

**MALAYSIAN SUSTAINABLE PALM OIL
INITIAL CERTIFICATION ASSESSMENT
Public Summary Report**

Keresa Plantations Sdn Bhd
Head Office: Level 5, Tun Jugah Tower, No.18, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak
Sg Kubud Estate Lot 1, Block 17, Lavang Land District 97000 Bintulu Sarawak, Malaysia

Report prepared by:
Mohamed Hidhir Zainal Abidin (Lead Auditor)

Report Number: 9735590

Assessment Conducted by:
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TABLE of CONTENTS	Page No
Section 1: Executive Summary	3
1.1 Organizational Information and Contact Person	3
1.2 Certification Information	3
1.3 Location of Certification Unit	4
1.4 Plantings & Cycle	4
1.5 FFB Production (Actual) and Projected (tonnage).....	4
1.6 Certified CPO / PK Tonnage	4
1.7 Certified Area	4
1.8 Details of Certification Assessment Scope and Certification Recommendation:	5
Section 2: Assessment Process	6
1. Assessment Program	7
Section 3: Assessment Findings	8
3.1 Details of audit results	8
3.2 Details of Nonconformities and Opportunity for improvement.....	8
3.3 Status of Nonconformities Previously Identified and OFI	12
3.5 Summary of the Nonconformities and Status.....	13
3.6 Summary of the findings by Principles and Criteria	14
Section 4: Assessment Conclusion and Recommendation	55
Appendix A: Assessment Plan	56
Appendix B: List of Stakeholders Contacted	57
Appendix C: Smallholder Member Details.....	58
Appendix D.....	59
i) Location Map of Keresia Palm Oil Mill Certification Unit and Supply bases.....	59
Appendix E: List of Abbreviations Used.....	61

Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	MPOB license no. 503656102000 registered under Keresa Plantations Sdn Bhd, for 8551.07 ha (valid until 29/02/2020)		
Company Name	Keresa Plantations Sdn Bhd		
Address	Head office : Level 5, Tun Jugah Tower, No.18, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak Certification Unit : Postal address : PO Box 2607 97008 Bintulu, Sarawak, Malaysia Location address : Lot 1, Block 17, Lavang Land District 97000 Bintulu, Sarawak, Malaysia		
Group name if applicable:	Not applicable		
Subsidiary of (if applicable)	Not applicable		
Contact Person Name	Mr. Thilaganathan s/o Karunagaran (Senior Manager-Sustainability/Estate Operation)		
Website	www.keresa.com.my	E-mail	thila@keresa.com.my
Telephone	+6086 360915	Facsimile	+6086 360916

1.2 Certification Information			
Certificate Number	MSPO 702700		
Issue Date	17/06/2019	Expiry date	16/06/2024
Scope of Certification	Production of Sustainable Oil Palm		
Stage 1 Date	26 October 2018		
Stage 2 / Initial Assessment Visit Date (IAV)	17-18 April 2019		
Continuous Assessment Visit Date (CAV) 1	TBA		
Continuous Assessment Visit Date (CAV) 2	TBA		
Continuous Assessment Visit Date (CAV) 3	TBA		
Continuous Assessment Visit Date (CAV) 4	TBA		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
Nil			

MSP0 Public Summary Report
Revision 0 (Aug 2017)

1.3 Location of Certification Unit			
Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Longitude	Latitude
Sg Kubud Estate	Lot 1, Block 17, Lavang Land District 97000 Bintulu, Sarawak, Malaysia	113° 27' 33.71" E	3° 6' 36.03" N

1.4 Plantings & Cycle					
Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Sg Kubud Estate	0	3,204.17	0	0	0
TOTAL	0	3,204.17	0	0	0

1.5 FFB Production (Actual) and Projected (tonnage)			
Producer Group	Projected	Actual production (Apr 2018 – Mar 2019)	Projected production for next 12 months (Apr 2019 – Mar 2020)
Sg Kubud Estate	N/A	51,156.80	64,170.42
TOTAL	N/A	51,156.80	64,170.42

1.6 Certified CPO / PK Tonnage			
Mill	Estimated (Previous Year)	Actual (This Year)	Forecast (Next Year)
N/A	CPO (OER: %)	CPO (OER: %)	CPO (OER: %)
	PK (KER: %)	PK (KER: %)	PK (KER: %)

1.7 Certified Area					
Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Sg Kubud Estate	3,204.17	-	321.93	3,526.10	90.87
TOTAL	3,204.17	-	321.93	3,526.10	90.87

1.8 Details of Certification Assessment Scope and Certification Recommendation:

BSI Services Malaysia Sdn Bhd has conducted the *Certification Assessment of Keresia Plantation*, located in *Bintulu* comprising *Sg Kubud Estate* and infrastructure.

The assessment was conducted onsite 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 onsite assessment was conducted on *17-18 April 2019*.

Based on the assessment result, *Keresia Plantation* complies with the *MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for oil palm plantations and organized smallholder* and recommended for certification.

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
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The Vertical Business Suites, Bangsar South
No. 8, Jalan Kerinchi
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BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems.

Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted from 17-18 April 2019. The audit programme is included as Appendix A. The approach to the audit was to treat Sg Kubud Estate as one single estate Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, declared conservation areas and local communities. 30 days prior to audit, public notification posted in the BSI website as per the following link; https://www.bsigroup.com/globalassets/localfiles/en-my/mspo/Public%20Notification/2019/mspo_public_notification_keresa_sungai_kubud_and_supply_base_english.pdf.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. MS 2530-3:2013 used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The estates or smallholders sample were determined based on formula $N = 1.0\sqrt{y}$ where y is the number of estates while when applicable, the smallholders sample were determined following the MSPo Certification Requirement. The sampling of smallholders were based on the formula $(1.0\sqrt{y}) \times (z)$; where 1.0 is the risk factor (may defer to 1.2 and 1.4 depending on risk), where y is total number of group members and where z is the multiplier defined by the risk assessment. The sampled smallholder listed in Appendix C.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the MSPo requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix B.

MSPO Public Summary Report
Revision 0 (Aug 2017)

All the previous nonconformities are remains closed. The assessment findings for the this assessment are detailed in Section 4.2.

This report is structured to provide a summary of assessment finding as attached in the Section 3. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

This report was internally reviewed by Approved BSI Internal Reviewer.

The following table would be used to identify the locations to be audited each year in the 5 year cycle

1. Assessment Program					
Name (Mill / Plantation / Group smallholders)	Year 1 (Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 4)	Year 5 (ASA 5)
Sg Kubud Estate	√	√	√	√	√

Tentative Date of Next Visit: June 24, 2020 – June 25, 2020

Total No. of Mandays: 3

BSI Assessment Team:

Mohamed Hidhir Zainal Abidin – Lead Auditor

He holds Bachelor Degree in Chemical Engineering, graduated from National University of Malaysia on 2006. He has 7 years working experience in palm oil industry specifically on palm oil milling for 5 years. He also has the experiences as auditor for several standards including ISO 9001, ISO 140001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2012, Endorsed RSPO P&C Lead Auditor Course in 2013, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2015. He had been involved in RSPO auditing since May 2012 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices, safety and health, environmental and workers and stakeholders consultation.

Elzy Ovktafia – Team Member

She graduated from Universiti Putra Malaysia in Diploma of Agriculture, holding the designatory of LISP from the Incorporated Society of Planters and currently in the midst of completing AISP. She involve in audits and technical reviews works mainly for Sustainability Programme includes RSPO and MSPO for almost 3 years in more than 11 countries. She is a qualified Lead Auditor/Auditor for RSPO P&C, RSPO NEXT, RSPO SCC, ISO 9001:2015, ISO 14001:2015 and Social Compliance Audit by Verite. Prior to this, she was the Agronomist in R&D Department for almost 5 years in Oil Palm Plantation where her task involved in all Oil Palm Plantation Operations such as conducting experimental trials on Research & Development with technical paper publications, Crop Forecast, Leaf & Soil Sampling Collection, Fertilizer Recommendation, Pest and Diseases Training, Quality Control as well as special project namely Yield Intensification Project and Food for Palm Project for estates.

Section 3: Assessment Findings

3.1 Details of audit results

This assessment has been assessed using the following MSPO normative requirements. The assessment details are provided in Appendix A.

MSPO MS 2530-3:2013 – General Principles for Oil Palm Plantations and Organized Smallholders

3.2 Details of Nonconformities and Opportunity for improvement

The nonconformity is listed below.

During this initial certification assessment (5) Major nonconformities. Sg Kubud Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted. The implementation of the Corrective Actions for the Major Nonconformity(ies) has been verified for its effectiveness and closed accordingly.

Major Nonconformities:		
Ref	Area/Process	Clause
<i>1767946-201903-M1</i>	Sg Kubud Estate	4.5.6.3
Requirements:	A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.	
Statement of Nonconformity:	Management plan for HCV was not effectively implemented.	
Objective Evidence:	i) Latest inspection was carried out on 15/3/19 for riparian zone monitoring. Other monitoring under HCV 1.2 – related to sightings records detailed out species (location and time) was not effectively recorded. ii) No continuous education and awareness programme on the rare, threatened and endangered species for staff/workers/stakeholders.	
Root cause analysis:	The Estate Management ignorant on HCV matters on appointment of PIC and training awareness.	
Corrections:	1. To conduct HCV awareness training. 2. To improve HCV monitoring process.	
Correction Action Plan:	1. To officially appoint HCV Representative for Sg. Kubud Estate. 2. Continuous and collaboration with Forest Department on enhancing knowledge on endangered species.	
Assessment Conclusion:	Implemented evidences verified as per the following: i) HCV training was carried out on 26/4/19 targeted for the HCV monitoring PIC. ii) Official appointment of HCV representative, Senior Estate Manager dated 29/4/19 signed by Assistant General Manager. iii) Invitation letter to Forest Department, dated 30/4/19 was sighted. The intent is to learn and identify (flora and fauna) species which are categorized as Rare,	

MSPO Public Summary Report
Revision 0 (Aug 2017)

	<p>Endangered, Threatened (RTE). This is the first invitation sent to Forest Department.</p> <p>The major NC is closed on 29/5/19. Continuous implementation will be further verified in the next assessment.</p>
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Major Nonconformities:		
Ref	Area/Process	Clause
<i>1767946-201903-M2</i>	Sg Kubud Estate	4.4.4.2 (d)&(e)
Requirements:	<p>The occupational safety and health plan should cover the following:</p> <p>d) The management shall provide the appropriate 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).</p> <p>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</p>	
Statement of Nonconformity:	<p>i) Appropriate PPE was not provided at the place of work to cover all potentially hazardous operations.</p> <p>ii) Relabelling of container is not in accordance with USECHH 2000 regulation.</p>	
Objective Evidence:	<p>i) PPE requirement for manuring gang [safety glass, nitrile glove and N95 respirator] as per CHRA recommendation dated 20/3/19. Observed at field SK1404, incomplete PPE and worn PPE used by the manuring gang. No nitrile glove and safety glass available at site. Further trailed on the PPE issuance record dated 19/3/19, only apron issued to the manuring gang.</p> <p>ii) Re-labelling of first aid item is incomplete. No hazard label found on the relabeled pack/container.</p>	
Root cause analysis:	<p>i) The PIC is ignorant on procedure of PPE issue to the manuring gang.</p> <p>ii) PIC have overlooked/failed to notice container relabelling.</p>	
Corrections:	<p>i) PPE will be given to all manuring gang in the estate.</p> <p>ii) All repacking medicine/solution will be labelled with an informative sticker including hazard pictogram and updated to all first aid kit available at Sg.Kubud.</p>	
Correction Action Plan:	<p>i) To utilize annual PPE issue form record for each group of workers according to type of operation e.g. manuring, spraying and harvesting.</p> <p>ii) To do an inspection on weekly basis at muster. PPE which is in bad condition due to wear and tear would be replaced accordingly by Estate management</p> <p>iii) To create SOP for medicine packaging specifically for Keresa Plantations Sdn Bhd according to Akta Racun 1952 under regulation 8,9 and 12. Using Standard Exposure Chemical Hazardous to Health (USECHH) 2000 as a guidelines.</p>	
Assessment Conclusion:	<p>Implemented evidences verified as per the following:</p> <p>i) Relabelling of container was verified (before and after) was evident. New hazard sign and logo has been used for relabelling.</p> <p>ii) SOP for medicine packaging dated 24/4/19 was verified and has included all relevant guidelines for improvement.</p>	

MSPO Public Summary Report
Revision 0 (Aug 2017)

	<p>iii) Weekly inspection and PPE issuance records were verified. Latest records dated 20/5/19 was verified.</p> <p>The major NC is closed on 29/5/19. Continuous implementation will be further verified in the next assessment.</p>
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Major Nonconformities:		
Ref	Area/Process	Clause
<i>1767946-201903-M3</i>	Sg Kubud Estate	4.6.1.1
Requirements:	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	
Statement of Nonconformity:	Standard operating procedures on the FFB evacuation/transportation was not appropriately documented	
Objective Evidence:	Observed FFB truck/lorry transporting FFB from Sg Kubud to Keresas POM over stacked the layer of FFB for more than 2 layer @ 2 feet. Further trailed on the SOP, no guideline or procedure on the maximum loading/stacking of FFB for the FFB truck/lorry.	
Root Cause Analysis:	PIC is ignorant on safety in transportation.	
Corrections:	To prepare SOP/procedure for FFB loading/stacking and transportation to POM.	
Correction Action Plan:	To design an awareness training to lorry/tractor drivers	
Assessment Conclusion:	<p>Implemented evidences verified as per the following:</p> <p>i) SOP for FFB transportation has been established and include the maximum layer of FFB stacking and canvas/netting fixing. Other related safety precaution also incorporated in the SOP.</p> <p>ii) Latest training was given to lorry and tractor driver on 3/5/19. This to update the new safety guidelines for FFB transport.</p> <p>The major NC is closed on 29/5/19. Continuous implementation will be further verified in the next assessment.</p>	

Major Nonconformities:		
Ref	Area/Process	Clause
<i>1767946-201903-M4</i>	Sg Kubud Estate	4.3.1.1
Requirements:	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations	
Statement of Nonconformity:	Compliance to the certain legal requirement are not effectively demonstrated.	
Objective Evidence:	<p>Medical Assistant for Sg Kubud Estate (Hudson Anak Dominic) didn't have the current Surat Perakuan Tahunan for 2019. This is not comply with Akta 180 AKTA PEMBANTU PERUBATAN (PENDAFTARAN) 1977:</p> <p>11. (2) Sesuatu permohonan untuk membaharui perakuan itu hendaklah dibuat tidak lewat daripada 30 haribulan September tiap-tiap satu tahun dan Lembaga hendaklah memberikan keputusan mengenainya dan membaharui atau enggan membaharui perakuan itu dan hendaklah dalam salah satu hal menyampaikan keputusannya</p>	

	kepada orang yang berkenaan itu tidak lewat daripada 30 haribulan November dalam tahun yang sama.
Root cause analysis:	Medical Assistant lack of knowledge/awareness about the 'Surat Perakuan Tahunan for 2019'.
Corrections:	To apply for "Pembaharuan Perakuan Tahunan Pembantu Perubatan" from Lembaga Pembantu Perubatan Kementerian Kesihatan Malaysia.
Correction Action Plan:	<p>i) To prepare legal requirement checklist to ensure compliance.</p> <p>ii) Medical Assistant need to have close contact with Medical officer at Hospital Bintulu or Klinik Kesihatan Tubau.</p> <p>ii) Monthly update information from official website of "Bahagian Amalan Perubatan Kementerian Perubatan Malaysia (http://medicalprac.moh.gov.my) and from Malaysian Association of Medical Assistants (http://www.pppmalaysia.com/).</p>
Assessment Conclusion:	<p>Implemented evidences verified as per the following:</p> <p>i) Application for annual renewal of practitioner license was sighted and approved on 16/4/19.</p> <p>ii) Legal compliance checklist was evident, check and proved by estate manager.</p> <p>The major NC is closed on 29/5/19. Continuous implementation will be further verified in the next assessment.</p>

Major Nonconformities:

Ref	Area/Process	Clause
<i>1767946-201903-M5</i>	Sg Kubud Estate	4.4.2.2
Requirements:	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.	
Statement of Nonconformity:	Complaint & grievance system is not resolve in timely manner.	
Objective Evidence:	The complaint & grievance process flowchart is available however, there is no specific timeline to resolve the issue. The respond to the complaint also not solving the issue, ie: all the 6 complaints lodged regarding 'clean water supply is not available' in 2018 and the management responded that 'it will be solved next year in 2019 where the budget is allocated'. Apart from that, for long house native people, there is a logbook to record their issue raised however, there is no solution provided by the management on the issue raised.	
Root cause analysis:	PIC had given only long term solution on water supply issues. There is no timeline in complaints & grievances procedure.	
Corrections:	<ol style="list-style-type: none"> 1. Improve available SOP complaint and grievance timeline to resolve the issue. 2. To improvise existing long house logbook. 3. To do correction on respond toward complaints regarding water issue. 	
Correction Action Plan:	<ol style="list-style-type: none"> 1. As approved by top management, the estate management will construct Water treatment Plant's project as stated in Sg. Kubud Capital Expenditure 2019. 2. Senior management selected the site for construction of water treatment plant. 	
Assessment Conclusion:	Implemented evidences verified as per the following:	

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Revision 0 (Aug 2017)

	<p>i) SOP for complaints and grievance has been updated. SOP version 2.0 dated April 2019 was verified. Timeline to resolve the issue.</p> <p>ii) Sighted the approved budget for water treatment plant under Capital Expenditure 2019. The plan will be realized by end of 2019.</p> <p>The major NC is closed on 29/5/19. Continuous implementation will be further verified in the next assessment.</p>
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Noteworthy Positive Comments

1	External stakeholders for the mill and estates shown positive feedbacks towards the company.
2	Keresa management unit has maintained good relationship with the local community and other stakeholders.

3.3 Status of Nonconformities Previously Identified and OFI

Not applicable.

3.4 Issues Raised by Stakeholders

IS #	Description
1	<p>Issues:</p> <p><u>Rumah Panjang Nompang</u> The NCR land was leased with the agreed price of RM 0.50/palm for 30 years since 2012. No complaint or other issue raised by the villagers in regards of land dispute. Villagers aware of the complaint mechanism as they attended the stakeholder’s meeting with estate. Estate also has provided fund and contribution during festival or event in the longhouse.</p>
	<p>Management Responses:</p> <p>Estate will continue the good practices.</p>
	<p>Audit Team Findings:</p> <p>No further issue.</p>
2	<p>Issues:</p> <p><u>Neighbour Estate & Smallholder (Jendela Padu Estate & Uka anak Kelingkang)</u> This is the first time of Jendela Padu representative coming to Sg Kubud Estate. No complaint or other issue raised from their management in regards of social, communication or relationship.</p>
	<p>Management Responses:</p> <p>Estate will continue the good practices.</p>
	<p>Audit Team Findings:</p> <p>No further issue.</p>
3	<p>Issues:</p> <p><u>Workers’ Representatives</u></p>

MSP0 Public Summary Report
Revision 0 (Aug 2017)

	<p>Overtime and basic salary were on time and paid accordingly. No discrimination occur between locals and foreign worker as well as among male and female.</p> <p>Management Responses: Estate will continue the good practices.</p> <p>Audit Team Findings: No further issue.</p>
4	<p>Issues: <u>CLC (Indonesian school)</u> Management has provided free Indonesian school for worker’s children whom their parent worked in estate or mill. Teacher’s salary being paid by the management accordingly and no complaint in regards to management. During site visit, it was noted that the building and environment is in neat and in appropriate condition.</p> <p>Management Responses: Estate will continue the good practices.</p> <p>Audit Team Findings: No further issue.</p>
5	<p>Issues: <u>Contractors (Yi Seng Trading & Yun Hoo Sdn Bhd)</u> Both contractors are having a valid contract with Sg Kubud Estate and payments were made accordingly. Their workers are staying outside the estate since the workers are locals. No other issue raised.</p> <p>Management Responses: Estate will continue the good practices.</p> <p>Audit Team Findings: No further issue.</p>

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1767946-201903-M1	Major	18/4/19	Closed on 29/5/19
1767946-201903-M2	Major	18/4/19	Closed on 29/5/19
1767946-201903-M3	Major	18/4/19	Closed on 29/5/19
1767946-201903-M4	Major	18/4/19	Closed on 29/5/19
1767946-201903-M5	Major	18/4/19	Closed on 29/5/19

3.6 Summary of the findings by Principles and Criteria

MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders – Sg Kubud Estate

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	A policy for the implementation of MSPO shall be established. - Major compliance -	The company has initiated the implementations of MSPO requirements. MSPO Policy has been established and signed by Keresa Plantation Senior Group General Manager dated April 2015.	Yes
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	The established policy has emphasized on the commitment to sustainable development and continuous improvement with the objective of improving the milling and estate operation.	Yes
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	The MSPO Internal Audit Procedure (KERESA/MSPO/QP-10; Rev 1; Effective date: 27/09/2016) was established. The internal audit need to be conducted annual. Annual MSPO internal audit was carried from 27 February to 8 March 2019. Audit covered both documentation and field operation for the mill and estates. There were 9 major 1 minor NCs raised by the internal auditors and still in the process of closure. Audit report was made available for review.	Yes

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. - Major compliance -	Internal audit procedure (KERESA/MSPO/QP-10; Rev 1; Effective date: 27/09/2016) was established and effectively implemented. The procedure was reviewed by the management to include the competency requirement for MSPO internal auditor. As to date no changes made to the procedure since the last review on 27/9/16.	Yes
4.1.2.3	Report shall be made available to the management for their review. - Major compliance -	Internal audit report dated 08/03/2019 was made available for management review.	Yes
Criterion 4.1.3 – Management Review			
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. - Major compliance -	The Management Review Procedure (First Editions; Version 1.0) dated September 2015 was established. MSPO Management Review was carried out on 18/03/2019. Minute Meeting of Management Review MSPO was available. All pertinent elements for MSPO implementation has been reviewed and presented to top management.	Yes
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company. - Major compliance -	TQM has worked with estate to review and update the social and environmental aspects and impacts risk registers and to develop improvement plans. Continual improvement plan dated January 2019 is referred to. Improvement plan for pertinent key values on (economic, social and environmental has been identified for improvement. For example, on	Yes

Criterion / Indicator		Assessment Findings	Compliance
		the social impact component; water treatment plan will be constructed to supply clear treated water for workers. Currently, water source is fully dependand on rain water harvesting tank installed at each buildings/houses.	
4.1.4.2	The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption. - Major compliance -	Adoptation of fully mechanized operation is still in progress to be completed by phases. For upkeep and maintenance, day to day operation is still manually handle by workers.	Yes
4.1.4.3	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established. - Major compliance -	The estate has appointed the assistant manager as in charge person to implement and monitor any new technologies being implemented and training of other personnel's. Action is documented under document named Continuous Improvement Plan dated 2019. Most of the action plan is still on going and time frame for completion is being monitored by the person in charge.	Yes
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or	Keresa Plantation has communicate the information regarding MSPO and all information requested to the internal and external stakeholder through, JCC meeting, stakeholder consultation and website:	Yes

Criterion / Indicator		Assessment Findings	Compliance
	disclosure that could result in negative environmental or social outcomes. - Major compliance -	www.keresam.com.my , complaint form, suggestion box and workers monthly dialogue. Also management has publically publish the policies at the company office and notice boards.	
4.2.1.2	Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. - Major compliance -	Records of request for information maintained under file Action Request. Most of the requests are internal i.e. housing repair request by the workers raised during JCC Meeting. In general all the documents are available upon request.	Yes
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders. - Major compliance -	Keresam Plantations Sdn. Bhd. has established a Complaints & Grievance Procedure with ref. no. SOC 3.2 dated December 2009, Version 1.0 for communication.	Yes
4.2.2.2	A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit. - Minor compliance -	The person in charge for complaints and grievance was the Estate Manager, Mr Esak AK Entiga as per appointment letter dated 01.01.2019 where among the responsibility and authority covered: <ol style="list-style-type: none"> 1. Ensuring that processes needed for the complaints and grievances system are established implemented and maintained. 2. Reporting to top management on the performance of the complaints and grievances system and any need for improvement. 	Yes

Criterion / Indicator		Assessment Findings	Compliance
		Liason with external parties on matters to the complaints and grievances system.	
4.2.2.3	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained. - Major compliance -	Stakeholder register is available including the internal and external such as ketua kampong, canteen, MPOB, DOE, DOSH, contractors, etc as at 11.04.2019. Stakeholder meeting was conducted on 17.10.2018 and 11.07.2018. Sighted the minutes of meeting and record book for long house matter.	Yes
Criterion 4.2.3 – Traceability			
4.2.3.1	The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s). - Major compliance -	Keresa Plantations Sdn Bhd has the Traceability Procedure for FFB (Doc No: SOP/MSPO/KPSB/SG.KUBUD Rev 1 dated 01.03.2019).	Yes
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	The regular inspection on the traceability system was conducted through traceability inspection annually. Sighted the traceability inspection was conducted on 12.04.2019 at Sg Kubud by TQM team by phases (3 phases). Among the criteria checked are FFB driver daily collection bunch, no and weight.	Yes
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system. - Minor compliance -	The person in charge for traceability was TQM Executive, Ms Nuratma Bt Ridwan as per appointment letter dated 01.01.2019 where among her role is: 1. Ensuring that processes needed for the traceability system are established implemented and maintained.	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>2. Reporting to top management on the performance of the Traceability system and any need for improvement.</p> <p>Ensuring the promotion of awareness of legal requirements throughout the organization.</p>	
4.2.3.4	<p>Records of sales, delivery or transportation of FFB shall be maintained.</p> <p>- Major compliance -</p>	<p>The FFB sales was recorded in Harvesting Summary file. Sighted the FFB tractor Collection Chit (from field to ramp) and FFB Driver Lorry Chit (from ramp to mill) for the FFB traceability record. The data was monitored in Harvesting Summary file which contain the information of time, detail collection of bunches, estimated weight, harvester number, and tractor/lorry number.</p>	Yes
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	<p>All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>Sg Kubud Estate has maintained the systems for documentation, checking and assessment of legal compliance with applicable laws and regulations.</p> <p>Sample of permit and license sighted at Sg Kubud Estate were :</p> <p>i) MPOB license no. 503656102000 registered under Keresa Plantations Sdn Bhd, for 8551.07 ha (valid until 29/02/2020)</p> <p>ii) Diesel permit is still in the process of approval. Refer to KPDKK ref: no. PPDN (BTU)/PGK/05/07/30(246) dated 19/3/19.</p> <p>iii) Trading License – The Business, Professions and Trading License Ordinance. (Borang I, Seksyen 5, 23 dan 24(2)) – No. 936828 valid until 14/04/2020</p>	Major Non-Compliance

Criterion / Indicator	Assessment Findings	Compliance
	<p>iv) Natural Resources and Environment (Prescribed Activities) Amendement Order 1997 under First Schedule, Activity no.1 (i) Agricultural Development preparation of EIA is required for the project submission and approved by Natural Resoruces and Environmental Broad (NREB). Project name entitled "Proposed Sungai Kubud Oil Palm Estate, Lavang Land District, Sebauh Sub-District, Bintulu Division, Sarawak". Date of EIA approval: 5 December 2016, reference no.: (25) NREB/6-1/2G/48, serial no. 1591. EMR is to be done on quarterly basis and submitted to NREB.</p> <p>1st quarter of 2019 – 20th February 2019 4th quarter of 2018 – 2nd November 2018</p> <p>Noted some of the legal requirements was not incompliance related to:</p> <p>1. Medical Assistant for Sg Kubud Estate (Hudson Anak Dominic) didn't have the current Surat Perakuan Tahunan for 2019. This is not comply with Akta 180 AKTA PEMBANTU PERUBATAN (PENDAFTARAN) 1977:</p> <p>11. (2) Sesuatu permohonan untuk membaharui perakuan itu hendaklah dibuat tidak lewat daripada 30 haribulan September tiap-tiap satu tahun dan Lembaga hendaklah memberikan keputusan mengenainya dan membaharui atau enggan membaharui perakuan itu dan hendaklah dalam salah satu hal menyampaikan keputusannya kepada orang yang berkenaan itu tidak lewat daripada 30 haribulan November dalam tahun yang sama.</p>	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>2. Worker id 11953 was paid RM 955.25 for 23 working days which is RM 41.53/day in January salary. This is not comply with the minimum wage order 2018, where the minimum wage monthly is RM 1100.</p> <p>3. Worker id: 10399 was paid RM 630 for 18 working days which is RM 35/day in November 2018 salary. This is not comply with the minimum wage order 2016, where the minimum wage monthly is RM 920.</p> <p>Thus, a major NC was issued.</p>	
4.3.1.2	<p>The management shall list all laws applicable to their operations in a legal requirements register.</p> <p>- Major compliance -</p>	<p>A Legal Compliance procedure has been established (KP 16 Mechanism for ensuring legal compliance dated 15 Mar 2010). All operating units have Legal & Other Requirements Register (LORR) covering all the necessary regulatory requirements. TQM sustainability department have reviewed and evaluated the LORR on 12/4/19.</p> <p>All the new legal requirements were include in the legal register accordingly:</p> <ul style="list-style-type: none"> i) Minimum Wages Order 2018 ii) Occupational Safety & Health Act 1994 (Act 514) Regulation & Orders iii) Labour Ordinance (Sarawak CAP.76) iv) Labour Act 1955 v) Environmental Quality Act 1974 (Act 127) 	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. - Major compliance -	Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented.	Yes
4.3.1.4	The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements. - Minor compliance -	The person in charge responsible to monitor compliance and to track and update the changes in regulatory requirements is chief clerk, Mdm Caroline A/K Senabong. Refer to appointment letter dated 1/1/19.	Yes
Criterion 4.3.2 – Lands use rights			
4.3.2.1	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users. - Major compliance -	The estate lands were leased by the company with NCR land. Interview with the surrounding communities and stakeholders confirm that there is no land dispute.	Yes
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land. - Major compliance -	Sg Kubud Estate was under the Native Customary Rights (NCR) land in Sarawak. Sighted the agreement as below: 1. Letter from Keresa Plantations Sdn Bhd to Ybhg Datu Jaul Samion, Setiausaha Tetap, Kementerian Kemajuan Tanah, dated 06 November 2012 stating the lease of NCR land of Rh. Iba, Sungai Sujan, Pandan. 2. Letter from settlers of Rh. Iba, Sg. Sujan, Pandan to Ybhg Datu Jaul Samion, Kementerian Kemajuan Tanah, dated 17 October 2012 stating the willingness of Rh Iba to allow Keresa	Yes

Criterion / Indicator		Assessment Findings	Compliance
		Plantations Sdn Bhd to develop their NCR and ancestral land for a period of 30 years. Memorandum of agreement and supplementary agreement with the 2 long houses dated December 2011, August 2012 and September 2012.	
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	During the site visit, the boundary pole was sighted and demarcated clearly on the ground at coordinate: N03 07'25.76167" and E113 28;50.75443".	Yes
4.3.2.4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	Keresa Plantation has leased the NCR land and able to provide the agreement between management and native people. Sighted also the payment list to all native people: Land Owner Lot Survey, Phase 1 (A) 2012 planting. For FPIC, management will use procedure: Complaints & Grievance Procedure with ref. no. SOC 3.2 dated December 2009, Version 1.0. More details provided in 4.4.2.1	Yes
Criterion 4.3.3 – Customary rights			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	Estate has the memorandum of agreement with the native people as the land is belonged to NCR land.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should be made available. - Minor compliance -	Map of the location, total perimeter and hectare agreed was available together with the supplementary agreement.	Yes
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance -	Sg Kubud Estate was under the Native Customary Rights (NCR) land in Sarawak. Sighted the agreement as below: <ol style="list-style-type: none"> Letter from Keresia Plantations Sdn Bhd to Ybhg Datu Jaul Samion, Setiausaha Tetap, Kementerian Kemajuan Tanah, dated 06 November 2012 stating the lease of NCR land of Rh. Iba, Sungai Sujan, Pandan. Letter from settlers of Rh. Iba, Sg. Sujan, Pandan to Ybhg Datu Jaul Samion, Kementerian Kemajuan Tanah, dated 17 October 2012 stating the willingness of Rh Iba to allow Keresia Plantations Sdn Bhd to develop their NCR and ancestral land for a period of 30 years. <p>Memorandum of agreement and supplementary agreement with the 2 long houses dated December 2011, August 2012 and September 2012.</p>	Yes
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	SIA for Sg Kubud Estate was conducted together in other Keresia Mill and Estate. Among the issues captured were: <ol style="list-style-type: none"> Clean water issue – to install the water treatment plant in 2019. 	Yes

MSP0 Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		The price of goods in canteen is expensive compare to price in town – to monitor canteen by inspection (3x in a year).	
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented. - Major compliance -	Keresia Plantations Sdn. Bhd. has established a Complaints & Grievance Procedure with ref. no. SOC 3.2 dated December 2009, Version 1.0. Any complaints can be lodged through complaint box, email or in writing or reported to supervisor/manager directly. The procedure has briefed to the internal workers and external stakeholders.	Yes
4.4.2.2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties. - Major compliance -	The complaint & grievance process flowchart is available however, there is no specific timeline to resolve the issue. The respond to the complaint also not solving the issue, ie: all the 6 complaint lodged regarding clean water supply is not available in 2018 and the management responded that it will be solved next year in 2019 where the budget is allocated. Apart from that, for long house native people, there is a logbook to record their issue raised however, there is no solution provided by the management on the issue raised. Thus, major NC was issued.	Major non conformance
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.	Complaint form has been developed and implemented. A summary of complaint and grievances records has been developed and maintained up to date.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -		
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time. - Minor compliance -	During the site visit, it was confirmed that employees and surrounding communities are aware on the complaints and suggestion can be made anytime to the management. Most of the complaint raised through verbal and recorded in the complaint form.	Yes
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. - Major compliance -	The complaint records are available and recorded since January 2019.	Yes
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	Growers should contribute to local development in consultation with the local communities. - Minor compliance -	The management has provided fund students to government matriculation and permission to use back hoe for villagers. Besides, the estate also made contribution to longhouse for festival celebration, aid of workers whose families affected by Lombok and donation for Dayak Celebration to Long House.	Yes
Criterion 4.4.4: Employees safety and health			
4.4.4.1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented. - Major compliance -	The estate has established the OSH Policy which was signed by the Managing Director dated 17/10/2017. The OSH plan for 2019 was established to cover the housing inspection, OSH audit, training, workplace inspection, OSH meeting etc which was prepared by SHE Exec, TQM Unit.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.4.4.2	<p>The occupational safety and health plan shall cover the following:</p> <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> i. all employees involved shall be adequately trained on safe working practices ii. all precautions attached to products shall be properly observed and applied d) The management shall provide the appropriate 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 	<p>Keresa Plantations has the OSH policy that has been communicated to the staff and workers. On site supervisors and estate assistant managers ensure the implementation of it.</p> <p>HIRARC – Latest review on 8/10/2018. All operations (production and non-production) area was covered in the risk register including the diesel storage, mess, community hall and riding motorcycle while commuting to work</p> <p>In addition to specific training courses, safety briefings are given during muster. Sampled of the training:-</p> <ul style="list-style-type: none"> i) PPE training for tractor driver and loader (21/1/2019) ii) First Aid Training (12/3/19) iii) Manuring Training (2/4/19) <p>Chemical register dated 01/10/2018 was sighted. Seen the chemical used were:</p> <ul style="list-style-type: none"> i) Metsulfuron- Metsulfuron-Methyl -Ally ii) Glyphosate – Supremo 41 iii) Triclopyr-2-Butoxyethyl Ester <p>SDS for the said chemicals are available at the store in Dual-language (Bahasa Malaysia and English).</p> <p>PPE requirement for manuring gang [safety glass, nitrile glove and N95 respirator] as per CHRA recommendation dated 20/3/19. Observed at field SK1404, incomplete PPE and worn PPE used by the manuring</p>	<p>Major Non-Compliance</p>

Criterion / Indicator	Assessment Findings	Compliance
<p>Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>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.</p> <p>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 meeting are kept and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>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.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>gang. No nitrile glove and safety glass available at site. Further trailed on the PPE issuance record dated 19/3/19, only apron issued to the manuring gang.</p> <p>Sg Kubud estate follows the Keresa Plantations SOP for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labelling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. However, current practice of re-labelling of first aid item is incomplete. No hazard label found on the relabeled pack/container.</p> <p>Keresa Plantation has established Safe & Standard Operating Procedure for Oil Palm Plantations (SSOP) dated January 2011. (Doc ref KP2-5). Estate upkeep, crop evacuation, chemical and agrochemical management, transportation of workers, utilities management, pest control, highly toxic pesticides, working at height etc.</p> <p>Initial CHRA (Ref: HQ/16/ASS/00/33-2019/007) was conducted on 20/03/2019 at Keresa Plantations Sdn Bhd (Sg Kubud Estate) by DOSH registered assessor, HQ/16/ASS/00/343. Final report is still in progress and will be further verified in the next assessment.</p> <p>At the estate, safety secretary @ OSH Coordinator (TQM executive) is responsible for organizing safety training, meetings and investigation and reporting of accidents and Incidents. Refer to appointment letter ref: KPSB/SHC/18/2019 dated 1/3/19</p> <p>Latest OHS meeting at Sg Kubud Estate was carried on 28/2/19. Agenda discussed for e.g.: HSE accidents statistics, HSE target, HSE</p>	

Criterion / Indicator	Assessment Findings	Compliance
	<p>training, HSE promotion, Inspection and walkabout pre-audit, subcommittee report etc.</p> <p>Records were available confirming that quarterly OSH meetings had been held at the estate.</p> <p>Emergency Preparedness and Response Plan was developed for the following type of scenario :</p> <ul style="list-style-type: none"> i) ERP for Fire ii) ERP for Bund Break iii) ERP for Chemical and Fertilizer Spillage iv) ERP for Suicide Attempt and Prevention v) ERP for Bush Fire vi) ERP for injury and illness require Medical attentions vii) ERP for flood ix) ERP for poisoning x) ERP for workplace violence. <p>The estate has site specific Plans (refer to the above) including maps showing assembly areas and up-to-date lists of emergency contacts with training conducted to communicate the Plan. Interviews of estate staff and workers confirmed understanding of emergency response.</p>	

Criterion / Indicator		Assessment Findings	Compliance
		<p>First Aid Kits are provided at various work sites at the estates and inspection confirmed these had been appropriately stocked. Verified on field visit location: office and field 1404.</p> <p>All accidents are investigated and reported to Head Office. Seen the accident and injury report has been summarized on monthly basis for the whole Keresia Plantation. Records of accident JKPP 6 & JKPP 8 was not made available for verification.</p> <p>Thus, a major NC was issued for non-compliance of item d,e and j of the indicator.</p>	
Criterion 4.4.5: Employment conditions			
4.4.5.1	<p>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.</p> <p>- Major compliance -</p>	<p>Keresia Plantations Sdn Bhd has the SOP: TQM Management System chapter 3, ref. number SOC 3.1, Dec 2009 version 1.0, title: Communication of Social Policies.</p> <p>Also, sighted in the notice board, the memorandum for supporting Human Rights signed by Senior General Group Manager on 07.11.2017 and communicated on 19 May 2018 to 200 people for Sg Kubud Estate.</p>	Yes
4.4.5.2	<p>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.</p> <p>- Major compliance -</p>	<p>There are no discriminatory practices in Sg Kubud Estate. The workers were equally treated for male and female and locals and foreign workers. All workers receive free accommodation, clean treated water, electricity, medical and insurance.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.3	<p>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.</p> <p>- Major compliance -</p>	<p>All the employees received the salary in accordance with minimum wage order 2018 for salary in 2019. Sampled below workers:</p> <ol style="list-style-type: none"> 1. Worker id: 11445 2. Worker id: 11583 3. Worker id: 11953 4. Worker id: 10399 	Yes
4.4.5.4	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>Sighted the sampled pay slip and employment contract of contractor worker for Yun Hoo Sdn Bhd available and comply with the minimum standards according:</p> <ol style="list-style-type: none"> 1. Ayum anak Nyandang (Pay slip for March: RM 2,449.98 & Feb: RM 1988.23) 2. Harry Pak anak Ugil (Pay slip for March: RM 1,309.50 & Feb: Rm 1,334.92) 	Yes
4.4.5.5	<p>The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p>- Major compliance -</p>	<p>The master list of workers are available containing the worker's name, D.O.B, age, gender, job description, etc.</p>	Yes
4.4.5.6	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee</p>	<p>For both contract worker and checkroll worker, they were provided with employment contract and signed. During interview with workers, it was verified that they were provided with employment contract.</p>	Yes

MSP0 Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	indicated in the employment records. - Major compliance -		
4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer. - Major compliance -	The overtime records were available and captured in the IECS system for all employee and record book verified by staff, assistant and manager prior for payment.	Yes
4.4.5.8	The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement. - Major compliance -	The overtime records were comply with the employment contract and legal industry. In Sg/ Kubud Estate, mainly security officers were having the overtime work.	Yes
4.4.5.9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. - Major compliance -	Overtime were paid accordingly as per records verified in 4.4.5.9	Yes
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. - Minor compliance -	Keresa has provided the bonus payment after 2 years, free medical care and insurance coverage. Apart from that, the free housing provided in good condition with electricity and treated water.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation. - Major compliance -	Workers were provided with housing in clean and conducive condition where mosque, canteen and grocery are nearby. No water clogged issue. Sighted also, landfill available far from linesite area. Linesite inspection has been conducted by Medical Assistant in monthly basis.	Yes
4.4.5.12	The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace. - Major compliance -	Sexual harassment policy and domestic violence signed by Managing Director dated 01.12.2009 available and publicly showed in signboard.	Yes
4.4.5.13	The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. - Major compliance -	Employees has the right to join any of union and management has the freedom of association policy signed by managing director dated 01.12.2009. In Sg Kubud Estate, employee has form their own committee (JCC) to discuss any issue related to worker's welfare. Sighted the latest minute meeting on 21 March 2018. Representative from all races in Indonesia is appointed by election.	Yes
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education	Sighted the master list of workers, all workers hired are more than 18 years old and confirmed during interview that no children were hired in Sg Kubud Estate. Sighted the worker's children are attending the	Yes

Criterion / Indicator		Assessment Findings	Compliance
	programmes. Children shall not exposed to hazardous working conditions. - Major compliance -	CLC school at Jiba Estate and not involved with their parent activities.	
Criterion 4.4.6: Training and competency			
4.4.6.1	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. - Major compliance -	Sg Kubud estate has prepared a HSE Training Plan 2018 for KMSB & KPSB that lists the internal and external training courses scheduled for the year. In addition estate has a schedule of "on-the-job" training for the main tasks. The estate also maintained training records for individual staff and workers, including induction of new workers. Training carried out for 2019: i) PPE training for tractor driver and loader (21/1/2019) ii) First Aid Training (12/3/19) iii) Manuring Training (2/4/19) iv) Workshop and vehicle safety training (24/3/19) v) Chemical handling training (10/3/19)	Yes
4.4.6.2	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. - Major compliance -	Sg Kubud estate has conducted training needs assessment prior to prepare the annual training plan for the year 2019 for all the employee groups including new and existing workers and staffs. Training programs are based on worker's competency requirements. Workers must be properly trained before assigned to the respective work units. On-site observation @ assessment will be carried out by field staff and assistant to monitor training effectiveness.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.4.6.3	<p>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.</p> <p>- Minor compliance -</p>	<p>Continuous training program are planned and implemented covering all employees and contractors as per the documented training procedure.</p>	Yes
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	<p>An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>Keresa Plantations Sdn. Bhd. has an Environmental policy dated 27/12/2016 that has been signed by the Managing Director and environmental management plan with relevant to the applicable laws and regulations. Interviews of staff and workers found that the policy has been communicated and implemented</p>	Yes
4.5.1.2	<p>The environmental management plan shall cover the following:</p> <ul style="list-style-type: none"> a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. <p>- Major compliance -</p>	<p>The established environmental management plan has covered the environmental aspects and impacts based on Keresa Plantations operation. The Environmental Aspect & Impact assessment has been reviewed on 01/09/2018. The assessment is conducted according to the Procedure Manual – Identification of Environmental Aspects and Evaluations of Environmental Impacts Ref: KPSB 1/2018 dated 01/09/2018. The scoring and evaluation criteria provided in this Manual. Sample of assessment reviewed:</p> <p>Herbicides spraying activity which covers:</p> <ol style="list-style-type: none"> 1. Mist 2. Chemical residue to water course 	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>3. Chemical residue to land</p> <p>The mitigation plans related to the sample assessed above, has been reviewed and found satisfactory. Mitigation plans includes work procedures and training has been provided to the operators.</p>	
4.5.1.3	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.</p> <p>- Major compliance -</p>	<p>The continuous monitoring as per initial implementation was implemented on timely basis where for each operating unit the planned programs were included in annual budgeting. Results of the programs that were monitored will determine operational changes whether have positive or negative environmental impacts. The visit confirmed that programs gave continuous improvement accordingly to the company.</p>	Yes
4.5.1.4	<p>A programme to promote the positive impacts should be included in the continual improvement plan.</p> <p>- Minor compliance -</p>	<p>Sg Kubud estate environmental improvement program also includes continual improvement plans. For example, waste management, water quality, soil erosion, biodiversity, pesticides and etc.</p>	Yes
4.5.1.5	<p>An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.</p> <p>- Major compliance -</p>	<p>Annual training program of the estate includes environmental awareness and compliance related trainings to the executives, staffs and workers. The training was conducted accordingly on 31/07/2018.</p>	Yes
4.5.1.6	<p>Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.</p> <p>- Major compliance -</p>	<p>Environmental related matters were discussed during OSH meeting. The last OSH meeting was conducted on 28/2/2019. No issue related to environmental was raised during this meeting. Workers interview reveal that they are encouraged to discuss environmental issues with the management.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.5.2: Efficiency of energy use and use of renewable energy			
4.5.2.1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate 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. - Major compliance -	The estate maintains records of energy usage, which is reported monthly to head office. The use of the fossil fuel against the FFB production is being monitored. Average for January 2018 to December 2018 : 6.51 litre/mt FFB	Yes
4.5.2.2	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations. - Major compliance -	Sg Kubud estate has estimation on total energy required. This estimation was compared to the actual usage by monthly and reported to the head office for monitoring.	Yes
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	There is no possible option for renewable energy application at Sg Kubud Estate.	Yes
Criterion 4.5.3: Waste management and disposal			
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	Based on documented pollution prevention plan (KM 4-1 Waste Register RSPO/ISCC) and waste management procedure dated 22/10/18. Among the waste products identified and documented including general waste and scheduled waste. Sources of waste were	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>from the mill, estates and housing area. Common waste identified including domestic waste and scheduled waste. For estates, its reusable and recyclable wastes identified included empty fertilizer bags and triple rinsed empty chemical containers. Organic biomass waste generated by estates including fronds and chipped fell palms.</p> <p>Other specific activities such as maintenance and estate vehicle workshop generate few categories of scheduled waste such as SW 305, SW 306, SW 409 and SW 410.</p>	
4.5.3.2	<p>A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <ul style="list-style-type: none"> a) Identifying and monitoring sources of waste and pollution b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products <p>- Major compliance -</p>	<p>Documented pollution prevention plan (KM 4-1) was emphasized in the pollution prevention plan where the site visit confirmed that the practice of reduce, reuse and recycle of materials has been implemented throughout the company mill and estates. Method of handling the domestic/general wastes are segregation at the collection point from offices and housing area before being disposed through landfill.</p>	Yes
4.5.3.3	<p>The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.</p> <p>- Major compliance -</p>	<p>SOP for scheduled waste dated 15/10/2009 was established. For scheduled wastes, the handling was done according to the legal requirement where a scheduled waste store was constructed in each operating unit for storage. For scheduled waste, the handling was done according to the legal requirement where a scheduled waste store was constructed in each operating unit for storage.</p> <p>A company registered with DOE, Trienekens (Sarawak) Sdn Bhd (DOE #004932) was appointed to collect the scheduled waste from all the</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		scheduled waste storage facilities within the company. Latest disposal was done on 10/03/2018 for SW305 (C/N #KRS 286B 0219 001), SW307 (C/N# KS 286B 0419 001) and SW404 (C/N #KRS286B 0619 001).	
4.5.3.4	Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers. - Major compliance -	In Estates, empty chemical containers were being triple rinsed and spot painted in red before return back to supplier. Visit and records confirmed that no empty chemical containers being disposed other than returned back to supplier.	Yes
4.5.3.5	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses. - Minor compliance -	Domestic wastes are being disposed at estate landfill and it's away from watercourse. At Sg Kubud Estate, landfill area is located at field SK1206, GPS coordinate 3° 06' 40.48" N, 113° 28' 0.18" E	Yes
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	Assessment of all polluting activities for estate is documented under Baseline Pollution Identification. Source of pollution identified from workshop activity, genset/diesel store, fertilizer and chemical application and transportation. The most significant and the most concerned area is under workshop activities and chemical and fertilizer application. Mitigation and action required is documented in the baseline pollution identification.	Yes

Criterion / Indicator		Assessment Findings	Compliance										
4.5.4.2	<p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p> <p>- Major compliance -</p>	<p>Environmental improvement plan is documented under Baseline Pollution Identification include assessment of all polluting activities within the estate operation such as waste, air emissions and water discharges. For example at genset/diesel store – leakage/spillage of oil/lubricants : containment via proper bunding and flooring, spill kits and oil traps and disposed as scheduled waste.</p>	Yes										
Criterion 4.5.5: Natural water resources													
4.5.5.1	<p>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:</p> <ul style="list-style-type: none"> 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. 	<p>Keresa Plantations Sdn Bhd Water Management Plan (WMP) dated 20/07/2017 was sighted. Including specific parameters for WMP to promote efficient use of water and meet water conservation requirements under Sarawak Water Resource Enactment 1998 and Interim National Water Standards for Malaysia.</p> <p>Water management plan (KP 2-201 dated June 2010) involved water consumption management and quality monitoring which inclusive of drinking water monitoring and discharge water monitoring as per National Water Quality Standard Malaysia (NWQSM)</p> <p>Documented as a guideline entitled Riparian Zone Establishment (Ref. # E 4.5.3; Chapter 4; Issue date Jan 2010; Version 1.0).</p> <p>Buffer zones established as following:</p> <table border="1"> <thead> <tr> <th>River width</th> <th>Buffer zone</th> </tr> </thead> <tbody> <tr> <td>> 40 meters</td> <td>50 meters</td> </tr> <tr> <td>20 to 40 meters</td> <td>40 meters</td> </tr> <tr> <td>10 to 20 meters</td> <td>20 meters</td> </tr> <tr> <td>5 to 10 meters</td> <td>10 meters</td> </tr> </tbody> </table>	River width	Buffer zone	> 40 meters	50 meters	20 to 40 meters	40 meters	10 to 20 meters	20 meters	5 to 10 meters	10 meters	Yes
River width	Buffer zone												
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5 to 10 meters	10 meters												

Criterion / Indicator		Assessment Findings		Compliance		
	<p>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p>- Major compliance -</p>	<table border="1"> <tr> <td>< 5 meters</td> <td>5 meters</td> </tr> </table> <p>Sg Kubud Estate implemented the river water monitoring by taking water samples from 3 sampling points of river and streams running through the estate including Sg. Tebusang, Sg. Selakai and Sg. Kubud. River water monitoring also is part of Environmental Monitoring Report (EMR) which required to be submitted to NREB on quarterly basis. Pesticide residue monitoring is carried out on 6 monthly basis.</p> <p>Sample analyses were done every 3 months by ESI Sampling Sdn. Bhd. Sampled analysis report (Report period of Jan – Mar 2019; Ref. # NREB/6-1/2G/48) shown that analysis were done against Class IIB of NWQSM and the most of the parameters were in-compliance with the standard.</p> <p>Last monitoring for pesticides in water residue was carried out in 16/8/18. Analysis results reported under 3rd quarter (July – September 2018) EMR. Results showed all within the standard of Class IIB.</p>	< 5 meters	5 meters		
< 5 meters	5 meters					
4.5.5.2	<p>No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p>- Minor compliance -</p>	<p>There were no construction of bunds, weirs and dams across main rivers or waterways passing through Sg Kubud estate which will affecting the downstream users/stakeholders. At peat planted area, field/man made drain installed with wiers and water gates as part of water management plan on peat. This is important to ensure water level is within 50-70 cm from soil surface.</p>		Yes		
4.5.5.3	<p>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).</p>	<p>Water management plan includes rain water harvesting, desilting of road side drains and etc. For housing complex, the rain water harvesting was used for cleaning housing compound and etc.</p>		Yes		

Criterion / Indicator		Assessment Findings	Compliance
- Minor compliance -			
Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value			
4.5.6.1	<p>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:</p> <ul style="list-style-type: none"> 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 (<i>e.g.</i> 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. <p>- Major compliance -</p>	<p>Keresa Plantations has engaged a consultant (EnviroLogic Consulting) to conduct a biodiversity assessment of the land at the Estate as well as preparation of site-specific short-term and long-term HCV Management Plans. The report entitled Retrospective High Conservation Value Assessment of Oil Palm Plantation dated January 2014 was sighted. Based on the report, it was noted the presence of HCV 1.2, 1.3, 1.4, 3 and 4.2 within Sg Kubud Estate.</p> <p>HCV 1.2 – Threatened and endangered species in the form of flora and fauna. i.e. 14 tree species under IUCN red list, Sun Bear, Sambar Deer and Asia Black Hornbill.</p> <p>HCV 1.3 – endemic to Borneo. i.e. Bornean Yellow Muntjac and Sixteen species of endemic trees</p> <p>HCV 1.4 – present as wetlands potentially used by migratory birds</p> <p>HCV 3 – presence of peat swaps and kerangas forest.</p> <p>HCV 4.2 – area that legally gazetted for fire protection. Area that act as barriers for fire can become prone to fire i.e. peat swap area.</p>	Yes
4.5.6.2	<p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <ul style="list-style-type: none"> a) Ensuring that any legal requirements relating to the protection of the species are met. 	<p>HCV management plan is recommended by assessor and included in the report dated January 2014. The plan has included continuous education to targeted staff and workers on illegal hunting and</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</p> <p>- Major compliance -</p>	<p>poaching, signages on illegal hunting, patrolling and regular monitoring to ensure no encroachment.</p> <p>Observed no illegal hunting signages are prominently erected at the estate entrance and other strategic area and awareness training has been given to workers and other stakeholders.</p>	
4.5.6.3	<p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p>- Major compliance -</p>	<p>HCV Management plan was not effectively implemented for the below components:</p> <p>i) Latest inspection was carried out on 15/3/19 for riparian zone monitoring. Other monitoring under HCV 1.2 – related to sightings records detailed out species (location and time) was not effectively recorded.</p> <p>ii) No continuous education and awareness programme on the rare, threatened and endangered species for staff/workers/stakeholders.</p> <p>Thus, a major NC was issued.</p>	Major Non Compliance
Criterion 4.5.7: Zero burning practices			
4.5.7.1	<p>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.</p> <p>- Major compliance -</p>	<p>Keresa Plantations has established and implemented Best Management Practice (KP 2) approach through its standard operations and procedures (KP2-4 SOPs – Field Policy Manual).</p> <p>Under its conservation measures chapter entitled Environment Conservation (SOP #7 iii; version 2 dated 1 Jan 2009), all mitigations measures for plantation activities including land preparation or replanting shall be in compliance with the approved Environment</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		Impact Assessment (EIA) by Natural Resource and Environmental Board of Sarawak. This is including Zero Open Burning practices where the visit to the field and facilities confirm that the company are in compliance of its Zero Open Burning policy.	
4.5.7.2	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop. - Major compliance -	No special approval obtained as there was no phyto-sanitation process involved during development stage.	Yes
4.5.7.3	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws. - Major compliance -	Not applicable for Sg Kubud estate. No application of control burning activities during replanting.	Yes
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. - Minor compliance -	Not applicable for Sg Kubud estate. Currently, there is no replanting at Sg Kubud Estate and the youngest palm planted on December 2018 at phase 3.	Yes
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			

Criterion / Indicator		Assessment Findings	Compliance
4.6.1.1	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<p>Keresia Plantations has well established management systems for monitoring and control of best practice implementation at its estate. This includes the programme of regular internal audits by TQM and agronomist for maintaining and improving the production. Fertilizer recommendation for 2018 was made available. Date of the last visit as follows:</p> <p>Agronomist visit: 5th November 2018 by 3rd party agronomist under CCF Agro Service.</p> <p>Observed FFB truck/lorry transporting FFB from Sg Kubud to Keresia POM over stacked the layer of FFB for more than 2 layer @ 2 feet. Further trailed on the SOP, no guideline or procedure on the maximum loading/stacking of FFB for the FFB truck/lorry. Thus, a major NC was issued.</p>	Major Non Compliance
4.6.1.2	<p>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.</p> <p>- Major compliance -</p>	<p>Sg Kubud Estate has overlain a topographic map on the soil map to identify areas of potential erosion risk at Sg Kubud Estate. Area predominantly flat area and no steep area within the estate. Inspection of field conditions at estate showed well established and maintained groundcover vegetation.</p>	Yes
4.6.1.3	<p>A visual identification or reference system shall be established for each field.</p> <p>- Major compliance -</p>	<p>Visual identification has been established for each field and divided into division and blocks. Each block is named by road and visual identification (field marker) erected for reference. Cross checked with the records on site ID and field ID in the system found to be consistent.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		Check-roll and bunch checker record showed consistence reference to the specific division and block.	
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	Business plan available as per Summary Sg Kubud Estate (Mature) including harvesting, manuring, weeding, pest & disease and etc.	Yes
4.6.2.2	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years. - Major compliance -	No replanting activity is planned within 5 years since this estate has planting the oil palm in year 2012 first planting.	Yes
4.6.2.3	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) e) Financial indicators : cost benefit, discounted cash flow, return on investment	The 5 years FFB crop projection as at March 2019 for Sg Kubud Estate is available which contain the yield/ha projection and FFB projection. Apart from that, for cost consumption related, Sg. Kubud Estate has prepared the annual budget for 2019.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.6.2.4	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented. - Major compliance -	Management has the working sheet for all the field operation for realization. Sampled the sanitation schedule for 2019 in monthly basis by manager for implementation of profit and loss monitoring.	Yes
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	In Sg Kubud Estate, the payment mode is cash and as per contract. The documents are available and paid accordingly.	Yes
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	Sighted the agreement for contractor Yun Hoo Sdn Bhd for FFB, fertilizers and worker's transportation in Keresia Plantation Sdn Bhd signed on 01.01.2019 – 31.12.2019. Sampled the payment voucher no 1436 for RM 154,682.80 for lump sum work on 09.04.2019.	Yes
Criterion 4.6.4: Contractor			
4.6.4.1	Where contractors are engaged, they shall understand the MSP0 requirements and shall provide the required documentation and information. - Major compliance -	MSP0 training for contractor has been conducted on 21.03.2019 which attended by 2 contractors (Yun Hoo and YST). During the stakeholder meeting also, verified that contractors were aware on MSP0 requirement.	Yes

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Sighted the agreement for contractor Yun Hoo Sdn Bhd for FFB, fertilizers and worker’s transportation in Keresia Plantation Sdn Bhd signed on 01.01.2019 – 31.12.2019. Sampled the payment voucher no 1436 for RM 154,682.80 for lump sum work on 09.04.2019 and work order No: 5249 on 01.03.2019 for agreed price.	Yes
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required. - Minor compliance -	Management aware on the MSPO assessment for contractor and this has been communicated through MSPO training to contractor on 21.03.2019.	Yes
4.6.4.4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted. - Major compliance -	The contractor works has been recorded and approved in work verification and work order records before approved for payment.	Yes
4.7 Principle 7: Development of new planting			
Criterion 4.7.1: High biodiversity value			
4.7.1.1	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. - Major compliance -	Forest cover and land use change analysis for Sg Kubud Estate dated November 2016 was verified. Based on report, forest cover and land use change classification from 2003 – 2014 for the entire plantation was logged over area and considered as degraded forest with widespread shifting cultivation activities. The classifications have been verified using historic information from Forest Department Sarawak and land use map by National Mapping (JUPEM).	Yes

Criterion / Indicator		Assessment Findings	Compliance
		Further trailed on HCV report dated January 2014 concluded that no primary tropical rain forests in the project area prior to development.	
4.7.1.2	<p>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.</p> <p>- Major compliance -</p>	<p>Prior to new development, based on Natural Resources and Environment (Prescribed Activities) Amendment Order 1997 under First Schedule, Activity no.1 (i) Agricultural Development preparation of EIA is required for the project submission and approved by Natural Resources and Environmental Broad (NREB). Project name entitled “Proposed Sungai Kubud Oil Palm Estate, Lavang Land District, Sebauh Sub-District, Bintulu Division, Sarawak”. Date of EIA approval: 5 December 2016, reference no.: (25) NREB/6-1/2G/48, serial no. 1591. Total develop area is 3,526.10 ha consist of NCR land in Sebauh Sub-district.</p>	Yes
Criterion 4.7.2: Peat Land			
4.7.2.1	<p>New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.</p> <p>- Major compliance -</p>	<p>Peat planted area located at all there phases for total of 1,154 ha.</p> <p>Phase 1: Sebauh 2 and Merikan Division – 381.24 ha</p> <p>Phase 2: Limar and Selakai Division – 722.79 ha</p> <p>Phase 3: Lawai Division – 50 ha</p> <p>Peatland planting is based on company’s Operational Procedure, Water Management dated March 2014 and in lined with MPOB guidelines on peat land development and industry best practices.</p>	Yes
Criterion 4.7.3: Social and Environmental Impact Assessment (SEIA)			

Criterion / Indicator		Assessment Findings	Compliance
4.7.3.1	A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations. - Major compliance -	An Environmental Impact Assessment (EIA) is available for the new planting at Sg Kubud Estate dated June 2012 Ref no: CK/EV103-559/12 by Chemsain Konsultant Sdn Bhd.	Yes
4.7.3.2	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. - Major compliance -	In the EIA, it includes the land use and human environment which contain the regional profile of Bintulu district, demographic profile, education profile and employment pattern. The interview session also conducted with the participation of the stakeholders.	Yes
4.7.3.3	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed. - Major compliance -	The management plan to mitigate the negative impacts are available and monitored. Sighted the Environmental Monitoring Report for Jan-March 2018, Oct-Dec 2018, Apr – June 2018 and Jan – March 2019.	Yes
4.7.3.4	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. - Minor compliance -	There is no smallholder scheme involve in Sg Kubud Estate.	Yes
Criterion 4.7.4: Soil and topographic information			

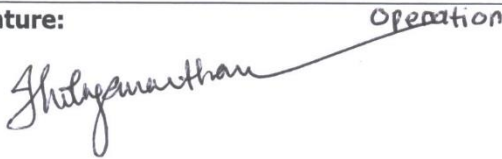

Criterion / Indicator		Assessment Findings	Compliance																											
4.7.4.1	<p>Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.</p> <p>- Major compliance -</p>	<p>Information on soil type is based on soil classification map dated January 2019. 7 main soil types associated within project site as per summary below:</p> <table border="1"> <thead> <tr> <th>Soil Type</th> <th>Hectare (HA)</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Anderson (AND)</td> <td>726.60</td> <td>20.61</td> </tr> <tr> <td>Bijat (BJT)</td> <td>25.80</td> <td>0.73</td> </tr> <tr> <td>Merit (MRT)</td> <td>331.20</td> <td>9.39</td> </tr> <tr> <td>Merit/Bekenu (MRT/BKN)</td> <td>1,460.90</td> <td>41.43</td> </tr> <tr> <td>Mukah (MKH)</td> <td>319.9</td> <td>9.07</td> </tr> <tr> <td>Mukah/Anderson (MKH/AND)</td> <td>124.70</td> <td>3.54</td> </tr> <tr> <td>Nyalau/Bekenu (NYL/BKN)</td> <td>537</td> <td>15.32</td> </tr> <tr> <td>Total</td> <td>3,526.1</td> <td>100</td> </tr> </tbody> </table> <p>Based on the above summary, site is predominantly under mineral soil and only small patches of organic soil (approx. less 5%).</p>	Soil Type	Hectare (HA)	Percentage (%)	Anderson (AND)	726.60	20.61	Bijat (BJT)	25.80	0.73	Merit (MRT)	331.20	9.39	Merit/Bekenu (MRT/BKN)	1,460.90	41.43	Mukah (MKH)	319.9	9.07	Mukah/Anderson (MKH/AND)	124.70	3.54	Nyalau/Bekenu (NYL/BKN)	537	15.32	Total	3,526.1	100	Yes
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Bijat (BJT)	25.80	0.73																												
Merit (MRT)	331.20	9.39																												
Merit/Bekenu (MRT/BKN)	1,460.90	41.43																												
Mukah (MKH)	319.9	9.07																												
Mukah/Anderson (MKH/AND)	124.70	3.54																												
Nyalau/Bekenu (NYL/BKN)	537	15.32																												
Total	3,526.1	100																												
4.7.4.2	<p>Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.</p> <p>- Major compliance -</p>	<p>Topographic information detailed out in EIA report and predominantly flat area. No steep area within estate.</p>	Yes																											
<p>Criterion 4.7.5: Planting on steep terrain, marginal and fragile soils</p>																														

Criterion / Indicator		Assessment Findings	Compliance
4.7.5.1	Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. - Major compliance -	As practiced, mineral soil with slopes exceeding 25° are not cultivated. Areas with slope of 12-25° should be terraced to reduce soil erosion and facilitate field operations such as planting, maintenance as well harvesting and FFB evacuation.	Yes
4.7.5.2	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. - Major compliance -	Planting on fragile and marginal soils is based on recommendation in the EIA report. The management plan incorporated in water management under OP @ Operational Procedure dated March 2014 for monitoring of water level (hydrological) between 50 -70 cm below soil surface. On top of that, excessive water during rainy season shall be drained out expeditiously to avoid flooding.	Yes
4.7.5.3	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. - Major compliance -	Identification of marginal and fragile soils, including excessive gradients and peat soils is carried out prior to conversion and reported in the EIA.	Yes
Criterion 4.7.6: Customary land			
4.7.6.1	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. - Major compliance -	The land status within the project site is of leased of native customary right (NCR) for 30 years to Sg. Kubud Estate. Prior to the new planting activity, estate has obtained the FPIC with villagers and agreement on the lease land is available. The landowners are prevalently the residents of Rh Iba and Rh Nompang which located approximately 2 km of West of Sg Kubud Estate.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.7.6.2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. - Minor compliance -	The agreement on the NCR lease land is containing all the terms and conditions for 30 years. The agreed price is RM 0.50/palm for their area respectively.	Yes
4.7.6.3	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. - Major compliance -	Keresa has leased the NCR land from the villagers and the agreement are available. Payment of the agreed price also sighted in monthly basis.	Yes
4.7.6.4	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement. - Major compliance -	The land is leased for 30 years with an agreed price. No compensation been made to the estate management.	Yes
4.7.6.5	Identification and assessment of legal and recognised customary rights shall be documented. - Major compliance -	The agreement contain all the identification and assessment from the legal counsel and signed by all native people involved in 21.12.2011.	Yes
4.7.6.6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented. - Major compliance -	The land is leased for 30 years with an agreed price. No compensation been made to the estate management.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.7.6.7	The process and outcome of any compensation claims shall be documented and made publicly available. - Major compliance -	The land is leased for 30 years with an agreed price. No compensation been made to the estate management.	Yes
4.7.6.8	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development. - Minor compliance -	The land is leased for 30 years with an agreed price. No compensation been made to the estate management.	Yes

Section 4: Assessment Conclusion and Recommendation

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment <i>Sg Kubud</i> Certification Unit complies with the MS 2530-3:2013 . It is recommended that the certification of <i>Sg Kubud</i> Certification Unit is approved and/or continued.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: Thilaganathan s/o Karunakaran	Name: Mohamed Hidir Zainal Abidin
Company name: Keresa Plantations Sdn Bhd	Company name: BSI Services Malaysia Sdn Bhd
Title: Senior Manager - Sustainability/ Estate	Title: Lead Auditor
Signature:  Operation	Signature: 
Date: 11 . 06 . 19	Date: 29 th May 2019

Appendix A: Assessment Plan

PRELIMINARY AGENDA				
Date	Time	Subjects	Hidhir	Elzy
Tuesday 16/4/19	PM	Audit team travel to Bintulu via MH2746 Check in at JC Mark Hotel	√	√
Sg Kubud Estate				
Wednesday 17/4/19	0700 am	Audit team travelling to Sg Kubud	√	√
Sg Kubud Estate	08.30 – 09.00	Opening Meeting: <ul style="list-style-type: none"> • Opening Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan 		
	09.00 – 12.30	Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.	√	√
	10.00 – 12.30	Stakeholder consultation (local communities, government agencies, supplier/contractor etc)	-	√
	12.30 – 13.30	Lunch	√	√
	13.30 – 16.00	Continue with pre-lunch activity Document review P1 – P6 (MSPO part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement. P6 : Best practices, P7: Development of New Planting (if any)	√	√
	16.00-1630	Interim closing	√	√
	16.30	End of day 1 – travel back to Bintulu	√	√
Thursday 18/4/19	0730 am	Audit team travel to Sg Kubud	√	√
Sg Kubud Estate	0830 - 1100	Continue with unfinished elements from day 1 P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and	√	√
	11.00 – 11.30	Audit team discussion	√	√
	11.30 – 12.30	Closing meeting and presentation of finding	√	√
	12.30	End of audit – travel back to Bintulu	√	√

Appendix B: List of Stakeholders Contacted

Internal Stakeholders

<ul style="list-style-type: none"> - Keresia Plantations Sdn. Bhd. management team - TQM Executives - Medical Assistant - Crèche Attendants - Female worker - Gender committee chairman - Foreign worker's representatives - Field workers 		
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External Stakeholders

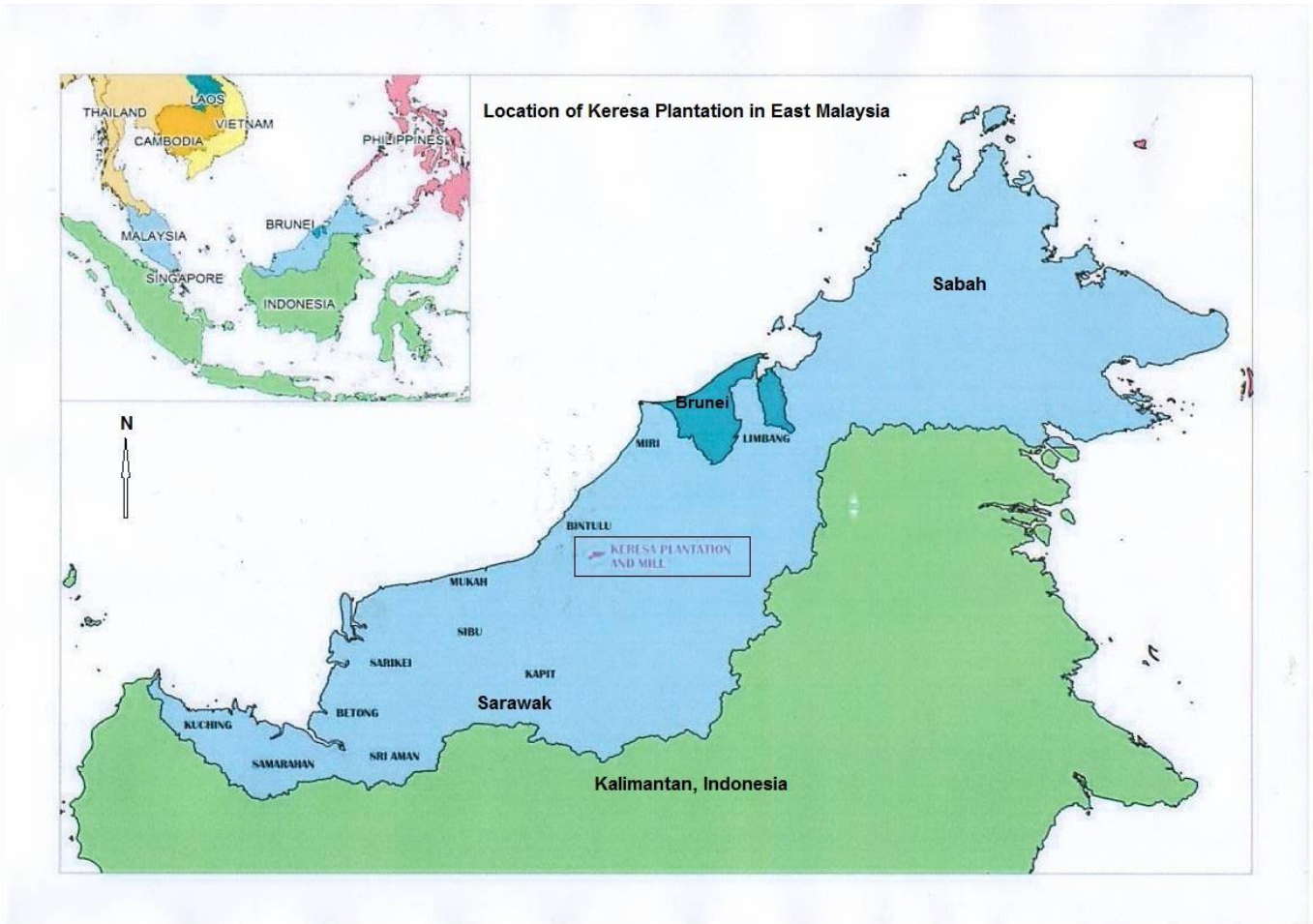
<p>Government Departments</p>	<p>NGOs and others Contractors (Yi Seng Trading & Yun Hoo Sdn Bhd) Neighbour Estate & Smallholder (Jendela Padu Estate & Uka anak Kelingkang)</p>	<p>Local Communities CLC (Indonesian school) Rumah Panjang Nompang</p>
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Appendix C: Smallholder Member Details

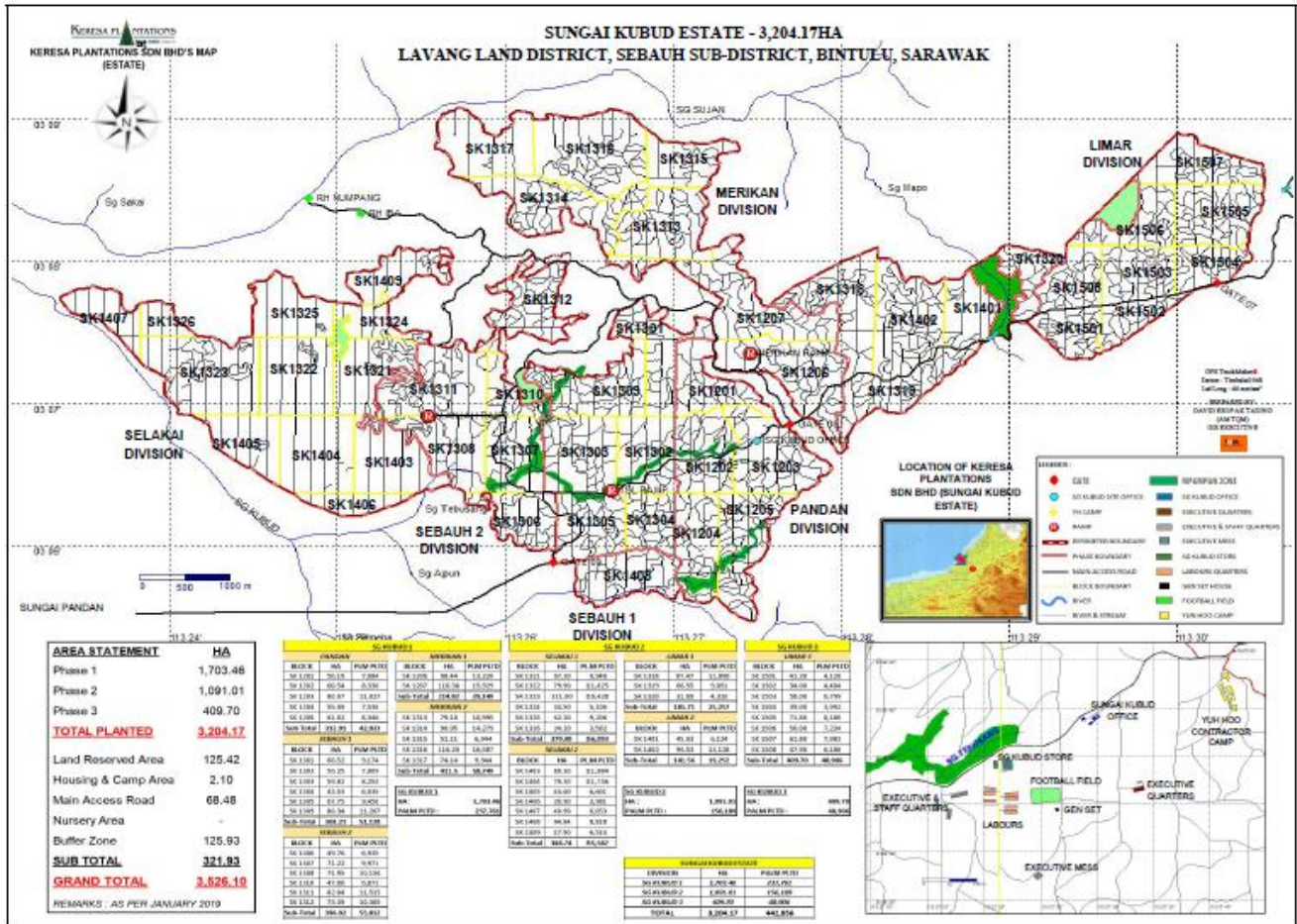
No	Name of smallholder	Year Planted	Land Area (ha)	Forecast FFB (Mt/ha/year)
1	N/A			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
TOTAL				

Appendix D

i) Location of Keresa Plantation – Sg Kubud Certification Unit



Sg Kubud Estate Field Map



Appendix E: List of Abbreviations Used

AN	Ammoniacal Nitrogen
ANPN	National Park Agency Gabon
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DGEPN	Environmental Protection Agency Gabon
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
GMP	Good Manufacturing Practice
HCV	High Conservation Value
IAV	Initial Assessment Visit
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
MSDS	Material Safety Data Sheet
MSP0	Malaysian Sustainable Palm Oil
O&G	Oil and Grease
PK	Palm Kernel
PPE	Personal Protective Equipment
PSQM	Plantation Sustainability and Quality Management
PQR	Performance Quality Rating
RC	Re-Certification
RED	Renewable Energy Directive
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SOU	Strategic Operating Unit
SS	Suspended Solids
TN	Total Nitrogen
TS	Total Solids
VFA	Volatile Fatty Acids