

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)



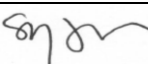
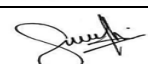
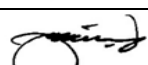
CERTIFICATION AUDIT REPORT

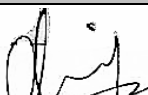
Part 3: General Principles for Oil Palm Plantations and Organized Smallholders

Heng Seng Rubber Estate Sdn Bhd

-Individual Certification-

MAIN ASSESSMENT AUDIT
23rd September 2019

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	21/11/2019	Issued as Draft Report	Surenthiran Panneerselvam	Lead Auditor	
A	10/12/2019	Peer Review 1 Comments	Mohd Zuhaili bin Mukri	Peer Reviewer 1	
A	10/12/2019	Peer Review 2 Comments	Muhammad Syafiq bin Abu Bakar	Peer Reviewer 2	
B	13/12/2019	Issued as Final Report	Surenthiran Panneerselvam	Lead Auditor	
B	17/12/2019	Final Report Approved	Muhammad Syafiq bin Abd Razak	Certifier	

Acknowledgment by Heng Seng Rubber Estate Sdn Bhd					
Rev	Date	Description	Management Representative	Role	Signature
B	17/12/2019	Acceptance of the contents	Mr. Chin Sew Kiew	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 **Heng Seng Rubber Estate Sdn Bhd.** During this **Main Assessment Audit (Stage 2)**, the audit team were briefed by Estate Manager, of the supply base disposition. The estate consists only Heng Seng Rubber Estate Sdn Bhd.

This assessment was conducted onsite on **23rd September 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	Heng Seng Rubber Estate Sdn Bhd
Business Address	Heng Rubber Estate Sdn Bhd Bukit Jenun, 06720 Pendang, Kedah Darul Aman, Malaysia.
Contact Person	Mr. Chin Sew Kiew
Office Telephone	+017 2466299
E-Mail	hengsegest@hotmail.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.	Heng Seng Rubber Estate	Bukit Jenun, 06720 Pendang, Kedah Darul Aman, Malaysia.	E 100° 30' 53.87"	N 5° 53' 45.93"

MPOB License Information

No	Name of the Site	LICENCE NUMBER	EXPIRY DATE	SCOPE ACTIVITY
1.	Heng Seng Rubber Estate	502087802000	31.07.2020	Menjual & Mengalih FFB



2.	Heng Seng Rubber Estate	506735111000	31.03.2020	Menghasilkan, menjual & mengalih SLGBIJI & menyimpan
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Others Sustainability Certification

No	Name of The Site	Others Sustainability Certifications
1.	Heng Seng Rubber Estate	NIL

1.4 Map Showing Geographical Location

Heng Seng Rubber Estate Sdn Bhd





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
Heng Seng Rubber Estate	386.7026	374.74	299.47
Total	386.7026	374.74	299.47

Name Of The Supply Base	Area Summary (HA)		
	Conservation Area	HCV	Others
Heng Seng Rubber Estate	-	-	11.96
Total	-	-	11.96

Name of the Certification Unit	FFB Summary (MT)		
	Projected from last audit	Actual Production for 12 Months [Sep 2018-Aug 2019]	Projected Production for next 12 Months [Sep 2019-Aug 2020]
Heng Seng Rubber Estate	NIL	5,052.03	6,100.00
Total	NIL	5,052.03	6,100.00

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-HSRE001-MSPO-00-2019
Initial certificate issued date	17 th December 2019
Certificate expiry date	16 th December 2019
Stage 1 assessment date	19 th September 2019
Stage 2 / Main Assessment	23 rd September 2019
Annual Surveillance 1 [ASA 1]	September 2020
Annual Surveillance 2 [ASA 2]	September 2021
Annual Surveillance 3 [ASA 3]	September 2022
Annual Surveillance 4 [ASA 4]	September 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 legal compliance, safety and health, stakeholder's consultation and etc. Able to speak and understand Bahasa Malaysia and English.

Auditor

Name: Nurulashida Binti Mohd Saad

Graduated in Conservation and Management of Biodiversity with working in Sustainability Department for more than 12 years which involves in certification and compliance affairs. Fully trained in agriculture certification programme such as RSPO, MSPO, SCCS, Biodiversity / HCV, ISCC, ISO and etc. Certified as Lead Auditor/Auditor for RSPO and MSPO Certification. Member of GGC MSPO audit team.

During this assessment, she assessed on the aspect of transparency, environmental, stakeholder's consultation, traceability and etc. Able to speak and understand Bahasa Malaysia and English.

Auditor

Name: Mohd Azmi Samynathan bin Abdullah

He holds Master's in Business Administration. More than 20 years working experience several industries mostly on HR Management. Have experience in second- and third-party auditing system. 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. Member of GGC MSPO audit team. Able to speak and understand Bahasa Malaysia and English.

During this assessment, he assessed on the aspect of stakeholder's consultation and best practices. 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 "Heng Seng Rubber 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	23 rd September 2019
Name of site(s) visited	Heng Seng Rubber Estate Sdn Bhd
Total number of man-days spent	3 man-days

1.10 Audit Result Summary Findings

Category	Numbers	Status (Closed/Open/Not Applicable/No Action Requires)
Major Nonconformities	0	No action requires
Minor Nonconformities	1	Open (Next Surveillance Audit)
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 22th August 2019 and as to accommodate a stakeholders' consultation meeting for estate. Therefore, stakeholder consultation was conducted on 23rd September 2019 in Heng Seng Rubber 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 aware about what is MSPO. Clear knowledge on the existence of a 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 (Government Authority)	<ul style="list-style-type: none"> Good communication and cooperation with the estate. Suggest the estate management to make aware on the activities that could affect the environment and will not interfere the college student learning session (i.e activity that produce loud noise). 	<ul style="list-style-type: none"> No action requires 	Positive comments and suggestion

3.	Stakeholders C (Local communities)	<ul style="list-style-type: none"> Receive electric and water supply from the estate. No issues on the usage of route. 	<ul style="list-style-type: none"> No action requires 	Positive comments
4.	Stakeholders D (Contractors and suppliers)	<ul style="list-style-type: none"> Good communication and cooperation with the estate. No issues on payment and agreement. 	<ul style="list-style-type: none"> No action requires 	Positive comments

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 Heng Seng Rubber 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 no major, 1 minor non-conformity 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 was "No Major Non-Coformity". Hence, the audit objectives as mentioned in the audit plan had been achieved. Therefore, the Lead Auditor recommends a certificate of compliance "**MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders**" is awarded to Heng Seng Rubber 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 Heng Seng Rubber Estate has established MSPO Policy dated 19th June 2018 signed by Mr. Koh Leong Hock, Managing Director. Communicated MSPO Policy to external stakeholders during 3rd external stakeholder meeting on 29th October 2018 at Ladang Heng Seng Rubber Sdn Bhd and 3rd internal stakeholder meeting conducted on 2nd February 2019 at Ladang Heng Seng Rubber Estate Sdn Bhd, Main Office.

Estate management taken initiative to translate the training material for workers understanding. Seen training material translated in Myanmar language for Myanmar workers. The policy is displayed at main office notice board.

In Compliance **Yes** No Not Applicable

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

Summary The company has established MSPO Policy which stating their commitment to implanting the following sustainable practices. Policy sighted and contain emphasis on continual improvement and can be integrated to include MSPO and continual improvements. MSPO Policy dated 23rd September 2019 signed by Mr. Koh Leong Hock, Managing Director with commitment to continual Improvement.

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 As per SOP – Internal Audit, audit frequency is once a year prior to the external audit schedule. The internal audit done annually by external team appointed as Internal auditors. Internal audit report is made available. All internal audit findings have been reviewed and closed within the timeframe.

Internal audit conducted once in a year, latest internal audit conducted on 16th April 2019 by Mr. Khor Cheng Kwang and Mr. Dennis Teoh. Audit notification letter and internal audit plan dated 9th April 2019 by lead auditor Mr. Khor Cheng Kwang and assisted by Mr Dennis Teoh seen. Internal audit report was prepared by Mr. Khor Cheng Kwang and Mr. Dennie Teoh Li Soon, dated 16th April 2019. All non-conformities are closed on 2nd May 2019 and seen the Internal Audit Non-Conformity Forms signed by Mr Khor Cheng Kwang.

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 Heng Seng Rubber Estate has established MSPO Procedure on the [Standard Operating Procedure – “SOP” for Internal Audit dated on 20th August 2019 prepared by Cik Nurul Husna, Clerk and approved by Mr Chin Sen Kiew, Manager.

The purpose of this procedure is to describe the audit process conducted internally to determine Heng Seng Rubber estate operations are effectively implemented to comply with the Malaysian Sustainable Palm Oil (MSPO) standards. internal audit report dated 16th April 2018 and NC forms raised by the internal auditors. The estate management manage to close the NC within the stipulated time. As in total of 6 Major NC, 1 Minor NC being raised by the internal auditor team.

The Non – conformities being closed within the stipulated period and verified 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 Internal audit report prepared by internal audit team dated on 18th June 2019 prepared by Cik Nurul Husna, Clerk and approved by Mr Chin Sen Kiew, Manager. The Internal Audit report was made available and was submitted for discussion during management review meeting – Kajian Pengurusan Kemampanan Minyak Kelapa Sawit (MSPO) ringkasan laporan dated 18th June 2019, which was held at Ladang Heng Seng Rubber Sdn Bhd, main office.

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 meeting was conducted “Kajian Pengurusan Kemampanan Minyak Kelapa Sawit (MSPO) ringkasan laporan” dated 18th June 2019 at Ladang Heng Seng Rubber Sdn Bhd, main office. Meeting minutes was prepared by Ms. Nurul Husna binti Md Shuib and approved by Mr. Chin Sen Kiew, Estate Manager.

Decision on management action is listed in Management Review Meeting minutes. Management action has been documented and time frame is updated with stating the status of the process.

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 Heng Seng Rubber Estate has established Continuous improvement plan [Pelan Pembangunan Berterusan Heng Seng Rubber Estate Sdn Bhd Tahun 2019] dated 20th May 2019 prepared by Pn Suhaila, Clerk and approved by Mr Chin Sen Kiew, Manager. Issue covered on environmental, accounting system, change of "Syarat Tanah", replanting, safety improvement in estate for workers. Stated in the Sustainability the estate made its operation improvement plan such as:

1. "Memberi peralatan perlindungan diri kepada setiap pekerja ladang"
2. "Meletakkan papan tanda amaran, keselamatan dan pemberitahuan di kawasan ladang"
3. "Menyediakan tong kitar semula di kawasan pejabat"

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
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Summary The company disseminate the new information and techniques or new industry standards and technologies through the training. Management maintained with the current implementation and as addition, management has implemented SQL Financial Accounting System to manage its accounting system.

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.
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Summary The company disseminate the new information and techniques or new industry standards and technologies through the training. 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 Heng Seng Rubber Estate has established procedure on communication and made available [S.O.P Rundingan dan Komunikasi Aduan – Pihak Berkepentinagn Dalaman/ Luar] dated on 23rd April 2019, prepared by Ms Nurul Husna binti Md Shuib Clerk and approved by Mr Chin Sen Kiew, Manager.

Procedure has been communicated to the stakeholders during the stakeholder meeting dated 11th August 2018, 9th January 2019 and 30th June 2019. Minutes of meeting are available and records of communication is available in the "Request Form" File.

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 Heng Seng Rubber Estate has established procedure on transparency of information and documents is made available as S.O.P Penyimpanan Fail/ S.O.P Pemfailan Sulit dated on 23rd April 2019, prepared by Ms Nurul Husna binti Md Shuib and approved by Mr Chin Sen Kiew. Company policies are publicly displayed at site, procedures document, contract agreement and financial budget is confidential documents, was made available.

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 Heng Seng Rubber Estate has established procedure on transparency of information and documents is made available as S.O.P Penyimpanan Fail/ S.O.P Pemfailan Sulit dated on 23rd April 2019, prepared by Ms Nurul Husna binti Md Shuib and approved by Mr Chin Sen Kiew. The procedure has been communicated to the stakeholders during the stakeholder meeting dated 9th January 2019 attended by 29 internal stakeholders and on 11th August 2018 attended by 7 external stakeholders, which minutes of meeting are available.

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 Appointment letter for "Perlantikan sebagai Communication Officer (Orang yang Bertanggungjawab)" is made available and the person in-charge is Ms Nurul Husna binti Md Shuib dated 6th October 2018 as appointed by Mr Loh Leong Hock (Pegarah Urusan).

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 List of stakeholders is available with document named: "List of External Stakeholder" and "List of Internal Stakeholder" updated as at 23rd September 2019. Stakeholder meeting has been conducted on 9th January 2019 for internal stakeholders and on 30th June 2019 external stakeholders.

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.

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 Heng Seng Rubber Estate has established the MSPO procedure on Traceability; S.O.P Kebolehhesanan (Traceability) dari Ladang ke Ramp Estate dated 23rd April 2019, prepared by Ms Nurul Husna binti Md Shuib and approved by Mr Chin Sen Kiew and was made available at the time of audit to establish suitable identification and traceability of FFB traceable from the plantation activities to the estate ramp.

In Compliance **Yes** No Not Applicable

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

Summary Regular inspection has been done during internal audit conducted on 16th April 2019 by Mr. Khor Cheng Kwang and Mr. Dennis Teoh. Audit report is available at the time of audit.

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 on Traceability is Mrs Suhaila bt Shariff appointed by Mr. Loh Leong Hock, Managing Director, dated 20th August 2019. The responsible person has attended Training for Readiness Towards MSPO Certification dated on 23rd and 24th May 2018. Interview with the person in charge, and able to demonstrate her understanding of the traceability procedures, maintaining and implementing the traceability system

In Compliance **Yes** No Not Applicable

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



Summary Records of sales, delivery or transportation of FFB documented and maintained. The record of delivery could be traced to date of harvesting, block number, number of FFB bunches, FFB weighbridge tickets, lorry driver name, FFB transport vehicle number, delivery note issued by the estates to the mill and mill weighbridge ticket. "FFB Crop" and "Round book" is made available for daily harvesting records with details of the harvester and field number.

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 Heng Seng Rubber Estate has established and updated list of applicable laws and regulations that are applicable for the estate. The legal register is available as listed below prepared by Ms. Shuhaila Binti Shariff dated 28th August 2019. Permits/licenses being monitored and updated by the estates as follow;

- MPOB Licence – [No. lesen 502087802000] valid from 1st August 2019 till 31st July 2020 for 375.07 Ha. "Menjual dan mengalih FFB".
- MPOB License – [No lesen 506735111000] valid from 1st April 2019 till 31st March 2020 for nursery "Menghasilkan, emnjual dan mengalih dan menyimpan SLGBIJI".
- Permit Khas Barang Kawalan Berjadual – No siri: K000142 valid from 5th August 2019 till 4th February 2020 – 100 liter/ per day [Stesen Caltex Utara Guar Cempedak, Lot 60, Jln Gurun 08800 Gurun, Kedah].
- Pembaharuan Permit: K000020-AST dated 29th July 2019 [Ruj: B.PGK(S/K)KHAS(K)(19/9)].
- Akta Kilang dan Jentera, 1967 – Perakuan Kelayakan Pengandung Tekanan Tak Berapi, valid until 28th April 2020. [No Pendaftaran: KD PMT 80805].

In Compliance **Yes** No Not Applicable

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

Summary List of all laws applicable to estate operations sighted during the audit. The list of laws applicable to the estate covers the detail requirements that related to MSPO compliance. The legal register is prepared by Pn Shuhaila Binti Shariff, Chief Clerk of Estate dated 20th August 2019 and checked by Mr Chin Sen Kiew, Estate Manager. All the 41 documents are in compliance with the applicable local, state, national and ratified international laws and regulations includes as sampled below;

1. Akta 716 Akta Pemuliharaan Hidupan Liar 2010
2. Akta Kualiti Alam Sekeliling (Pindaan 2012)
3. Akta 127: Akta Kualiti Alam Sekeliling 1974
4. Akta 350: Akta Kanak-kanak dan orang muda (pekerjaan) 1966



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 Based on interview with Pn. Shuhaila, the legal register is updated by herself on monthly basis, and will get update from the website whenever its necessary or coming into force. The list of legal register is last updated on 20th August 2019.

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 Letter of appointment for the responsible person of Pn. Shuhaila Binti Shariff available, dated on 23rd January 2019, approved by Estate Managers. She is responsible on legal compliance issue in relation to MSPO.

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 Heng Seng Rubber Sdn Bhd land title is available and well maintained which total list of land title is 32. The estate has the following land title and its ownership (as sampled);

Ownership	Lot No	Hectare
Heng Seng Rubber Sdn Bhd	3046	15.0745
Heng Seng Rubber Sdn Bhd	182	14.2021
Heng Seng Rubber Sdn Bhd	11054	5.816

Evidenced annual payment of quit rent for 2019 paid by the estate management. Hectarage statement is made available which show the total utilization of land total size of 386.7026 Ha.

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 Heng Seng Rubber Sdn Bhd 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. Estates has 32 land titles are available and maintained. The use of land is only for "Tanaman Kelapa Sawit". However, there are 5 land titles which are yet to change the use of land to "Tanaman Kelapa Sawit". Pending land title release letter from the bank via law firm [Ghazi & Lim]. Sighted letter from law firm to OCBS Bank dated 31st July 2019 on requesting for copy of release letter to be submitted to Pejabat Tanah Pendang.

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 Legal perimeter boundary markers were available and maintained. As verified, 29 boundary stone recorded and documented. During site observation, as sampled, boundary stone was clearly demarcated and made visible.

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. No disputes have been recorded in the estate area. The land title has been legally acquired by the estate.

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 all the estates' land titles. There are also no land disputes or claims involving these estates. The estate has proper legal land titles 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 estates. There are also no land disputes or claims involving these estates. The estate has proper legal land titles for the land ownership. Thus, no maps for recognized customary rights.

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 estates. There are also no land disputes or claims involving the estates. The company has proper legal land titles 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 Heng Seng Rubber Estate Sdn Bhd social impact assessment (SIA) named "Penilaian Impak Sosial Dan Alam Sekitar" conducted by Cik Nurul Husna and approved by Mr Chin Sen Kiew, Manager dated 5th February 2019.

"Pelan Pengurusan Impak Sosial", demonstrated dated on 5th January 2019 and issue raised by stakeholders during stakeholder meeting conducted by the estate management. "Laporan Minit Mesyuarat Pihak Berkepentingan Luar MSPO Kali - 4 2018", dated on 18th December 2018 at Ladang Heng Seng Rubber Estate Sdn Bhd. In total 20 participants attended the meeting, including staffs.

MINOR: However, Social Impact Assessment (SIA) is made available at the time of audit. However, insufficient SIA samples and data collections of internal stakeholders were involved.

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 Heng Seng Rubber Estate has established "SOP Rundingan dan Komunikasi Aduan - Pihak berkepentingan dalaman dan luar" in dealing with complaints and grievances dated 23rd April 2019 prepared by Ms Nurul Husna Binti Md Shuib and approved by Mr. Chin Sen Kiew, Estate Manager. 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. Complaint form is available at the publicly accessible area such as in the front door of the main office.

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 Complaint form is available at the publicly accessible area as at the main office. Briefing on "Rundingan dan komunikasi aduan" procedure has been conducted to all internal and external stakeholders. As verified, no complaint has been addressed as to date.

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 all stakeholders "Borang Aduan/Permintaan/Rundingan". 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. During site observation complaint form is made available at the main office.

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 Employees and the surrounding communities were made aware that complaints or suggestions can be made any time vide internal and external stakeholders meeting held on 29th October 2018, 18th December 2019 and 30th June 2019 which was held in Ladang Heng Seng Rubber Estate Sdn Bhd. Meeting minutes of External Stakeholder Meeting dated 30th June 2019, estate management briefed complaint/request procedure to the participants.

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 Complaints and resolutions for the last 24 months not available as the company has just embarked on MSPO certification. Seen one request dated from Kuil Sri Maha Karumariamman, estate temple requested for fund for temple maintenance. Temple management extended the temple without notifying the management. However, sighted letter of reply from estate dated 19th September 2019. Any repairs shall consult with the estate manager. No complaints recorded for now.

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 Sighted the records on the contribution to local development in the Heng Seng Rubber Estate Sdn Bhd is committed and have contributed to local development. The contribution made to the internal and external stakeholders as donation for:



- "Skuad Kebajikan Kampung Baloh" dated on 7th July 2019
- "Tabika Kemas Kampong Baloh" for Hari Raya Open House on 27th June 2019

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 Occupational Safety and Health Policy dated 19th June 2018 approved by Mr Loh Leong Hock who is the Managing Director. Briefing on the policy conducted on 24th June 2019, sighted training materials, attendance record and photographs as evidence. Occupational Safety and Health plan was available, prepared by Pn Suhaila and approved by Mr Chin Sen Kiew, Manager dated 20th May 2019.

In Compliance **Yes** No Not Applicable

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

- a) A safety and health policy, which is communicated and implemented.
- b) The risks of all operations shall be assessed and documented.
- c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:
 - i) all employees involved shall be adequately trained on safe working practices; and
 - ii) all precautions attached to products shall be properly observed and applied.
- d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).
- e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.
- 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

Occupational Safety and Health Policy dated 19th June 2018 approved by Mr Loh Leong Hock who is the Managing Director. The policy is available at main office of the estate and workers are briefed on 24th June 2019 by Mr Chin Sen Kiew.

Heng Seng Rubber Estate has established "Prosedur apabila berlaku kemalangan di tempat kerja" is made available in SOP file. 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). During audit, HIRARC file is made available, and latest date reviewed on 27th February 2019.

Estate has a comprehensive annual training plan for the Staffs and Workers and this was sighted in the training file. Awareness and training programme conducted by management dated 30th August 2019, prepared by Ms Nurul Husna Bt Md Shuib and checked by Mr Chin Sen Kiew. Briefings record is documented and verified. SDS been displayed beside the chemical/fertilizer and whichever needed. SDS is available in both languages Bahasa Malaysia and English. SDS and label are available for all products and details communicated to relevant employees via briefing and training, conducted by the supplier.

PPE issued to all employees in the company by management, sighted PPE issuance record, as last record of PPE given to workers dated on 21st April 2019. Type of PPE for each activity in accordance to HIRARC and CHRA assessment is identified. Estate management also produces PPE stock book [Issuance and replacement of PPE] which records worn out PPE, balance amount of PPE.

Heng Seng Rubber Estate has established SOP for Handling of Chemical for Mixing of chemicals and during spraying of chemicals prepared by Cik Nurul Husna and approved by Mr Chin Sen Kiew, Manager dated 22nd April 2019. CHRA were made available during audit. CHRA were made available during audit dated 26th June 2018 and next CHRA will be on 26th June 2023 by Mohd Akhir Bin Ahmad – JKPP Registration Number [HQ/17/ASS/00/00019]. Verified Form F, action plan has been taken place as verified during field visit and document audit. Sighted Medical Surveillance Report for the year 2019, by Dr T.Sakthi Yananthan MD [DOSH: HQ/12/DOC/00/262]. List of employees participated has been verified.

Management has appointed Pn Suhaila binti Shariff as the responsible person for Workers Safety and Health vide letter dated 1st January 2019 approved by Mr Loh Leong Hock, Managing Director and accepted by Pn Suhaila bt Shariff.

OSH Minute Meeting is made available, last meeting conducted on 4th September 2019 at Heng Seng Rubber Estate Office. Seen photographs, attendance record and all issues related to safety and health has been discussed during the meeting.

Accident and emergency procedures named "SOP Tindakan Kecemasan/Kebakaran sighted and instructions are clearly written. ERP (Emergency response plan) include the

emergency contact number, Emergency Respond Plan Procedure and exit routes in file and notice board is available.

First aid training attended by field supervisor, mandora and clerk. First Aid Kit available at the field held by mandore. As verified, Pn Shuhaila and Ms Nurul Husna attended "Basic First Aid Training", conducted by Dr. M. K Murali BHMS, Kedah dated 17th November 2018 at Hotel Swiss Inn, Sungai Petani, Kedah. Training conducted at Heng Seng Rubber Estate Sdn Bhd on 6th to 7th March 2019 to all employees, sighted photographs and attendance record as evidence.

Estate has sent JKPP 8 (I & II)/(IV) on annually basis to the DOSH. LTA calculation based on local interpretation from DOSH. Accident records not available as no accidents occurred in the premises. Sighted, Daftar Kemalangan, Kejadian Berbahaya, Keracunan Pekerjaan dan Pekerjaan (form 8) submitted to JKPP. JKPP 8 was last submitted on 29th January 2019 [No ruj: JKPP/33919/2018].

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 Heng Seng Rubber Estate established "Polisi Sosial Dan Hak Asasi Manusia" dated 19th June 2018 approved by Managing Director, Mr Loh Leong Hock. All policy was communicated during internal and external stakeholder meeting whereby meeting minutes and training materials presented during the briefing. During site observation, policy sighted displayed at the main office notice board.

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 Heng Seng Rubber Estate Sdn Bhd established "Polisi Kesamaan Peluang" signed by Mr Loh Leong Hock, Managing Director dated 19th June 2019. It states commitment on equal employment. Policy has been displayed in notice board and during field visit, interviewed the workers and there are aware of the company policies. No evidence to show management is engaged in or in support of any discriminatory practices in respect of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.

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 The salary is according to 'Guidelines on the Implementation on the Minimum Wages'. National Wages Consultative Council Act 2011 (Act 732), Minimum wage order 2018. Malaysian minimum salary is RM1,100.00 as stated in the guidelines. Pay and conditions are documented in the workers' Contract Agreement and wage payment records / pay slip. Interview with both Estate staff and workers and with both male and female confirmed that they understand the terms and conditions of their employment.

Workers pay slip reviewed and wage paid according to the minimum wage regulation 2018. Workers on piece rated with the rates determine based on historical performance for each task and duly agreed by workers.

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. Evidence (payslips) of contractor's workers paid as per industry minimum standards. Records of payment and the Agreement between the management and contractors. As interviewed Ms Nurul Husna, 2 contractors are engaged with Heng Seng Rubber Estate Sdn Bhd.

Heng Seng Rubber Estate Sdn Bhd maintains all contractors' documents including contract agreement, workers payslips is made available during audit. Interviewed the contractors /suppliers during the audit and has verified on the MSPO implementation.

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 Heng Seng Rubber Estate Sdn Bhd established personal file of employees and verified during audit states all details (name, gender, date of birth, date of entry, job description, wage and period of employment information available as evidence of individual existence. Contract agreement sighted and made available during audit. Record stated the offered position, wages implied, working hours, OT, allowances, rest day, working on holiday etc.

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 The Agreement stated all the term and conditions according to Malaysian Law. This contract is signed by both employee and employer and accompanied with respective witnesses. All workers enjoy the same scale of pay and provided with equal housing and work facilities.

Each employee is provided with the copy of contract agreement, and as per interview with clerk all staff/workers required to sign acknowledgment form upon receipt. During field visit, workers has been interviewed and confirmed they are aware of the deduction and copy of employment contract is given.

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 Heng Seng Rubber Estate Sdn Bhd uses the morning roll call to monitor workers reporting for work. 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. Time recording is based on attendance book – Employee Attendance listed as below:

- Checkroll attendance
- Staff attendance book

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 hours and break time are displayed on notice board and clearly stated in contract employment of employees. Gazette public holidays 2019 displayed on notice board. Seen working hours sign board, "Waktu kerja di Heng Seng Rubber Estate Sdn Bhd", was displayed at the main entrance of the office.

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 Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Based on the interview with the workers, they confirmed they are paid based on minimum wage and understand all the deductions being made by employer. Documented payslip was distributed to individual workers on the day of payment.

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. With regards to local workers, staffs and executives, all of them are covered under EPF & SOCSO as required by the Malaysian Laws and Regulations. Workers provided with accommodation with basic amenities. Other forms of social benefits offered are bonus, incentives, housing facilities, electricity, water and etc.

AOC: Inadequate of evidence sighted during the audit as other form of social benefits, medical care and health provisions offered by the employer are were not clearly stated in the employment contract.

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. Weekly inspection report on workers quarters sighted and verified. As interviewed, Mr. Boey Kok Keong, Field Supervisor does the housing inspection on weekly basis. As sighted, last inspection was done on 8th September 2019. During field visit, linesite has been inspected and the condition is clean and well-maintained condition.

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 Heng Seng Rubber Estate Sdn Bhd established Sexual Harassment Policy named "Polisi Gangguan Sexual" dated 19th June 2018 and approved by Mr Loh Leong Hock, Managing Director stated as:

"Membuat siasatan dan mengambil tindakan yang secepat mungkin terhadap aduan-aduan gangguan seksual".

During interview session with internal stakeholders, found out that no forms of sexual harassment act take place in this area. They are aware of the company policies and knows the procedure to react the situation.

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 Trade Union Policy named "Polisi Menganggotai Kesatuan" dated 19th June 2018 and approved by Mr Loh Leong Hock, Managing Director. No evidence to show that the company is restricting the employees from joining any Trade Union. The policy has been displayed on notice board outside the main office building. Briefing has been conducted regarding the policy during internal and external stakeholder meetings.

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 Heng Seng Rubber Estate Sdn Bhd established "Polisi Pekerjaan Kanak-Kanak & Orang Muda" dated 19th June 2018 and approved by Mr Loh Leong Hock, Managing Director. As per "Social and Human Rights Policy", 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. According to Pn Shuhaila, Chief Clerk, the management ensure no children and young person are 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 Heng Seng Rubber Estate Sdn Bhd established training need analysis, training programme or training records which include the MSPO related, working SOP, social and environmental element for employee and contractors are made available at the time of audit in the "Training File". As sampled taken, below are the following training conducted:

- Seminar Latihan Pengenalpastian Hazard, Penaksiran Risiko dan Kawalan Risiko (HIRARC) dated on 21st January 2019.
- Seminar Keselamatan dan Kesihatan Pekerjaan di Sektor Pertanian, Perikanan dan Perhutanan Tahun 2018 dated 28th October 2018, conducted at Pendang, Kedah.
- Latihan Kebakaran tahun 2019 dated 28th July 2019, conducted by Pengarah Balai Bomba Pokok Sena.

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 Training needs and training plan for the staff and workers. The Estate has a comprehensive annual training plan for the Staffs and Workers. Seen Training Matrix – Related OSH & Training For all site personnel. “List of Heng Seng Rubber Estate Staff Having Undergone Training Programme”. In total of all 32 employees. Last updated training matrix is on 23rd September 2019, prepared by Ms Nurul Husna Bt Md Shuib and checked by Mr Chin Sen Kiew.

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 Heng Seng Rubber Estate Sdn Bhd established training programme or training records which include the MSPO related, working SOP, social and environmental element for employee and contractors are made available. Training matrix and annual safety program plan include competency briefing / training activities for all employees. Last updated training matrix is on 23rd September 2019, prepared by Ms Nurul Husna Bt Md Shuib and checked by Mr Chin Sen Kiew.

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 Heng Seng Rubber Estate Sdn Bhd has established policy related to the environmental management and made available at Heng Seng Rubber Estate Sdn Bhd as referred to: “Polisi Alam Sekitar”, “Polisi Tanaman Semula” and “Polisi Larangan Pembakaran Terbuka” dated 19th June 2018 and signed by Mr. Loh Leong Hock, Managing Director.

The policy has been communicated to the stakeholders during the stakeholders meeting. During interview session with the stakeholders conforms on the communication and implementation of the policy related.

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 Heng Seng Rubber Estate Sdn Bhd has established its Environmental Management Plan as referred to: "Pelan Pembangunan Berterusan Heng Seng Rubber Estate Sdn Bhd year 2019" dated 20th May 2019.

Items include:

- i. Papan tanda di stor baja & racun
- ii. Keperluan persekitaran Kawasan
- iii. system perakaunan dan ubah syarat tanah
- iv. tanam semula kelapa sawit

The company has conducted environmental impact assessment for all its' activities in year 2019 referred as "Penilaian Impak & Aspek Alam Sekitar", document is made available dated 22nd May 2019

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 The environmental improvement plan to mitigate the negative impact was incorporated in the environment management plan. Significant issues recorded in the "Penilaian Impak & Aspek Alam Sekitar" were translated to the Environmental Management Plan as referred to: "Pelan Pembangunan Berterusan Heng Seng Rubber Estate Sdn Bhd 2019" dated 20th May 2019. Site verification has been conducted on the implementation of the improvement plan.

In Compliance **Yes** No Not Applicable

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

Summary The programme to promote the positive impacts on environmental was incorporated in the environment management plan. The sample included in Continuous Improvement Plan as referred to: "Pelan Pembangunan Berterusan Heng Seng Rubber Estate Sdn Bhd (2019)" dated 20th May 2019. Implementation of the plan has been verified during the site assessment. As sampled taken:

- Provide training and briefing regarding positive and negative impact of HCV area, improvement plan and monitoring program.

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 Training programmes on the environmental management and improvement are available as referred to "Training Matrix – related OSH & Training for all site personnel" and "Training Programme C/W and contractor workers Training matrix – Year 2019" dated 23rd September 2019. Sampled training as follows:

1. Latihan Pengenalan Kepada High Conservation (HCV), High Biodiversity Value & Greenhouse Gas (GHG), dated 04th May 2019
2. Latihan Meracun, "Harvesting", Loading dan "Basic first aid training", Tahun 2019 dated 6-7th March 2019.

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. Environmental quality is discussed during the meetings with the Internal Stakeholders which was conducted on 2nd February 2019. Attendance list and minutes of meeting was available and sample of issues are:

- i. Policies related to environment
- ii. "Kepentingan menjaga alam sekitar"
- iii. "Langkah mengatasi masalah pencemaran alam sekitar"
- iv. "SOP Meracun"
- v. "SOP Pengurusan Sisa Domestik"

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 Monitoring on the consumption of non-renewable energy and the baseline values are available as referred to "Penzoil use for estate FFB transport for year 2019", "Diesoline use for estate FFB transport for year 2019", "Electricity use estate for year 2019" and "Diesoline use for contractor transport to mill for year 2019" as to-date.

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 Heng Seng Rubber Estate Sdn Bhd visited has been documented on annual basis based on the financial year. Seen annual estimate of non-renewable energy being established for the year 2019/2020. Monitoring on the consumption of non-renewable energy and the baseline values are available as referred to "Penzoil use for estate FFB transport for year 2019", "Diesoline use for estate FFB transport for year 2019", "Electricity use estate for year 2019" and "Diesoline use for contractor transport to mill for year 2019" as to-date.

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.

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 Waste products and sources of pollution are identified in the List of Scheduled Waste "Pengenalpastian Bahan Buangan Tidak terjadual tahun 2019" and "Pengenalpastian Bahan Buangan terjadual tahun 2019" dated 15th March 2019. Types and source of pollutions was made available, and sighted type and source of pollutions.

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 Action Plan for the year 2019 of Heng Seng Rubber Estate Sdn Bhd is verified. Implementation at site were verified during the site assessment. Waste Management Plan is available in the:
 i. "Pengenalpastian Bahan Buangan Tidak terjadual tahun 2019" dated 15th March 2019.
 ii. "Pengenalpastian Bahan Buangan terjadual tahun 2019" dated 15th March 2019.

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 Heng Seng Rubber Estate Sdn Bhd has established SOP on handling chemical as referred to:

- SOP for "Menyediakan/ Membancuh Racun dated 22nd April 2019, prepared by Ms Nurul Husna binti Md Shuib and approved by Mr Chin Sen Kiew, Estate Manager.
- SOP for "Meraacun" dated 22nd April 2019, prepared by Ms Nurul Husna binti Md Shuib and approved by Mr Chin Sen Kiew, Estate Manager.
- SOP for "Penyimpanan Racun" dated 22nd April 2019, prepared by Ms Nurul Husna binti Md Shuib and approved by Mr Chin Sen Kiew, Estate Manager.

All scheduled waste has been identified and listed generated from estate operations inside the Environmental Management plan according to legal requirement. Implementation at site were verified during the site assessment.

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 estate manager, the chemical containers 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. Proper storage of scheduled wastes has been established. During site verification, e-SWIS system is made available for estate usage. Inventory records are available, however there is no disposal yet to be recorded since the system are newly introduced and implemented beginning on 15th May 2019.

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 at linesite area is well managed by the estate management. All domestic wastes are disposed in landfill, but recycling effort is made aware by implementing segregation of waste into three different bins. SOP for "Pengendalian Sisa Domestik ke Lubang Sampah" made available dated on 23rd April 2019, prepared by Ms. Nurul Husna bin Md Shuib and approved by Mr. Chin Sen Kiew. During site observation, landfill map is made available and implementation at site were verified during the site assessment.

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 Heng Seng Rubber Estate Sdn Bhd established pollution aspects and impacts. All activities contributing to pollution in the estate has been accessed and documented as per Environmental Impact Assessment (EIA). An assessment of the polluting activities is available in the:

- i. "Pengenalpastian Bahan Buangan Tidak terjadual tahun 2019", "Pengenalpastian Bahan Buangan terjadual tahun 2019" dated 15th March 2019,
- ii. "Pelan Pengurusan Penggunaan Tenaga, Kawalan Pencemaran dan Pemantauan Kesan Pelepasan Gas Rumah Hijau bagi Tahun 2019" dated 30th August 2019.

In Compliance **Yes** No Not Applicable

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

Summary Action plan and monitoring sighted in document of Environmental Management Plan" dated 22nd May 2019. Seen one of the action plans referring to water pollution, due to fertilizers application activities. Waste Management Plan is available in the:

1. "Pengenalpastian Bahan Buangan Tidak terjadual tahun 2019", "Pengenalpastian Bahan Buangan terjadual tahun 2019" dated 15th March 2019,
2. "Pelan Pengurusan Penggunaan Tenaga, Kawalan Pencemaran dan Pemantauan Kesan Pelepasan Gas Rumah Hijau bagi Tahun 2019" dated 30th August 2019.

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 Heng Seng Rubber Estate Sdn Bhd has no natural water resources within the estate compound. Water for domestic usage are supplied by Syarikat Air Darul Aman, Kedah. No river passing through the estate area. Water Management Plan is made available in the "Pelan Pengurusan Air" as prepared by Puan Suhaila bt Shariff and verified by Mr. Chi Sen Kiew dated 31st July 2019. Implementation at site were verified during the site assessment.

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 Summary Report HCV Assessment for Heng Seng Rubber Sdn Bhd, prepared by Ms. Nurul Husna and Pn Shuhaila (MSPO Coordinator), verified and checked by Mr. Chin Sen Kiew, Estate Manager dated 8th August 2019. Areas were verified during the site assessment. There is no HBV area identified within the estate vicinity.

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 During site visit, there were road side drains constructed along the main roads to divert and conserve water at designated points.

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 The estate is surrounded by neighboring estates and smallholders. Therefore, no rare, threatened or endangered (RTE) species was identified in the estate. Proper signage (No fishing and no hunting) has been displayed at strategic locations in the estate.

Summary Report HCV Assessment for Heng Seng Rubber Sdn Bhd, prepared by Ms. Nurul Husna and Pn Shuhaila (MSPO Coordinator), verified and checked by Mr. Chin Sen Kiew, Estate Manager dated 8th August 2019. Areas were verified during the site assessment. There is no HBV area identified within the estate vicinity.

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 High biodiversity value (HBV) evaluation plan has been established for planted area, appropriate measures has been taken by the management. Records management plan on biodiversity is included in the "Pelan Pembangunan Berterusan Heng Seng Rubber Estate Sdn Bhd Tahun 2019". Issues highlighted in the:

- i. Keperluan Persekitaran Kawasan (Social)
- ii. Keperluan Alam Sekitar

Samples of action plan taken are as follows:

- Memasang papan tanda amaran dan larangan di kawasan yang mempunyai parit.
- Menyediakan tempat penyimpanan supaya dapat mengelakkan berlakunya pencemaran alam sekitar".
- Mengekalkan habitat dan meletakkan papan tanda dilarang memburu di Kawasan kebun".

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 Biodiversity Management Plan implementation of management plan was verified during the site assessment by the estate which includes;

1. Strictly not allowed activities such as hunting, fishing, catching birds, setting animal traps, etc.
2. Displaying "No Hunting Allowed" sign board at the entrance of the field.
3. Educating estate's employees on biodiversity conservation.

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 Heng Seng Rubber Estate Sdn Bhd is implementing Zero Burning Practices as stated in "Polisi Larangan Pembakaran Terbuka" dated 19th June 2018 and signed by Mr. Loh Leong Hock, Pengarah Urusan, Heng Seng Rubber Estate Sdn Bhd. SOP on Replanting is made as reference as [S.O.P Tanam Semula Pokok Kelapa Sawit; dated 22nd April 2019, prepared by Ms. Nurul Husna bt Md Shuib, Clerk and approved by Mr.Chin Sen Kiew, Manager.

During interview session, MSPO coordinator highlighted there is “No open burning” sign has been displayed at field. Implementation was verified during the site assessment.

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 significant risk of disease palm was reported. Estate replanting programme based on estate’s operation policies and agronomic practices is established. No burning was practiced as there are no need for the estate to apply permit or permission for burning.

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. No controlled burning being sought by the estate.

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 Open burning in relation to new planting, re-planting or other development is not allowed and this was communicated to all employee and stakeholder as the company implementing Zero Burning Practices as stated in “Polisi Larangan Pembakaran Terbuka” dated 19th June 2018 and signed by Mr. Loh Leong Hock, Pengarah Urusan, Heng Seng Rubber Estate Sdn Bhd. SOP on Replanting is made as reference as [S.O.P Tanam Semula Pokok Kelapa Sawit; dated 22nd April 2019, prepared by Ms. Nurul Husna bt Md Shuib, Clerk and approved by Mr.Chin Sen Kiew, Manager.

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 Heng Seng Rubber Estate Sdn Bhd has established Standard Operating Procedure for estates. Estate manager will monitor the work flow and ensure all operations as per guided in the SOP. In total 33 types of Standard Operating Procedures which are in use in the company's operations. All the SOP were prepared by Cik Nurul Husna, Clerk and approved by Mr Chin Sen Kiew, Manager. Given below are some sampled SOP used in the company's operations:

No.	SOP
1	SOP Kebolehhesanan
2	SOP Rundingan Dan Komunikasi Aduan
3	SOP Audit Dalaman
4	SOP Membaja
5	SOP Mencantas
6	SOP Menyedia/ Membancuh Racun
7	SOP Meraacun

The document was well maintained and implemented. As per training programme established, management has conducted and planned the relevant training for all the related employees as per training needs.

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 site 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 Maps are made available showing separation of estates. The estate has a map showing separation of block/field. Each field has the field marking (boundary marker) sighted during field visit. The estate has a visual reference system to identify each field or block. Each field painted on crops with block number, year of planting, progeny & hectare only. Marking has been sprayed on the nearest crops, 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 Estate had an annual budget for the financial year 2019 is made available. Seen Estimated Cost of Oil Palm Replanting in (Heng Seng Rubber Estate Sdn Bhd). Annual budget for the financial year 2019 is made available. Business plan for the 2019, 2020 and 2021 prepared by Pn Suhaila & Cik Nurul Husna and approved by Mr Chin Sen Kiew, Manager. There is an implemented management plan to demonstrate attention given to long term economic financial planning. Given the forecasted revenue and yield per hectare for financial year 2017/2018, 2018/2019 and 2019/2020.

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 Annual replanting programme from 2019 to 2034 for Heng Seng Rubber Estate Sdn Bhd prepared by Cik Nurul Husna and approved by Mr Chin Sen Kiew dated 20th February 2018.

REPLANTING YEAR	FIELD NO/YEAR/CLONE
2018	PR2018/AAR & YANGAMBI
2019	PR2019/AAR
2020	PR2010/AAR

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. Sighted in annual budget year 2019, there is estimated expenditure for the year 2019 made available. Sighted analysis of expenditure for the year 2019, as sampled below:

Details	2019
Estimated yield for 2019/2020	17.09
Planting material	AAR/YANGAMBI

Implemented management plan and their achievements which are documented sighted and verified.

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 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 Record seen in estimated income and expenditure statement for year 2018 & 2019, stated the prices of FFB [CPO & PK]. Sighted the "Offer to Purchase FFB" between:

Contract for The Commercial Sale of Goods which states the forecasted price for FFB and also payment of FFB to seller shall be before 18th day of each month. The above Contract is signed on the 1st January 2018 by Heng Seng Rubber Estate Sdn Bhd with suppliers.

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 All contracts are kept in estate office. Sighted the contract Agreement signed by contractor and Heng Seng Rubber Estate Sdn Bhd. As evidence, sampled:

- Transport contractor
- JCB contractor
- Replanting contractor

Found details on payment and the frequency of payment stated in the contract, seen and verified evidence of payment to contractors.

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.

Clauses in the memorandum of Agreement between Heng Seng Rubber Estate Sdn Bhd and contractors requiring them to understand the MSPO requirements and shall provide



the required documentation and information if needed. Given below are the clause number where the MSPO requirements is stated in Clause 3 & 16. During stakeholder meeting, interviewed stakeholders and contractors and they able to demonstrate their understanding on MSPO requirements to comply with and act accordingly.

In Compliance **Yes** No Not Applicable

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

Summary Heng Seng Rubber Estate Sdn Bhd contract include statement in accordance to company policies and rules. Contract agreement of contractors are made available, sighted and verified during audit.

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 19th August 2019 (Stage 1) and 23rd September 2019 (Stage 2). Sighted audit plan which have been accepted address to 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. Field supervisor will physically check the work done at the site based on the invoiced (Job carried out) to verify on work performed to release payment to contractor.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.



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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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 Heng Seng Rubber Estate Sdn Bhd.

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

Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
22 nd September 2019	TBA	Travelling from Kuala Lumpur – Sg Petani, Kedah.	SP	NA/MAS
23 rd September 2019	08:00 – 09:00	Centralize Opening Meeting at Heng Seng Rubber 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	NA/MAS
	09:00 – 13:00	Heng Seng Rubber 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	NA/MAS
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ 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	NA/MAS
		Centralize Stakeholder Consultation (Heng Seng Rubber Estate - Office)	SP	NA/MAS
	13:00 – 14:00	<ul style="list-style-type: none"> ➤ Lunch 	SP	NA/MAS
	14:00 – 15:30	<ul style="list-style-type: none"> ➤ 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	NA/MAS



	15:30 – 16:00	➤ Verify any outstanding issues and auditor discussion.	SP	NA/MAS
	16:00 – 17:00	<p>Centralize Closing Meeting at Heng Seng Rubber Estate</p> <ul style="list-style-type: none"> ➤ Chaired by the audit Lead Auditor • 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	NA/MAS



Appendix B: Non-Conformity details

Non-Conformities Identified During This Audit

Major Nonconformities:	Non-was raised during this audit.
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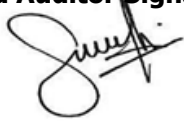

Minor Nonconformities:	The following NC's was raised for this audit.
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Company Name	Heng Seng Rubber Estate Sdn Bhd			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-AE1-MSPO-2019			
NC No. / Ref.	AE1/MSPO/MINOR/01	Date Detected	23 rd September 2019	
Site(s) concern	Heng Seng Rubber Estate	Target Completion	Next Surveillance audit	
Normative Reference and Requirement	4.4.1.1 Social impact should be identified, and plans are implemented to mitigate the negative impacts and promote the positive ones.			
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:				
Social Impact Assessment (SIA) is made available at the time of audit. However, insufficient SIA samples and data collections of internal stakeholders were involved.				
Lead Auditor Signature:		Client Signature:		
				
Root cause Analysis (to be filled by client):				
Make a social impact assessment meeting and survey from internal stakeholder.				
Corrective action planned (to be filled by client):				
Will make a social impact assessment report.				
Preventive Action (to be filled by client):				



Social impact assessment report already prepared.	
Review of corrective/preventive action (to be filled by Lead Auditor)	
To be verified by next surveillance audit.	
NC Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified:	Lead Auditor Signature:

Area of Concern:	The following area of concern was raised for this audit.
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Company Name	Heng Seng Rubber Estate 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-AE1-MSPO-2019			
NC No. / Ref.	AE1/MSPO/AOC/01	Date Detected	23 rd September 2019	
Site(s) concern	Heng Seng Rubber Estate	Target Completion	-	
Normative Reference and Requirement	4.4.5.10 Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.			
NC Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern			
Description of Non-Conformity	Inadequate of evidence sighted during the audit			
NC Objective Evidence: Other form of social benefits, medical care and health provisions offered by the employer are were not clearly stated in the employment contract.				
Lead Auditor Signature: 		Client Signature: 		



Appendix C: List of Stakeholders Contacted

Attendance List

Internal Stakeholders

- 1) Heng Seng Rubber Estate Sdn Bhd management team and staff
- 2) Gender Committee Representatives
- 3) Male and Female workers
- 4) Workers Representatives
- 5) Foreign Workers Representatives

External Stakeholders

- 1) Malaysian Palm Oil Board, Pulau Pinang
- 2) MPOB Butterworth Pulau Pinang
- 3) Wakil Ketua Kampung Baloh
- 4) Wakil Kampung Baloh
- 5) Wakil Kampung Rizab Paya Tenusu
- 6) Kementerian Kesihatan Daerah Pendang
- 7) Pejabat Daerah Pendang
- 8) Jabatan Alam Sekitar Alor Setar
- 9) Majlis Daerah Pendang
- 10) Pejabat Polis Daerah Bukit Jenun
- 11) Kilang PWF Bukit Jenun
- 12) Pejabat Buruh Alor Setar
- 13) Temple representative
- 14) Suppliers
- 15) Local Communities