Bunch Moth Control
18	SOP for Integrated Management of Valanga Control
19	SOP for Integrated Management of Termite Control
20	SOP for Harvesting Mature Plam FFB
21	SOP for Pruning
22	SOP for Ablation at Immature Stage
23	SOP for FFB Evacuation and Transport

Standard Operating Procedure (SOP) are kept in operating office and is made available. Estate produces SOP for all stage of operations in compliance to MSPO requirements. All procedure is kept and will be updated periodically. Estate management has taken initiative to display the SOP in the respective activity area.

SOP training has been planned in annual training programme. As sampled: SOP training for harvester (PPE) on 20th April 2019 [meeting minutes, photographs & attendance records are available]. Supervisor will visit the field on daily basis to ensure all work are in accordance to their company procedures.

Estate manager and supervisor will visit the field on timely manner to ensure all procedure are followed and implementing best practices according to company procedure.

In Compliance **Yes** No Not Applicable

Indicator 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.



Summary Estate is generally flat area with undulating at certain area. No steep is more than 25 degrees. During field visit, observed there is no terracing above 25 degrees.

In Compliance **Yes** No Not Applicable

Indicator 3 A visual identification or reference system shall be established for each field.

Summary The estate has a map showing separation of block or field. Each field has the field marking (on palm trees) with block number, years of planting & hectare, sighted during field visit.

In Compliance **Yes** No Not Applicable

Criterion 2 Economic and financial viability plan

Indicator 1 A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.

Summary Estates had an annual budget for the financial year 2019 The budget includes the projection FFB production, general charges, upkeep which projected for three years from 2019 – 2021. As evidenced:

Sighted the 3 years business plan for the estate.

FY	2019	2020	2021
Total crop	5,970	5,700	5,300
YPH	17.54	20.14	17.02
Estimate OER %	18.25%	18.25%	18.25%

Crop projection: site yield potential, age profile, FFB yield trends – Available for next 7 years.

In Compliance **Yes** No Not Applicable

Indicator 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.

Summary Replanting programme available for next 4 years. Only Block 91 is programme to replanting on 2020 for 52.26 Ha. As notified by the estate manager, no replanting programme as none of the mature areas are due for replanting as yet, the next replanting is estimate on 2026 – 60.31 Ha.

In Compliance **Yes** No Not Applicable

Indicator 3 The business or management plan may contain:
 a) Attention to quality of planting materials and FFB.
 b) Crop projection: site yield potential, age profile, FFB yield trends.
 c) Cost of production: cost per tonne of FFB.



- d) Price forecast.
 e) Financial indicators: cost benefit, discounted cash flow, return on investment.

Summary Estate had an annual budget for the financial year 2019. The budget includes the projected FFB production, general charges, upkeep & cultivation, Collection and Immature areas.

The business plan as sighted "Final Estimates 2019" has covered the item a – e. Sighted business management plan (Estimates 2019) prepared by estate management. As evidence:

- Progeny/clone: HRU, DxP, CH, DxP-AA Hybrida 1 [Felda,
- Total tonnage: 6,310.31 mt
- Yield/ Ha: 17.54 mt
- Cost of production: RM284.46/mt

In Compliance **Yes** No Not Applicable

Indicator 4 The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.

Summary The monitoring to achieved the target is effectively implemented such field monitoring and enforcement of all SOP. Monthly account is made available to record the budgeted and actual production on monthly basis. Details on the actual vs budget i.e: FFB production, capital expenditure, production cost and profit & loss account are shown therein.

In Compliance **Yes** No Not Applicable

Criterion 3 Transparent and fair price dealing

Indicator 1 Pricing mechanisms for the products and other services shall be documented and effectively implemented.

Summary The pricing of FFB is done by Chief Clerk, Mr Annamallay at Bukit Toh Alang Estate based on monthly MPOB pricing. Sighted FFB Crop Estimates 2019, by providing information on total proceeds, total cost per mt & OER (%).

Sighted contract agreement with Setia Kawan Kilang Kelapa Sawit Sdn Bhd, dated 16th January 2019, and agreed on 7th Feb 2019.

In Compliance **Yes** No Not Applicable

Indicator 2 All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.



Summary Sighted contract agreement between FFB Transporter and Bukit Toh Alang Estate date on 11th Feb 2019 stated "payment will be made by the estate within 14 days of the submission of the monthly statement". Seen contract of FFB Harvesting dated 11th February 2019 between En. Suwandi, En. Gopal Nari & En. Azmi bin Man, crossed check with the payment vouchers.

In Compliance **Yes** No Not Applicable

Criterion 4 Contractor

Indicator 1 Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.

Summary All the contractors are aware that estate will be certified under MSPO. Therefore, the contractor has been informed by estate management to follow the MSPO standard requirement.

Contractors is being briefed regarding MSPO during Stakeholder Meeting conducted on 28th March 2019. Estate management has conducted meeting with contractors on 20th April 2019 at main office. Sighted meeting minutes, photographs and attendance record during the audit.

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall provide evidence of agreed contracts with the contractor.

Summary All contracts are kept in estate office. Sighted the contract Agreement signed by contractor and Bukit Toh Alang Estate. As evidence, sampled:

Seen contract of FFB Harvesting dated 11th February 2019 between En. Suwandi, En. Gopal Nari & En. Azmi bin Man, crossed check with the payment vouchers. The agreement was signed by both parties.

In Compliance **Yes** No Not Applicable

Indicator 3 The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.

Summary The estate was audited by Global Gateway Certifications Sdn Bhd MSPO auditor on 10th – 11th June 2019. Sighted audit plan dated 21st May 2019 which have been accepted address to Mr. S. Siva Subramaniam (Estate Manager). All the auditors are qualified MSPO auditor. As per agreed, the company accept the GGC MSPO Auditors to verify through a physical inspection if required for audit purposed.

In Compliance **Yes** No Not Applicable

Indicator 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.



Summary Estate verified the work done by the contractors before all the payment paid to the contractors. Estate also inspect the contractor’s workers. As per interviewed and also during site visit, the workers aware with OSH requirement. As example, the workers wear the PPE during the work task that given to them.

Estate staff will monitor all the task assigned for the contractor e.g. FFB transportation through checking system and approved by the manager. As interviewed with Mr. Vinod, Supervisor are responsible to monitor in observing the tasks performs by the signed contractors.

In Compliance **Yes** No Not Applicable

2.7 Principle 7: Development of new planting

Criterion 1 Oil palm shall not be planted on land with a high biodiversity value

Indicator 1 Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Indicator 2 No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia’s National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Criterion 2 Peat land

Indicator 1 New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.

Summary At this moment, there were no new plantings involving peat area. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Criterion 3 Social and Environmental Impact Assessment (SEIA)

Indicator 1 A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Indicator 2 SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Indicator 3 The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Indicator 4 Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Criterion 4 Soil and topographic information

Indicator 1 Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Indicator 2 Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Criterion 5 Planting on steep terrain, marginal and fragile soils



Indicator 1 Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Indicator 2 Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Indicator 3 Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Criterion 6 Customary land

Indicator 1 No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Indicator 2 Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Indicator 3 Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.



Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Indicator 4 The owner of recognized customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Indicator 5 Identification and assessment of legal and recognised customary rights shall be documented.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Indicator 6 A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Indicator 7 The process and outcome of any compensation claims shall be documented and made publicly available.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

Indicator 8 Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Bukit Toh Alang Estate.

In Compliance Yes No **Not Applicable**

2.8 Details of Audit Findings

Details Non-Conformity

- See Appendix B -

Details of Area of Concern

- See Appendix B -

Details of Noteworthy / Positive Findings

- 1) Top management continuously establishes directions for the middle and upper management to execute in ways to comply with the MSPO management system in future.
- 2) The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
- 3) The estate management has demonstrated fully commitment during the entire audit process.
- 4) Signages throughout office, chemical area and in the field sites, effectively maintained and appropriate to the needs of the process.
- 5) Good relationship being maintained with surrounding smallholders and villages.
- 6) Good positive feedback received from internal and external stakeholders.

Appendix A: Audit Plan


AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
9 th June 2019	TBA	Travelling from Kuala Lumpur – Penang, Malaysia.	SP	MAS
10 th June 2019	08:00 – 09:00	Centralize Opening Meeting at Bukit Toh Alang Estate: <ul style="list-style-type: none"> • Presentation by the manager/coordinator • Presentation by Lead Auditor. • Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation – where applicable). 	SP	MAS
	09:00 – 13:00	Bukit Toh Alang Estate <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	SP	MAS
	10:30 – 12:30	➤ Estate inspection: <ul style="list-style-type: none"> • Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	SP	MAS
		Centralize Stakeholder Consultation (Bukit Toh Alang Estate – Office)	SP	MAS
	13:00 – 14:00	➤ Lunch	SP	MAS
	14:00 – 16:00	➤ Continue document review <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	SP	MAS
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 1.	SP	MAS



AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
11 th June 2019	08:00 – 13:00	Bukit Toh Alang Estate > Document Audit: <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	SP	MAS
	10:30 – 12:30	> Estate inspection: <ul style="list-style-type: none"> Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	SP	MAS
	13:00 – 14:00	> Lunch	SP	MAS
	14:00 – 15:30	> Continue document review <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	SP	MAS
	15:30 – 16:00	> Verify any outstanding issues and auditor discussion	SP	MAS
	16:00 – 17:00	> Centralize Closing Meeting at Bukit Toh Alang Estate > Chaired by the audit Lead Auditor <ul style="list-style-type: none"> Welcome and introduction by the Lead Auditor Presentation of findings by the audit team Questions & answers and Final summary by Lead Auditor > End of assessment	SP	MAS
12 th June 2019	TBA	> Travelling from Penang to Kuala Lumpur	SP	MAS

Appendix B: Non-Conformity details


Non-Conformities Identified During This Audit			
Major Nonconformities:		The following NC's was raised for this audit.	
Company Name		Lock Huat Holdings Sdn Bhd	
Stage of Audit		Initial Stage 1	<input type="checkbox"/>
		Surveillance	<input type="checkbox"/>
Audited Standard		Initial Stage 2	<input checked="" type="checkbox"/>
		Recertification	<input type="checkbox"/>
Client Number		GGC-X1-MSPO-2019	
NC No. / Ref.	X1/MSPO/MAJOR/01	Date Detected	11 th June 2019
Site(s) concern	Bukit Toh Alang Estate	Target Completion	90 Days
Normative Reference and Requirement	4.3.1.1 Major All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	<ul style="list-style-type: none"> No SDS sighted for the respective chemical used Empty chemical container not disposed as per regulation. 		
NC Objective Evidence:			
<ul style="list-style-type: none"> During site inspection at the Chemical Store we found that SDS for the following Chemicals were not displayed at the respective chemical area, as per Fasal 25 of "Akta Keselamatan Dan Kesihatan Pekerjaan 1994 [Akta 514] P.U. (A) 131/2000 Peraturan-Peraturan Keselamatan Dan Kesihatan Pekerjaan (Penggunaan Dan Standard Pendedahan Bahan Kimia Berbahaya Kepada Kesihatan) 2000". <ul style="list-style-type: none"> Nano Activator X10 Ally 20DF - Herbicide Dragon 505 - Insecticide As per interview with person in charge, empty chemical container was not disposed as per Environmental Quality (Scheduled Wastes) Regulations 2005. 			
Lead Auditor Signature:		Client Signature:	
			
Root cause Analysis (to be filled by client):			


<p>MSPO management system is still in learning stage and employees are still in the stage of fully understand the requirements of the systems. MSDS is still in the process of changing to SDS.</p>	
<p>Corrective action planned (to be filled by client):</p>	
<p>1.0 Requested and received the current version of the SDS for the following chemicals</p> <ul style="list-style-type: none"> ○ Nano Activator X10 ○ Ally 20DF - Herbicide ○ Dragon 505 - Insecticide <p>2.0 Display the above SDS at chemical store (see copies of SDS and photo of SDS displayed at chemical store).</p> <p>3.0 Lock Huat Holdings Sendirian Berhad (Bukit Toh Alang Estate) registered with Jabatan Alam Sekitar, Pulau Pinang. (See attached official letter informing on the schedule waste to JAS and acknowledge.</p> <p>4.0 JAS officer requested to visit Bukit Toh Alang Estate in June 2019 advice disposal channel.</p>	
<p>Preventive Action (to be filled by client):</p>	
<p>1.0 Displayed of SDS and waste disposal according to Environmental Quality Act (Waste disposal) 2005 will be audited in the internal audit.</p> <p>2.0 All the relevant employees are provided training on the above corrective action. See attached training attendance.</p>	
<p>Review of corrective/preventive action (to be filled by Lead Auditor)</p>	
<p>All the evidence submitted were found adequate and therefore this major non-compliance is closed.</p>	
<p>NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Date Verified: 15th June 2019</p>	<p>Lead Auditor Signature:</p> 

Minor Nonconformities:	The following NC's was raised for this audit.
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Company Name	Lock Huat Holdings Sdn Bhd			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-X1-MSPO-2019			



NC No. / Ref.	X1/MSPO/MINOR/01	Date Detected	11 th June 2019
Site(s) concern	Bukit Toh Alang Estate	Target Completion	Next Surveillance Audit
Normative Reference and Requirement	4.4.4.2 The occupational safety and health plan shall cover the following: b) The risks of all operations shall be assessed and documented.		
NC Type	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	Insufficient records sighted		
NC Objective Evidence: Inadequate Hazard Identification, Risk Assessment and Risk Control (HIRARC) covering all activities and operations were assessed and documented.			
Lead Auditor Signature: 		Client Signature:	
Root cause Analysis (to be filled by client): Some of the operations were missed out due to Zero risk only the primary operations included in the HIRARC study. Due to misinterpretation of the requirements because of early stage of implementation.			
Corrective action planned (to be filled by client): All the operation and activities were included in the HIRARC assessment and activities missed out as below were included in the assessment. HIRARC has been reviewed from 13 to 27 activities. Please refer to the list of New HIRARC as per attached.			
Preventive Action (to be filled by client): HIRARC will be audit during the internal audit for adequacy and whether all operations and activities are included by internal audit team.			
Review of corrective/preventive action (to be filled by Lead Auditor) All the evidence submitted were found adequate and therefore this minor non-compliance is closed.			
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

Date Verified: 15 th June 2019	Lead Auditor Signature: 
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Area of Concern:	The following area of concern was raised for this audit.
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Company Name	Lock Huat Holdings Sdn Bhd			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-X1-MSPO-2019			
NC No. / Ref.	X1/MSPO/AOC/01	Date Detected	11 th June 2019	
Site(s) concern	Bukit Toh Alang Estate	Target Completion	Nil	
Normative Reference and Requirement	4.3.2.1 Area of Concern The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.			
NC Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern			
Description of Non-Conformity	Estate area statement does not tally with the land title.			
NC Objective Evidence: During audit, found out there is a discrepancy of 1.96 Ha against total land title 417.51 Ha versus area statement of 415.55 Ha after taking into consideration, sighted MPOB license application has been re-submitted as at 11 th June 2019 [Ref: REF2-00045419]..				
Lead Auditor Signature: 		Client Signature:		

Appendix C: List of Stakeholders Contacted

Attendance List

Internal Stakeholders

- 1) Bukit Toh Alang management team and staff
- 2) En. S. Siva Subramaniam
- 3) En. Annamalai
- 4) En. Subramaniam
- 5) En. Hirodin Yusof
- 6) En. K. Vinod
- 7) Ms. Kanagi
- 8) En. Tieu Hong Seng
- 9) En. Tieu Jaan Chong
- 10) En. S. Parthiban
- 11) En. M. Yusuf
- 12) En. Firdaus
- 13) En. N. Shamsul
- 14) En. Buspalingam
- 15) En. Gopal Nair
- 16) En. M. Zaidi
- 17) En. Zulkifli
- 18) En. Muthusamy
- 19) Cik. Maithili
- 20) En. Ismail
- 21) En. Ahmad Sa'ad
- 22) Pn. Anaperonom
- 23) En. Jamal
- 24) En. M. Hashim
- 25) En. Othman
- 26) Pn. Rosnani
- 27) En. Sukurmany
- 28) En. Zakaria
- 29) En. M. Ansori
- 30) En. Sunardi
- 31) En. Saliadi
- 32) En. Nur Kamim
- 33) M. Basir
- 34) En. Endro Wiyono
- 35) En. Andi Ramadhan
- 36) En. Jhony Herwan
- 37) En. Parulian Damanik
- 38) En. Suwandi

External Stakeholders

- 1) En. Soo Gemang
- 2) En. Low Yaw Long



- 3) En. Lim Seok Kim
- 4) En. Muniandy
- 5) En. Ghazali Hj Ayob
- 6) En. Hj Abu Hasan Ismail
- 7) En. Arjunnaidi Saad
- 8) En. Jamil Bin Man
- 9) En. Mohd Yusuf
- 10) Mrs. Siti Zabidah
- 11) En. Omar Ahmad
- 12) En. Ahmad Muhaimin Abdul Manaf
- 13) En. Mohd Rashidi Bin Mohd Saad
- 14) Ms. Noriza bt Abd Chiri
- 15) En. Mohd Azmi
- 16) En. Mohd Yuzi Md Saad
- 17) En. Mohd Nazli B. Akbar
- 18) En. Abdul Kuarib Ahmad
- 19) En. Zainol Abdul
- 20) M. Khairul
- 21) En. Mujahid
- 22) En. Ashiraf Bin Najib
- 23) Mr. Arjunaidi – Kampung Jarak Atas
- 24) Mr. Rashidi – Perbadanan Bekalan Air Pulau Pinang
- 25) Mr. Lim Seok Kim – Vegetable Farmer
- 26) Mr. Soo Shuang Hock – Sin Teik Estate Sdn Bhd