

NESUS CERTIFICATION SDN BHD



MSPO CERTIFICATION SUMMARY REPORT

FOR

LADANG SAWIT MUHIBAH SDN BHD (769660-D)

Date: 18th June 2024

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MSPO Certification Summary Report



| | | |
|---|------------------|--|
|  | Company Name: | Ladang Sawit Muhibah Sdn Bhd (769660-D) |
| | Certifying Unit: | Ladang Sawit Muhibah Estate |
| | Client Number: | NSC-85-06-22/MSPO |
| | Audit Type: | Individual / Surveillance 1 Year 2 Audit |

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Abbreviations

| | |
|----------------|---|
| CHRA | Chemical Health Risk Assessment |
| CPO | Crude Palm Oil |
| CSR | Corporate Social Responsibility |
| DOE | Department of Environment |
| EFB | Empty Fruit Bunch |
| EIA | Environment Impact Assessment |
| FFB | Fresh Fruit Bunch |
| GMP | Good Milling Practices |
| GPS | Global Positioning System |
| GAP | Good Agriculture Practices |
| ISO | International Standard Organization |
| MPOB | Malaysian Palm Oil Board |
| MPOCC | Malaysia Palm Oil Certification Council |
| MSPO | Malaysia Sustainable Palm Oil |
| NC | Non Conformity |
| OFI | Opportunities For Improvement |
| OSH | Occupational Safety and Health |
| P&C | Principle and Criteria |
| PK | Palm Kernel |
| POME | Palm Oil Mill Effluent |
| PPE | Personal Protective Equipment |
| RTE | Rare, Threatened and Endangered Species |
| SDS | Safety Data Sheet |
| SIA | Social Impact Assessment |
| SOP | Standard Operating Procedure |

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1. INTRODUCTION

Ladang Sawit Muhibah Sdn Bhd has commissioned Nesus Certification Sdn Bhd to conduct **Surveillance 1** audit for its oil palm plantation according to MS 2530-3:2013 Part 3 General Principles for Oil Palm Plantations and Organized Smallholders.

1.1. Objective

The objective of this **Surveillance 1** audit is to assess the oil palm plantations by an independent certification body with the aim for compliance of the standards.

1.2. Scope

Any changes in scope Yes ☐ No ☒

The certification is based on the documentation established by **Ladang Sawit Muhibah Sdn Bhd**. The supporting documents provided to the audit team as well as information received by means of interviews, background investigation and site assessment.

The documents and information are reviewed against the requirements and criteria based on MS 2530-3: 2013 Part 3 General Principles For Oil Palm Plantations And Organized Smallholders. Nesus Certification Sdn Bhd has employed a risk-based approach in the audit, focusing on the identification of significant risks and reliability of the assessment and reporting.

The following references are used as part of the assessment; the compliance of the requirements of the guidelines applied are checked.


1. Malaysian Sustainable Palm Oil Part 3: General Principles For Oil Palm Plantations And Organized Smallholders audit guidance;

1.3. Appointment and Qualification of team members

The audit team appointed consists of the team leader and team members. The team contributes to the review of documents, assessment of the project activity and preparation of this report.

| Audit: | Date: | Audit Team | |
|-----------------------|---|---------------------|--|
| Surveillance 1 | 12th - 13th April 2024 | Lead Auditor | Jeffrey Denis Ridu ; Certified MSPO SCCS Auditor (SGS Malaysia), Certified Lead Auditor QEHS (SGS Malaysia), Certified MSPO Auditor (SGS Malaysia), MSc Plantation Management (UPM), BS Agbusiness (Iowa State University, USA), DPIM (ITM Perlis); 25 years working experience related to palm oil; Site & documentation audit and interview based on Principles 1 to 7 of MS 2530-3:2013. |
| | | Auditor 1 | Jiram Sidu ; Certified Lead Auditor QEHS (SGS Malaysia), Certified MSPO Auditor (SGS Malaysia), MSc Science and Rural Resources and Environmental Policy (UK), BSc (Hons) Social Science (USM); More than 40 years experience in agriculture and environment management field; Site & documentation audit and interview based on Principles 1 to 7 of MS 2530-3:2013. |

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| | | | |
|--------------------------------------|------------------------|--------------|----------------------------|
| Clients Review: | Ms Adeline Stefanie | Date: | 18 th June 2024 |
| Peer Reviewer 1: | - | Date: | |
| Peer Reviewer 2: | - | Date: | |
| Certification Decision Panel: | Mdm Monica Mone Lubong | Date: | 20 June 2024 |
| Approved by CM: | Mr Dickens Mambu | Date: | 20 June 2024 |

5 Years Audit Programme

| Planned month & year | S1 Date: 12/12/22 | S2 Date: 08-09/03 /23 | SA1 Date: | SA2 Date: | SA3 Date: | S4 Date: | RA Date: |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Internal audit | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Stakeholder consultation / survey | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Use of logo | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Follow-up from previous audit finding | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.1 Management Commitment & Responsibility | | | | | | | |
| 4.1.1 MSPO Policy | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.1.2 Internal audit | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.1.3 Management review | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.1.4 Continual improvement | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.2 Transparency | | | | | | | |
| 4.2.1 Transparency of information and documents relevant to MSPO requirements | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.2.2 Transparent method of communication and consultation | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.2.3 Traceability | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.3 Compliance to legal requirements | | | | | | | |
| 4.3.1 Regulatory requirements | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.3.2 Land use rights | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.3.3 Customary rights | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4 Social responsibility, health, safety and employment condition | | | | | | | |
| 4.4.1 Social impact assessment (SIA) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.2 Complaints and grievances | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.3 Commitment to contribute to local sustainable development | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.4 Employees safety and health | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.5 Employment conditions | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.4.6 Training and competency | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5 Environment, natural resources, biodiversity | | | | | | | |
| 4.5.1 Environmental management plan | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.2 Efficiency of energy use and use of renewable energy | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.3 Waste management and disposal | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.4 Reduction of pollution and emission | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

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| | | | | | | | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 4.5.5 Natural water resources | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.6 Status of rare, threatened, or endangered species and high biodiversity value area | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.5.7 Zero burning practices | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.6 Best practices | | | | | | | |
| 4.6.1 Site management | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.6.2 Economic and financial viability plan | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.7 Development of new planting (not applicable) | | | | | | | |
| 4.7.1 High biodiversity | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.7.2 Peat land | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.7.3 Social and Environmental Impact Assessment (SEIA) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.7.4 Soil and topographic information | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.7.5 Planting on steep terrain, marginal and fragile soils | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.7.6 Customary land | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Note:

Legend:

☒ - plan to cover & covered

S1 - Stage 1

SA - Surveillance assessment (not more than 12 months from certification decision date)


☐ - for uncover

S2 - Stage 2

RA - Reassessment (4 months before certificate expiry)

| Audit Stage | S1 | S2 | SA1 | SA2 | SA3 | SA4 | RA |
|-------------|--------------------|--------------------|--------------------|-----|-----|-----|----|
| Year | 1 | 1 | 2 | 3 | 4 | 5 | 6 |
| Plan | 12/12/22 | 08-09/03/23 | 12-13/04/24 | | | | |
| Actual | 12/12/22 | 08-09/03/23 | 12-13/04/24 | | | | |
| Team Leader | Jeffrey Denis Ridu | Jeffrey Denis Ridu | Jeffrey Denis Ridu | | | | |
| PR 1 | - | Ting Moi Ngie | - | | | | |
| PR 2 | - | George Akam | - | | | | |

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2. METHODOLOGY

The audit approach consists of the following steps:


- Contract review;
- Appointment of team members and technical reviewer;
- Contact client for relevant documentation according to the applicable MSPO standards;
- Audit planning;
- Background investigation, desk review of submitted documents;
- On-Site assessment, interviews with operational personnel, stakeholders and its contractors through phone call; review of documentation;
- On-site reporting
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Final audit reporting
- Peer review (if any)
- Address Peer Review Comments (if any)
- Certification Decision Panel (CDP)
- Final approval and issuance of certificate.

Surveillance 1:

Surveillance 1 audit was conducted on **12th - 13th April 2024** which covers the following activities but not limited to below:

- On-site inspection, observations and review plantation documents for compliance to relevant Principles & Criteria of the applied standard;
- Interview operation personnel for understanding for the work assigned;
- Reviewed revised and updated documentation established and implemented;
- Operating records;
- Training records;
- Reports established;
- Work plans established;
- Review and closed out of audit finding raised during **Stage 2** audit;
- Assessment reporting;

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On-site Assessment

The audit of the plantation was conducted according to the MS 2530-3:2013 Part 3 General Principles For Oil Palm Plantations And Organized Smallholders.

The methodology for objective evidence collection was through documentation review, monitoring data and site assessment. The audit evidence obtained was based on a sample of the information; thereby introducing an element of uncertainty. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were taken into account in the assessment.

Non-conformance:


On the basis of the desk review, evidences presented during the audits, non-conformance (NC) Major, Minor and Observation may be raised during the audit.

Major non-conformance shall be addressed and responded within 90 days from closing date of audit. For minor non-conformance, an action plan need to be submitted within 30 days from closing date of audit for review and acceptance. Implementation of Minor NC will be reviewed and verified during the next audit.

Site Sampling**Sampling Methodology and Risk Determination**

Not applicable.

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3. ORGANIZATION INFORMATION

This report presents the results of the certification assessment at **Ladang Sawit Muhibah Sdn Bhd** on **12th - 13th April 2024** by Nesus Certification Sdn Bhd. The purpose was to assess the operations of **Ladang Sawit Muhibah Sdn Bhd** against the requirements of the Malaysian Sustainable Palm Oil (MSPO) certifications.

Ladang Sawit Muhibah Sdn Bhd is an oil palm plantation with a planted area of **570.83 hectares** and first planting in year **2021**. **Ladang Sawit Muhibah Sdn Bhd** will apply the certification of MS2530-3:2013 as the organization is committed to become a Sustainable Palm Oil producer.

Table 1: Information of Estate Being Audited

| Name of Organization | Location | Coordinates | |
|------------------------------|--------------------------------|-------------|------------|
| | | Lat.: | Log.: |
| Ladang Sawit Muhibah Sdn Bhd | Balai Ringin, Serian, Sarawak. | 0.982250 | 110.767750 |


Table 2: Supply Base Area Statement

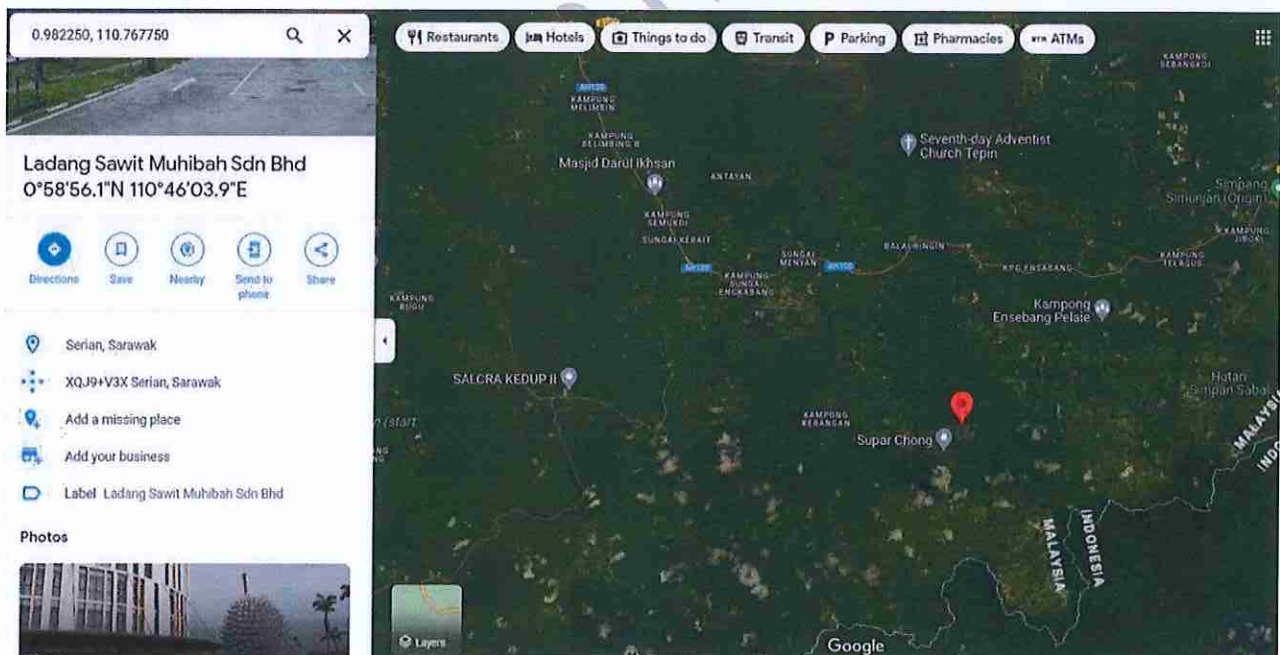
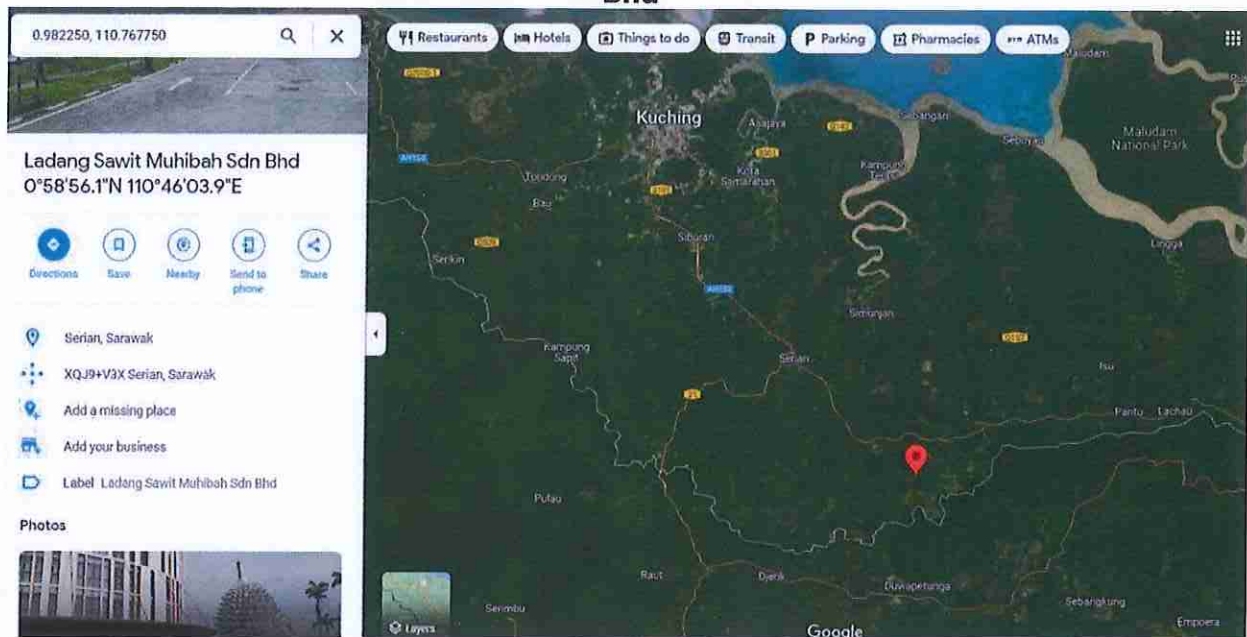
| Area Statement (Ha) | | | | |
|------------------------------|-----------------|--------------|-------------------------|-------------|
| Estate | Total Area (Ha) | Planted (Ha) | Conservation / HCV (Ha) | Others (Ha) |
| Ladang Sawit Muhibah Sdn Bhd | 2,383.45 | 570.83 | 0 | 1,812.63 |

Table 3: FFB Production


| Estate | FFB Production (Mt) | |
|------------------------------|---------------------|---------------------------|
| | Year 2021 (Actual) | Year 2022 (Projection***) |
| Ladang Sawit Muhibah Sdn Bhd | 0 | 0 |

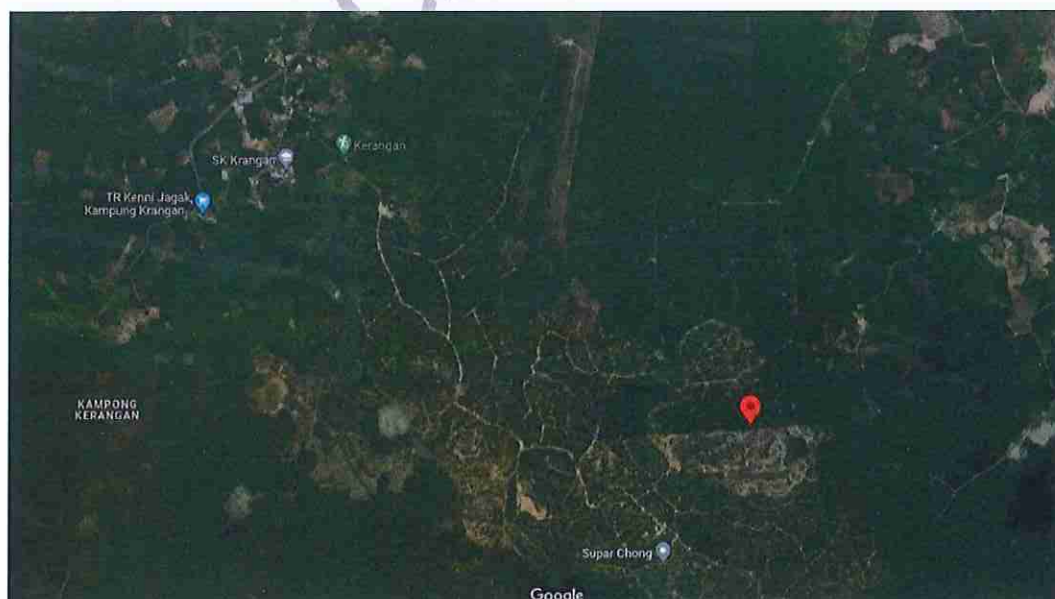
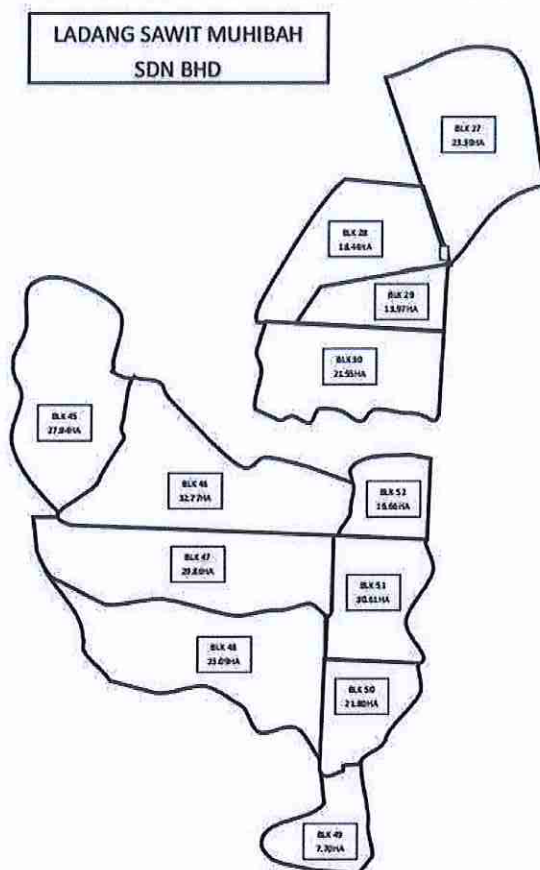
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Location Map of the Production Unit**Ladang Sawit Muhibah Sdn Bhd**

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| MSPO Certification Summary Report | | |
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4. AUDIT ASSESSMENT

4.1 Initial Stage 2 Audit

The objective of the audit is to assess the activities of the plantation are in compliance with MS 2530-3:2013 Part 3 General Principles For Oil Palm Plantations And Organized Smallholders.

4.1.1 Surveillance 1

The **Surveillance 1** audit was conducted on **12th - 13th April 2024**.

During the **Surveillance 1** audit, there were **0 Major, 3 Minor and 0 OFI findings** being raised. The non-conformances raised during the audit were closed out by means of documents review that were established, revised and implemented appropriately and preventive actions taken by the estate.

For details of the assessment, refer to the summary of assessment for each indicator in section 4.4 of this report.


4.2 Stakeholders' Consultation

Nesus Certification Sdn Bhd, has notified the stakeholder as to accommodate stakeholder's consultation and communication for **Ladang Sawit Muhibah Sdn Bhd** to provide comments. As at audit date on **12th - 13th April 2024**, there were no adverse comments received.

Table 5: Stakeholder Consultation for Ladang Sawit Muhibah Sdn Bhd

| Stakeholders Categories | Stakeholder's Input / Comments | Clients Feedback / Response |
|---|---|--|
| Government Agency: Mr Zakaria bin Ismail, DOE | Estate has been committed in complying with the national guidelines of respective matters. No issues. | Communication for all parties are clear and followed as stated in procedure. |
| Supplier: Mr Lai Kuan Fui, Teck Joon Transport Sdn Bhd | Have a good business relationship and committed with MSPO implementation. No issues arise. | Maintain the good business relationship. |
| Local Community: TR Kenny Ak Jagak, Kpg Krangan Tekalong | Have good relationship with the estate. There is a two-way communication where discussion on issues can be amicably done. | Maintain the good rapport with surrounding local communities. |
| Worker Representative: Siska | Happy with workplace and remuneration. | Estate always focuses on employee welfare and well being management. |
| NGO: Mr Zora Chan, World Wildlife Fund | Estate keeps a constant two-way communication with the NGOs. | Maintained clear and good communication. |

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4.3 SUMMARY OF FINDINGS**Principle and Criteria Assessment Summary**

The assessment team conducted a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits where all criterion will be assessed. Evidences are sought for conformity with the MSPO 2530-3:2013. The summary of the assessment can be seen below, where the "Findings/Comments" column reflects the findings in accordance with each criteria and indicator or evidences and when non conformity is found. Summary of the non-conformity can be found below.

4.4 COMMENT ON COMPLIANCE STATUS, POSITIVE OBSERVATION & OPPORTUNITIES FOR IMPROVEMENT

| Principle | Description | Conformity |
|--------------------|--|---------------------------------------|
| Principle 1 | <p>Management Commitment & Responsibility</p> <p>Policy on Implementation of MSPO The MSPO Policy for Tetangga Akrab Group was also applicable for Ladang Sawit Muhibah Sdn Bhd and was signed by the Director, Mr Tan Kim Ho dated 1st December 2020.</p> <p>The policy is communicated in various ways, including posting it at estate office and other designated places.</p> <p>Internal Audit Internal audit is to be conducted at least once a year which was conducted for Ladang Sawit Muhibah Sdn Bhd on 05th-07th February 2024. The internal audit plan 2024 was sighted.</p> <p>The Internal Audit Procedure was established on 2nd December 2020 and revised on 22nd October 2021. There were 0 findings raised during the internal audit and was made available to the management for review and necessary decisions.</p> <p>Management Review The Management Review for Ladang Sawit Muhibah Sdn Bhd was held on 21st March 2024, discussing change of storekeeper to Ms Murlin Mulias, attendance, records/checkroll, work quantity & quality.</p> <p>N/C No. 1; MINOR (Principle 4.1.3.1) The management review was conducted but not fully in accordance with the requirements.</p> <p>The management review is being conducted on monthly basis but did not involve any top management or representative in the</p> | Minor Non Conformity has been raised. |

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| | | <p>review.</p> <p><u>Continual Improvement</u> The company has identified Continual Improvement Plan for several criteria such as environmental, safety and health, and social. The progress of each identified improvement plan is being monitored closely by the management and latest update was on 5th April 2024.</p> | |
| Principle 2 | Transparency | <p><u>Transparency of documents relevant to MSPO requirements</u> A communication procedure had been established to ensure appropriate and clear communication between two or more parties when resolving concerns or issues or relating new information. MSPO Committee was formed for the purpose of MSPO implementation.</p> <p>All publicly available documents was made available upon request, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcome.</p> <p><u>Transparent method of communication and consultation</u> Tetangga Akrab Group, Serian Region, Management Procedures MP03-Communication & Consultation, is available and being used for other estates under the group that map out the flowchart with regards to the communication with stakeholders.</p> <p>Social Liaison Officer was appointed on 6th April 2023 to handle any stakeholders consultation and communication. List of stakeholders have been made available as per Doc. Tetangga Akrab Group – Melikin Region Estate, TA-L3-TM03/F01 Rev.1 (26/01/2024).</p> <p><u>Traceability</u> A traceability procedure is established, MP12-Traceability as a guide for the operating unit in order to ensure effectiveness of traceability system in the company. The procedure was created to demonstrate actual implementation, thereby reducing the need for frequent inspection.</p> <p>Ladang Sawit Muhibah Sdn Bhd had appointed Traceability Officers with appointment letter dated 6th April 2023. Traceability officer has been tasked to undertake regular inspection and monitoring of the FFBs harvested and delivered to the mill. However, no record of sales is recorded</p> | Complied. |

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| | | as the estate has just been planted in 2021 and not in production yet. | |
| Principle 3 | Compliance legal requirements to | <p><u>Regulatory requirements</u> Tetangga Akrab SB, Register of applicable legal requirements, TA-L3-TM05/F01 is available, comprehensive and updated. The estate applications for MPOB licence, Trade licence etc are still pending as the Approval of its EIA Report is still under evaluation by NREB. The estate's appointed Legal Officer, in charge of monitoring compliance. If there are any changes, estates management will be notified so that appropriate adjustments can be made.</p> <p><u>Legal land use rights</u> The Estate has been granted the Lease of State Land and Titled land and land document are verified. There is no issue on reducing land use rights as the operation is well known by all concerned parties.</p> <p>The plantation map with its perimeter boundary is available and clearly demarcated on the ground. The pegs are colored red and white stripes.</p> <p><u>Customary rights</u> There is no issue or encumbered by customary rights in the estate. Not applicable as this is titled land and are not encumbered by customary rights. The estate will respond according to the Complaints & Grievance Mechanism should any cases arise in future.</p> | Complied. |
| Principle 4 | Social responsibility, health, safety and employment condition | <p><u>Social Impact Assessment</u> The Social Impact Assessment (SIA) for Ladang Sawit Muhibah Sdn Bhd was made available conducted in April 2023 by Op Agrotech Sdn Bhd. The estate is still in the immature stage with planting commencing in 2021.</p> <p><u>Complaints and grievances</u> A Complaints & Grievances Procedure, Ref No: MP04 is available for Tetangga Akrab Group. The procedure was established on 02/12/2020 and revised Rev. 02 dated 22/10/2021 includes a process flow for complaints and grievances that specifies how long it should take to resolve any complaint received. The complaints and grievance mechanism has been made known to all relevant stakeholders and will be recorded in the "Complaint Record."</p> <p>The affected parties can channeled their complaints/grievances through Complaints Form, stakeholder consultation, morning</p> | Minor Non Conformity has been raised. |

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muster and Safety meetings. Complaint boxes are available at the entrances of estate where affected employees and other stakeholders can drop in their complaints to be acted upon by the Communication Officer/SLO who was appointed on 6th April 2023.

To date, no complaints received by the estate.

Commitment to contribute to local sustainable developments

As a means of contribution to the local sustainable development, Corporate Responsibility Report recorded showed the estate gives out donations/food gifts during festive season to workers e.g. provision of chicken, rice & cordial drinks to every employees for Raya dated 08/04/2024.; job opportunities were given priority to locals; repair of roads for use also by the local community.

Employees safety and health

Tetangga Akrab Group has established an Occupational Safety and Health Policy signed by the Director on 01/12/2020. The policy is posted in the Estate Office and the Headquarters Office. MSPO Awareness Training was used to communicate the policy to all employees.

All operation risk were assessed and documented in the HIRARC Form. The risk assessment (Harvesting, Transporting of Workers, Manuring) has been updated in April 2021 and review by HQ.

Safety training for employees is seen in the Training Activities Year 2024 for Ladang Sawit Muhibah Sdn Bhd which covered safe chemical handling, chemical store management, safe work practices at workshop, safe handling of tractor, Use of PPE, ERT & basic life course, OSH meeting.

The Personal Protective Equipment (PPE) procedure Ref: MP21 Rev.01 dated 13/09/2022 were implemented whereby appropriate PPE were distributed for the specific risk assessed operations as per HIRARC.

The safety & health meeting was held on 06/04/2024 for Ladang Sawit Muhibah was held together with Memaju Jaya Estate as they share the same office premise.

SOP on handling accident been mentioned on specific procedure. An emergency

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preparedness and response chart demonstrates control of situation and the process of handling the situation and provides information have been set up.

It is also observed that Chemical Health Risk Assessment Report, First Aid Box, Fire extinguisher and Register of Chemicals Hazardous were seen and available in the estate.

N/C No. 2; MINOR (Principle 4.4.4.2)

The implementation of safety and health aspects was not correctly adhered to. During the site visit and document review, it was found that:

- (1) The safety and health coordinator was not the same person as the secretary of the safety and health committee.
- (2) The attendance of the latest safety & health committee meeting dated 06/04/2024 showed attendance of chairman, safety and health coordinator and 10 representatives of employer. There was no attendance of any of the 7 representatives of employees. The organization chart of the safety and health committee showed 7 representatives of employer and 7 representatives of employees and together with chairman and OSH coordinator gives a total of 16 appointed members.

Employment conditions

The Good Social Practices Policy Statement was established and signed by Director in 1st December 2020 which adhere following principles:


- a) Provide a safe, healthy & harmonious work environment;
- b) Prohibits illegal, abusive, forced or child Labour;
- c) Respect & protect human rights;
- d) Elimination of discrimination;
- e) Freedom of association;
- f) Rights of indigenous people, FPIC;
- g) Smallholders;
- h) Transparent;
- i) Prohibit sexual harassment

Based on observation and interview session, it was noted that there are no discriminatory practices in the estate.

The employment terms and conditions are contained in the employment contracts are made clear to both local and foreign workers before they signing the contract.


The estate have followed the Sarawak

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| | | <p>Labour Ordinance (Ch. 76) Act and workers who are paid monthly and work a minimum of 8 hours per day, receive basic wages of more than RM1,500 per month in compliance with the Minimum Wage Order 2022.</p> <p>Among other social benefits that are provided by the employer to employees are incentives, medical care and health provision. Besides, the estate also provides drinking water and food every week and housing facilities.</p> <p><u>Training and competency</u> Training was conducted for Ladang Sawit Muhibah Sdn Bhd together with Memaju Jaya Sdn Bhd which include workshop training, Manuring training, tatacara menangani tekanan haba, chemical safe spary technique and PPE usage training.</p> <p>Training Needs Analysis for 2024 and Safety & Health training matrix were sighted during audit. Sighted the training needs of individual employees has been identified prior to the planning and implementation of the training programme in order to provide the specific skill and competency required to all employees based on their job description. A Continuous Training Programme for 2024 was available for Ladang Sawit Muhibah Sdn Bhd.</p> | |
| Principle 5 | Environment, natural resources, biodiversity and ecosystem services | <p><u>Environmental management programme</u> The estate is under Tetangga Akrab Group, which has the following policies:</p> <ol style="list-style-type: none"> 1. MSPO Policy 2. Environment Policy and 3. Zero Burning Policy <p>All of the policies were established and signed by the director on 1st December 2020. Ladang Sawit Muhibah appointed the estate manager as Chairman of JK Alam Sekitar vide Appointment letter, dated 3rd February 2022.</p> <p>Environmental improvement plan has been incorporated in its Environmental Management Plan to mitigate the negative impacts and promote the positive ones.</p> <p>Ladang Sawit Muhibah has conducted Environmental Refreshment Training/Activities which include Refresher of schedule waste management, Refresher training of chemical store management and Briefing on Safe Chemical handling & storage management were done to increase awareness among their workers. Besides, the estate also held Mesyuarat Alam Sekitar Ke-2 (2024) chaired by estate manager</p> | Minor Non Conformity has been raised. |

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| | | <p>06/04/2024.</p> <p><u>Efficiency of energy use and use of renewal energy</u> Since Ladang Sawit Muhibah Sdn Bhd has sharing facilities with Memaju Jaya Sdn Bhd (TA Group), the estate estimated usage of diesel was recorded in Budget & Actual Records of Diesel Usage for Tetangga Akrab Group, Melikin Region Estate.</p> <p>Some solar energy usage sighted to complement the used of gen-set.</p> <p><u>Waste management and disposal</u> Tetangga Akrab Group- Serian Region Estate TA-L1-EN 02 Waste Management Plan 2023 was updated on 1st March 2023 and being implemented in the estate. All waste products and pollution sources were identified and documented properly.</p> <p>The estate has its own Procedures to deal with empty pesticide containers, and being implemented, namely, MP07-Chemical management and MP18-Prosedur Pengendalian Racun.</p> <p>Dumping pit for disposal of domestic waste for Ladang Sawit Muhibah is shared with Memaju Jaya Sdn Bhd.</p> <p><u>N/C No. 3; MINOR (Principle 4.5.3.5)</u> Domestic waste was not properly disposed as to minimize the risk of contamination of the environment and water courses. Based on site inspection to Labour quarter Block 9, domestic wastes were found illegally disposed behind the quarters and watercourse.</p> <p><u>Reduction of pollution and emission</u> The estate has done its EAIA, which cover all polluting activities.</p> <p><u>Natural water resources</u> The Water Management estate & Palm oil Mill, 2022 prepared by Group MSPO IC, updated 4/2/2022.</p> <p>Rain water harvesting practice is applied in this estate. It is also the main source of clean water in the estate.</p> <p>No bund/weir/dam constructed along the waterways in the estate.</p> | |
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| | | <p><u>Status of rare, threatened or endangered species and high biodiversity value area</u> Tetangga Akrab Group- Melikin Region Estate, Wildlife identification updated on 01/03/2024. Their continual improvement plan towards conservation and management of biodiversity includes conducting awareness program to staff and workers.</p> <p>To date, no RTE species were sighted and reported in the estate. Posters on protected wild life and protected species were displayed to raise workers awareness.</p> <p><u>Zero burning practices</u> Tetangga Akrab Group- Melikin Region Estate, has established its Zero Burning Policy, which prohibit any open burning in any of the estates. Open Burning permit/Approval will be sought from relevant authority if necessary, for future expansion.</p> | |
| Principle 6 | Best practices | <p><u>Implementation of standard best practices / Site management</u> The Tetangga Akrab Group Plantation Manual Sdn Bhd established 02/11/2020 outline the best management practices.</p> <p>The estate of Ladang Sawit Muhibah Sdn Bhd are of mineral soils of undulating terrain.</p> <p>The estate had maintained a visual identification/reference system for each established field/block and was done by painting the block number (as signboard) and mainly at the field road junctions and maps established.</p> <p><u>Economic and financial viability plan</u> A Business Plan & Strategy for the Tetangga Akrab group (TAG) was sighted and Business plan for Ladang Sawit Muhibah Sdn Bhd has been done. Since Ladang Sawit Muhibah as just been planted in 2021, there is no production yet by the estate.</p> <p><u>Transparent and fair pricing dealing</u> No production yet as Ladang Sawit Muhibah Sdn Bhd was just planted in 2021 and still in immature stage.</p> <p><u>Contractor</u> There is no contractor for Ladang Sawit Muhibah Sdn Bhd.</p> | Complied. |
| Principle 7 | Development of new plantings | <p>Not Applicable. Note: the whole Principle 7 is not applicable for this audit as new planting in the plantation areas is yet to be carried out.</p> | Not Applicable. |

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Based on the audit, it was apparent that:

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| The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system | √ |
| The management review process is adequate and effective. | √ |
| The organization has met its objectives and targets and monitored progress towards their achievement. | √ |
| The management system documentation confirms with the requirements of the MSPO audit standard. | √ |

4.5 PREVIOUS AUDIT FINDINGS – IF APPLICABLE

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| Nonconformity identified during previous audits has been corrected and the corrective action continues to be effective | √ |
| Not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report. | Nil |

4.6 EXISTING CERTIFICATION


Currently are being certified to other certification schemes as below

| Current Certification (Please tick the certification you are currently certified) | | | |
|--|-----------------------|--|---------|
| | ISO 9001 | | HACCP |
| | EMS 14001 | | RSPO |
| | OHSAS 18001/ISO 45001 | | ISCC |
| | ISO 22001 | | Others: |
| x | None | | |

4.7 AUDIT SUMMARY AND RECOMMENDATION

The audit team concludes that the organization fulfill the requirements of the MS 2530-3:2013 standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives.

The audit team recommends that, MSPO certificate to be maintained by submission and accept the corrective action plan and evidence of NCRs within the stipulated time frame to **Ladang Sawit Muhibah Sdn Bhd.**

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Signed for and on behalf of
Nesus Certification Sdn Bhd



.....
(Jeffrey Denis Ridu)

Lead Auditor

Date: 18th June 2024

ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY AND CONFIRMATION OF AUDIT FINDINGS

This is to acknowledge and confirm the audit described in this report and the acceptance of the contents and findings in this audit report.

Signed for and on behalf of
Ladang Sawit Muhibah Sdn Bhd




.....
(Adeline Stefanie)

Head of Compliance & Sustainability

Date: 18th June 2024

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APPENDIX A: AUDIT FINDINGS

Refer to the Attachment (Appendix A)

APPENDIX B: CORRECTIVE ACTION PLAN & EVIDENCE

Refer to the Attachment (Appendix B)

APPENDIX C: AUDIT PLAN

Refer to the Attachment (Appendix C)

End of Report

NESUS CERTIFICATION