

**MSPO CERTIFICATION
INITIAL AUDIT (STAGE 2)
SUMMARY REPORT**

KECK SENG (MALAYSIA) BERHAD
Estates Grouping
Masai, Johor, Malaysia

Certificate No:	INTERTEK MSPO 008B
Start date:	10 Dec 2018
Expiry date:	09 Dec 2023
Audit Type	Audit Dates
Initial / Stage 2	28–30 Aug 2018
Annual Surveillance - 01	
Annual Surveillance - 02	
Annual Surveillance - 03	
Annual Surveillance - 04	
Re-Certification	

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1.0 SCOPE OF AUDIT

1.1 Introduction

This Initial Audit was conducted on the Estates / Oil Palm Plantations Grouping of Keck Seng (Malaysia) Berhad, from **28-30 Aug 2018**, to assess the organization's operations of the Masai Palm Oil Mill and its FFB supplying estates / plantations are in compliance against the **MSPO Standard for Oil Palm Plantations (MSPO MS 2530-3: 2013)**.

The Estates Grouping is made up of a grouping of estates supplying FFB to the Masai Palm Oil Mill, which are owned and managed under Keck Seng (Malaysia) Berhad.

1.2 Location (address, GPS and map) of palm oil mill and estates

The Masai Grouping consists of one palm oil mill, namely the **Masai Palm Oil Mill and eight (8) estates** as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The estates are all directly or indirectly owned by Keck Seng (Malaysia) Berhad. The location maps are provided in **Appendix C**.

Table 1: Address of Palm Oil Mill, Estates and GPS Location

Name	Address	GPS Reference	
		Latitude	Longitude
Masai Palm Oil Mill Capacity (60 MT/hr)	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'25.9"	E 103°57'53.8"
1. Keck Seng Oil Palm Estate	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'23.4"	E 103°54'36.3"
2. Tong Hing Estate	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°29'45.0"	E 103°38'04.3"
3. Sg. Layang Estate	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°34'18.9"	E 103°58'55.9"
4. Kota Tinggi Oil Palm Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°33'33.1"	E 103°56'07.5"
5. Sin Lian Oil Palm Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°33'07.3"	E 103°57'39.5"
6. Lian Huap Oil Palm Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'08.7"	E 103°57'05.2"
7. Johore (Masai) Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'04.0"	E 103°57'08.3"
8. Lim & Lim Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°31'21.9"	E 103°59'39.2"

1.3 Description of FFB supply base

The supply base, i.e. FFB sources to the Masai POM are from the abovementioned Estates Grouping of 8 estates, Outside Crop Producers (OCP) and smallholders. The FFB from the Estates Grouping are certified FFB. The FFB from Outside Crop Producers (OCP) and smallholders are considered as non-certified FFB. The FFB supply from the said own estates contributed about 20-25% of the total supply to the POM.

Details of the planted hectareage for the FFB supply for the Estates Grouping are as shown in Table 2 below.



Table 2: Estate Area Summary

Estate	Area Summary (ha) (Year 2017)		Area Summary (ha) – Current (Jan to Dec 2018)	
	Certified Area	Planted Area	Certified Area	Planted Area
Keck Seng Oil Palm Estate	348.31	342.79	348.31	342.79
Tong Hing Estate	663.71	629.31	663.71	629.31
Sg. Layang Estate	82.40	81.11	82.40	81.11
Kota Tinggi Oil Palm Plantations	240.05	239.31	240.05	239.31
Sin Lian Oil Palm Plantations	347.39	345.99	347.39	345.99
Lian Huap Oil Palm Plantations	464.84	446.52	464.84	446.52
Johore (Masai) Plantations	425.64	381.41	425.64	381.41
Lim & Lim Plantations	839.70	798.03	839.70	801.63
Total:	3,412.04	3,264.47	3,412.04	3,268.07

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas, and the identified Conservation / unplanted areas including HCV (if any) marked out at the estates.
2. The estates sampled for this Assessment have been selected based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and any high conservation value areas.

1.4 Summary of plantings and cycle

The estates been developed since 1983. Presently 7 out of the 8 estates are in their 2nd cycle of planting. The age profile is as shown in Table 3.

Table 3: Age Profile of Planted Oil Palm (Year 2018)

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha)
Keck Seng Oil Palm Estate	1986-2001	1 st	342.79	0	342.79
Tong Hing Estate	1986-2001	1 st	448.11	0	629.31
	2018	2 nd	0	181.20	181.20
Sg. Layang Estate	2004	2 nd	81.11	0	81.11
Kota Tinggi Oil Palm Plantations	2000	2 nd	239.31	0	239.31
Sin Lian Oil Palm Plantations	2000-2004	2 nd	345.99	0	345.99
Lian Huap Oil Palm Plantations	2003-2005	2 nd	446.52	0	446.52
Johore (Masai) Plantations	2001-2006	2 nd	381.41	0	381.41
Lim & Lim Plantations	1983-2000	1 st	683.24	0	421.22
	2009-2015	2 nd	0	376.81	376.81
		Total	2,968.48	299.59	3,268.07



1.5 Summary of Land Use, Conservation and HCV Areas

The summary of Land Use, Conservation and HCV Areas as identified in the Masai Grouping during this assessment is shown in Table 4 below:

Table 4: Conservation and HCV Areas

#	Statement of Land Use (Ha)	Year 2017 Hectarage – Ha	Year 2018 Hectarage – Ha
1	Planted Area (ha) – Oil Palm	3,264.47	3,268.07
	- Mature (Production)	2,710.65	2,968.48
	- Immature (Non-Production)	553.82	299.59
2	Conservation Area (ha)		
	- comprising buffer zones along small streams, hilly areas, swampy and unplatable areas	51.70	51.70
3	HCV Area (ha)		
	- comprising buffer zones near river riparian, forest reserves, water catchments, burial & religious sites	52.07	52.07

1.6 Other certifications held and Use of MSPO Trademarks

Currently, the other certifications held by the Masai POM and Estates Grouping are the RSPO P&C Certification, ISCC certification and the Food Safety Management System (ISO 22001), which are still valid.

The MSPO trademarks and logo are not used by the POM / Estates audited. Instructions for use were provided and acknowledged by the POM / Estates through a signed Memorandum of commitment agreeing to adhere to the latest “MSPO Rules on Use of Logos and Trademarks; provided prior to the Audit.

1.7 Organizational information / Contact Person

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1.8 Tonnages Verified for Certification

1.8.1 The breakdown of all the suppliers and their tonnages of FFB supplied to the POM for processing at the Masai Grouping based on the **actual for the past 12 months (Jan – Dec 2017)** is as in Table 5 below:

Table 5: Tonnages Verified for Certification (Jan to Dec 2017)

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Palm Oil Mill	MSPO P&C Certification By CB
1.	Keck Seng Oil Palm Estate	3,139.63	Masai POM	Intertek
2.	Tong Hing Estate	8,077.71	Masai POM	Intertek
3.	Sg. Layang Estate	1,869.27	Masai POM	Intertek
4.	Kota Tinggi Oil Palm Plantations	4,152.41	Masai POM	Intertek
5.	Sin Lian Oil Palm Plantations	5,647.36	Masai POM	Intertek
6.	Lian Huap Oil Palm Plantations	8,581.31	Masai POM	Intertek
7.	Johore (Masai) Plantations	7,486.60	Masai POM	Intertek
8.	Lim & Lim Plantations	9,855.98	Masai POM	Intertek
A	Sub-Total Masai Grouping Estates:	48,810.27		
B	Sub-Total Out-growers: 10 nos.:	181,980.85		
C	Sub-Total smallholders: 24 nos.:	9,953.98		
	Sub-Total Outgrowers and smallholders:	191,934.83		
	Total:	240,745.10		

1.8.2 Total annual volumes / tonnages of FFB supplied from the supply base to Masai Grouping POM during the previous, current and projected period are as shown in Table 6 below:

Table 6: Annual Tonnages of FFB

Estate / Supplier	FFB Processed in Year 2017 - Actual	FFB Processed in Year 2018 – Actual + Projected	FFB for Processing in Year 2019 - Projected
	MT	MT	MT
Masai Grouping Estates	48,810.27	45,000.00	48,000.00

1.8.3 The annual tonnages of CPO and PK produced by the POM verified during this **current audit and projected for next 12 months** are detailed as follows:

Table 7: Annual Tonnages – FFB, CPO & PK

POM	2017 - Actual		2018 - Actual + Projected		2019 Projected	
Total Certifiable FFB Processed (MT)	48,810.27		45,000.00		48,000.00	
Total Certifiable CPO Production (MT)	8,951.80	OER: 18.34%	8,460.00	OER: 18.80%	9,072.00	OER: 18.90%
Total Certifiable PK Production (MT)	2,884.69	KER: 5.91%	2,745.00	KER: 6.10%	2,904.00	KER: 6.05%



1.9 Abbreviations Used

CB	Certification Body	KER	Kernel Extraction Rate
CHRA	Chemical Health & Risk Audit	LTA	Lost Time Accidents
CPO	Crude Palm Oil	MPOB	Malaysian Palm Oil Board
CSDS	Chemical Safety Data Sheets	MPOCC	Malaysian Palm Oil Certification Council
CSPO	Certified Sustainable Palm Oil	MSDS	Material Safety Data Sheets
CSPK	Certified Sustainable Palm Kernel	MSPO	Malaysian Sustainable Palm Oil
EFB	Empty Fruit Bunch	MTCS	Malaysia Timber Certification Scheme
EHS	Environmental Health & Safety	MU	Management Unit
EIA	Environmental Impact Audit	NCR	Non-Conformance Report
ETP	Effluent Treatment Plant	NGO	Non-Government Organization
FFB	Fresh Fruit Bunch	OER	Oil Extraction Rate
GAP	Good Agriculture Practice	OHS	Occupational Health & Safety
HCV	High Conservation Values	PEFC	Programme for the Endorsement of Forest Certification
Intertek	Intertek Certification International Sdn Bhd	PK	Palm Kernel
IPM	Integrated Pest Management	POM	Palm Oil Mill
ISCC	International Sustainability & Carbon Certification	POME	Palm Oil Mill Effluent
IUCN	International Union for Conservation of Nature	PPE	Personal Protective Equipment
JCC	Joint Consultative Council	SOP	Standard Operating Procedure



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2.0 AUDITING PROCESS

2.1 Auditing Methodology, Plan and Site Visits

Since 24 Jul 2018, Intertek has initiated stakeholder communications and notifications via emails to the relevant stakeholders before the audit to provide feedback and comments on their concern (if any) on the Masai Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 28-30 Aug 2018, the Assessment team of Intertek conducted the Initial Assessment during which 3 out of the 8 estates of Masai Grouping, namely Tong Hing Estate, Kota Tinggi Estate, Johore (Masai) Estate as well as the Palm Oil Mill were assessed for compliance against the MSPO requirements.

The number of estates sampled was based on the sampling methodology with reference to the RSPO Certification Scheme i.e. minimum sample of x estates = $(0.8\sqrt{y}) \times z$, where y is the number of estates and z is the multiplier as defined by the risk assessment. The z multiplier value was determined as High Risk ($z = 1.4$) for this POM and Estates grouping considering the geographical location and distance of the estates, complexity of the labour force, landscape setting and presence of HCV or peat, complexity of supply sheds, number of communities and known conflicts, legality etc. Additionally the estates selection was made based on their potential risks on environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and HCV areas.

Note: The number of estates sampled based on the above sampling methodology is higher and meets the minimum as provided under the MSPO Certification Scheme.

During the on-site audit, relevant documents and records, including Standard Operating Procedures (SOP), management plans, hectareage development, FFB, CPO and PK production, oil palm age profile, operational controls and measures, operational data and records, training records, etc. were reviewed and verified for compliance.

The Audit team covered the palm oil mill and estate operations, agricultural practices, pest management, pesticide and fertilizer application, occupational health and safety, social accountability, environment and other requirements. Stakeholders' interviews were conducted during the audit and feedback obtained as part of information and evidence gathering. (See section 2.5 Process of stakeholder consultation).

The details of the Audit Plan (actual on-site) are provided in **Appendix B**.

Intertek has also performed the evaluation of conformity against the MSPO Certification System requirements for CBs. The audit report, findings and associated documents were evaluated through an independent review by the Intertek Internal Technical Review and the External Peer Reviews prior to the approval of this report and decision on certification by Intertek.

2.2 Date of next scheduled visit

The next scheduled visit will be the annual Surveillance Audit which will be carried out within a 12-month period of the certificate anniversary date.

2.3 Qualifications of the Lead Auditor and Audit Team

Competency details of the Lead Auditor and Audit Team are given in **Appendix A**.

2.4 Certification Body

Intertek Certification International Sdn Bhd is part of the Intertek Group, which is a worldwide technical services organisation dedicated to reducing clients' risks by providing technical inspection services, management system certification in quality, environmental, occupational safety & health and product certification, RSPO P&C, RSPO SCC, ISCC, Marine Sustainability Chain-of-Custody, MTCS and PEFC Chain-of-Custody certification in applicable industry sectors including the agricultural and forestry sectors. Intertek operates globally providing clients with a wide-ranging technical inspection expertise and access to thousands of skilled specialists worldwide. Intertek Group's certification business is ranked in the top 10 worldwide, and is available globally offering certification across a wide range of industries.

2.5 Process of stakeholder consultation

Stakeholder consultations began with notification of the upcoming audit via e-mails sent to the relevant stakeholders including government agencies, NGOs and local communities. E-mails and telephone enquiries were made prior to the actual audit and stakeholder's response and feedback received were followed up accordingly.



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During the audit, stakeholders (who were available) were interviewed and their feedbacks were recorded and followed up during audit. Among the stakeholders consulted were workers, trade union leaders, women representatives; local community leaders, representatives of government departments / agencies and NGOs, suppliers and contractors. Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

1. Department of Lands And Mines (Kuala Lumpur)
2. Department of Environment (Kuala Lumpur)
3. Department of Forestry Peninsular Malaysia (Kuala Lumpur)
4. Department of Immigration (Kuala Lumpur)
5. Department of Irrigation & Drainage (Kuala Lumpur)
6. Department of Labour (Kuala Lumpur)
7. Department of Occupational Safety & Health (Kuala Lumpur)
8. Department of Orang Asli Affairs (Kuala Lumpur)
9. Department of Wildlife & National Parks (Kuala Lumpur)
10. Department of Environment Johor
11. Department of Forestry Johor
12. Department of Immigration Johor
13. Department of Irrigation & Drainage Johor
14. Department of Labour Johor
15. Department of Occupational Safety & Health Johor
16. Department of Wildlife & National Parks Johor
17. Land and Mines Office Johor
18. Pertubuhan Keselamatan Sosial (SOCSO)

Statutory Bodies (by emails)

19. Malaysian Palm Oil Board (MPOB) - HQ
20. Malaysian Palm Oil Board (MPOB) - Northern Region
21. Malaysian Palm Oil Board (MPOB) - Central Region
22. Malaysian Palm Oil Board (MPOB) - Southern Region
23. Malaysian Palm Oil Board (MPOB) - Eastern Region
24. Malaysian Palm Oil Board (MPOB) - Sarawak Region
25. Malaysian Palm Oil Board (MPOB) - Sabah Region
26. Malaysia Palm Oil Association Kuala Lumpur (MPOA)
27. National Union of Plantation Workers (NUPW)
28. Malayan Agricultural Producers Association (MAPA) - HQ
29. Malayan Agricultural Producers Association (MAPA) – Southern Region
30. UNION – AMESU

NGOs and others (by emails)

31. All Women's Action Society (AWAM)
32. Center for Orang Asli Concerns COAC
33. Centre for Environment, Technology and Development, Malaysia – CETDEM
34. EcoKnights
35. ENO Asia Environment
36. Environmental Protection Society Malaysia (EPSM)
37. Friends of the Earth, Malaysia
38. Global Environment Centre
39. HUTAN - Kinabatangan Orang-utan Conservation Programme
40. JUST - International Movement for a Just World
41. Malaysian CropLife & Public Health Association (MCPA)
42. Malaysian Environmental NGOs – MENGO
43. Malaysian National Animal Welfare Foundation – MNAWF
44. Malaysian Plant Protection Society (MAPPS)
45. National Council of Welfare & Social Development Malaysia – NCWSDM
46. Partners of Community Organisations (PACOS)
47. Penang Institute previously known as Socio-Economic & Environmental Research Institute (SERI)
48. Pesticide Action Network Asia and the Pacific (PAN AP)
49. Proforest - South East Asia Regional Office
50. SUARAM – Suara Rakyat Malaysia
51. SUHAKAM – National Human rights Society – Persatuan Kebangsaan Hak Asasi Manusia
52. Tenaganita Sdn Bhd
53. TRAFFIC – the wildlife trade monitoring network
54. Transparency International – Malaysian Chapter
55. Treat Every Environment Special Sdn Bhd (TrEES)
56. United Nations Development Programme – UNDP Malaysia
57. Wetlands International (Malaysia)



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- 58. Wild Asia Sdn Bhd
- 59. World Wide Fund (WWF) - HQ

Local community (On-site interviews)

- 60. Consultative Committee & Gender representatives
- 61. Workers & Workers representatives
- 62. Village Heads & representatives
- 63. Suppliers & Contractors representatives



3.0 AUDIT FINDINGS

3.1 Summary of findings

Certification Unit: Masai Estates Grouping	
Auditor/s: Dr. Ooi Cheng Lee (OCL), Sazali Bin Hasni (SH) and Jumat Majid (JMD)	Audit Dates: 28-30 Aug 2018

P1: Management Commitment & Responsibility

Clause	Requirements	Evidence	Conformity
4.1.1	C1: MSPO Policy		
4.1.1.1	Indicator 1: A policy for the implementation of MSPO shall be established.	Keck Seng (Malaysia) Berhad (hereafter abbreviated as KSM) has documented the MSPO Policy dated 28 Mar 2018, which is available in its website: http://masai.keckseng.com/images/pdf/RSPO%20and%20MSPO%20Statement%20Policy.pdf The company has documented its MSPO Policy to comply with all applicable legislation and sustainability requirements.	Complied
4.1.1.2	Indicator 2: The policy shall also emphasize commitment to continual improvement.	The policy include a statement on the company's commitment to continual improvement in the overall aspects of plantation management and community development.	Complied
4.1.2	C2: Internal audit		
4.1.2.1	Indicator 1: Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.	There is a documented procedure for conducting Internal audit. The Internal Audit Procedure SPOP-GEN-01 Rev 0 (07/06/2017) stated that audit shall be carried out at least twice a year. The SOP should specify that internal audits shall be planned and conducted at a frequency that consider various factors such as the results of past audits, the number of non-conformances in the areas concerned, the risks involved, etc.	Minor NC# OCL-01
4.1.2.2	Indicator 2: The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.	A procedure for internal audit was established and documented, i.e. SPOP-GEN-01 Rev 0 (07/06/2018) . Internal audits on all the estates were conducted on 27&28/03/2018. There were 14 non-conformances and 2 observations raised for the internal audits. Audit results evaluated and corrective actions taken on the non-conformances.	Complied
4.1.2.3	Indicator 3: Report shall be made available to the management for their review.	The audit reports were documented and made available for Management review.	Complied
4.1.3	C3: Management review		
4.1.3.1	Indicator 1: The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	A procedure for management review was established and documented, i.e. SPOP-GEN-02 Rev 0 (03/07/2018). The management review procedure did not include the agenda for the review. Also, management review was not conducted for all the estates.	Major NC# OCL-01
4.1.4	C4: Continual improvement		
4.1.4.1	Indicator 1: The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.	Action plans for continual improvement have been specified and documented for all the estates. The continual improvement covers social and environmental aspects and impacts.	Complied
4.1.4.2	Indicator 2: The company shall establish a system to improve practices in line with new information and techniques or new industry standards and	Meetings and consultations were conducted for the introduction and implementation of any new information or technology that is feasible and applicable to the company. Examples are:	Complied



	technology, where applicable, that are available and feasible for adoption.	(1) Tractor grader complete with compaction for faster and better road maintenance. (2) Mechanical buffalo in transporting FFB to loading platform. (3) Mechanical fertilizer spreader to improve fertilizer application in the field.	
4.1.4.3	Indicator 3: An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.	Training to workers in the implementation of the above new technology and other various aspects of plantation activities were conducted throughout the year.	Complied

P2: Transparency

Clause	Requirements	Evidence	Conformity
4.2.1	C1: Transparency of information and documents relevant to MSPO requirements		
4.2.1.1	Indicator 1: The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.	The management has adopted an open and transparent method of communication and consultation when dealing with relevant parties e.g. its workers, government agencies, contractors, neighbouring plantations by personal invitation to attend the internal and external stakeholders' consultation meetings. Languages used in written communications are in Bahasa Malaysia and English, coupled with verbal native dialects.	Complied
4.2.1.2	Indicator 2: Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	Management documents such as Policies, Stakeholder consultation processes, Financial Annual Reports are available upon request from KSM. Any commercially confidential information will need special request before being provided.	Complied
4.2.2	C2: Transparent method of communication and consultation		
4.2.2.1	Indicator 1: Procedures shall be established for consultation and communication with the relevant stakeholders.	The management had established procedures and mechanisms to conduct stakeholders consultations, handle complaints and grievances through stakeholders meetings, Gender Consultative Committee (GCC), Housing Committee (HC), Safety & Health Committee (SHC) and NUPW representatives (for local and foreign workers). Communication procedure is available in the SOP Doc. No: RSPO CRI-6.1.1 dated 11 May 2011 Procedure for Stakeholders' Consultation and Communication.	Complied
4.2.2.2	Indicator 2: A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.	The Estate Managers are responsible for issues raised by local communities and other affected or interested parties. Sustainability Manager nominated to coordinate activities of the stakeholders, GCC, HC, SHC, etc. Appointment letter issued for the above.	Complied
4.2.2.3	Indicator 3: List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.	The lists of stakeholders at the POM are adequately maintained and kept current. The lists of stakeholders were used for inviting external stakeholders during external stakeholders' consultation. Records of consultation and communication included attendance lists, minutes of the meetings, photographs of the meetings and meeting notes. Minutes of meetings had noted deliberation of the issues raised and recommendations of actions to be taken and the follow-up.	Complied
4.2.3	C3: Traceability		
	Indicator 1: The management shall establish, implement and maintain a standard operating procedure to comply with the	SOP-05 Harvesting included the process for evacuation & delivery of FFB and security of FFB. The SOP specify that FFB transported by contractor to the POM to be accompanied by a FFB Delivery Note with details such as lorry number, field/area harvested, date of harvesting,	



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	requirements for traceability of the relevant product(s).	harvesting interval, year of planting. The weight of FFB delivered is recorded in the Weighbridge Ticket issued by the POM. There is also a documented procedure for traceability SOP-GEN-03 Rev 0 dated 24/05/2018. However, this procedure did not cover the process from harvesting and transport of FFB to the mill.	Obs# OCL-01
4.2.3.2	Indicator 2: The management shall conduct regular inspections on compliance with the established traceability system.	The management did not conduct regular inspections, checking of records and internal audits to determine compliance with the traceability system.	Minor NC# OCL-02
4.2.3.3	Indicator 3: The management should identify and assign suitable employees to implement and maintain the traceability system.	The Palm Oil Mill and Estates Organization Charts and job responsibilities of employees (Mill Manager, Estate Managers, Assistant Manager, Engineers, Assistant Engineers, Technicians, Security Officer, Weighbridge Operator, Laboratory Chemist and clerks) have been suitably defined for the implementation and maintenance of the traceability procedure. Interviews of the relevant staff confirmed their knowledge of the traceability requirements for their respective areas of operations.	Complied
4.2.3.4	Indicator 4: Records of sales, delivery or transportation of FFB shall be maintained.	All records of FFB harvested, transported and delivered to the POM were maintained and verified to be traceable via the Delivery Note and Weighbridge Ticket which were maintained at the respective estate offices. The FFB Delivery Note has details such as lorry number, field/area harvested, date of harvesting, harvesting interval, year of planting.	Complied

P3: Compliance to legal requirements

Clause	Requirements	Evidence	Conformity
4.3.1	C1: Regulatory requirements		
4.3.1.1	Indicator 1: All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.	The Legal Requirements Register covering the applicable local and international laws and regulations is available at the estates. The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage & storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities. Levy and other deductions have been taken with the consent of the workers in accordance with the Employment Act 1955, FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines. Compliance with these regulations, especially Employment Act 1955, by contractors engaged with the PMU was verified as satisfactory. In addition to the interview session conducted with the contractors, pay slips, working permits and passports of the contractor workers, were examined and verified to be all in order. Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol & Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid. Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.	Complied



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		Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated. Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals. Medical history records of the workers were available and noted to be maintained. Legal documents of foreign workers (including work permits and passports) are renewed and valid. Insurance coverage is maintained and available for foreign workers in the estates. Land Assessment and statutory returns to relevant authorities found to be in compliance.	
4.3.1.2	Indicator 2: The management shall list all laws applicable to their operations in a legal requirements register.	The organization has placed soft copies of the local and international laws applicable to their operations and maintain a list of laws in a Legal Requirements Register (LRR) in its intranet.	Complied
4.3.1.3	Indicator 3: The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.	The organization has subscribed to a service provider, lawnet.com for notification of any changes to the laws and regulations.	Complied
4.3.1.4	Indicator 4: The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.	Tracking of regulatory requirements and communication of changes is performed by the HR Executive, KM Leong.	Complied
4.3.2	C2: Land use rights		
4.3.2.1	Indicator 1: The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.	Communities surrounding the estates are able to move freely without any issues or problems. Verified during site inspection that no such limitations had occurred.	Complied
4.3.2.2	Indicator 2: The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.	Copies of the land titles of all estates were maintained and noted to be legally owned or leased by KSM. e.g. There are 21 land titles for Keck Seng Estate of 99 years lease with expiry on 03/01/2116. There are 8 land titles for Tong Hin Estates and all are freehold lands. The original copies are maintained by the Corporate Head Office in Singapore. The legal use of the land confirmed to be for the cultivation of oil palms. There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition since the last audit.	Complied
4.3.2.3	Indicator 3: Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.	It was verified that there has been no change to the land titles of the estates and designated use for cultivation of oil palms. Locations of several boundary stones and pole markers were visited and verified to be within the boundary perimeter of the estates. Demarcation was also evidenced by the dug up trenches, drains and roads along the perimeter of the estates. On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the mill and estates.	Complied
4.3.2.4	Indicator 4: Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these	There has been no dispute on the land rights in the estates. As such, the process of fair compensation and FPIC is currently not required to be applied. Related procedures are: SOP RSPO CRI-6.3.1A Rev 01 dated 03 Nov 2011 Procedure for handling social disputes.	Complied



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	should have been accepted with free prior informed consent (FPIC).	SOP RSPO CRI-6.3.1B Procedure for handling boundary dispute. SOP RSPO CRI-6.4.1 Procedure for identification of customary land rights and compensation.	
4.3.3	C3: Customary rights		
4.3.3.1	Indicator 1: Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.	Not applicable as the lands are titled lands which are not encumbered by customary rights.	Not applicable
4.3.3.2	Indicator 2: Maps of an appropriate scale showing extent of recognized customary rights shall be made available.	Appropriate landscape maps with latitude & longitudes showing the legal boundary and neighbouring / surrounding areas of the estates were available and maintained. The lands at Masai Grouping are legally owned or leased by KSM and it is verified that there were no other users or affected parties in the land areas.	Complied
4.3.3.3	Indicator 3: Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.	Not applicable as the titled lands are not encumbered by customary rights.	Not applicable

P4: Social responsibility, health, safety and employment condition

Clause	Requirements	Evidence	Conformity
4.4.1	C1: Social impact Audit (SIA)		
4.4.1.1	Indicator 1: Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.	Social Impact Assessment (SIA) report and Management Plans at the estates were documented by the Sustainability Team. The plans included monitoring of negative impacts and enhancement of positive ones. SIA in 2018 for Keck Seng Masai POM and Estates Grouping was conducted on 28/6/2018. The external consultations were attended by external stakeholders including suppliers, contractors, neighbouring estates, transporters, government agencies, etc. Monitoring records were retained and made available as evidence that actions had been taken.	Complied
4.4.2	C2: Complaints and grievances		
4.4.2.1	Indicator 1: A system for dealing with complaints and grievances shall be established and documented.	In dealing with complaints and grievances, the management had established "Social Policy" (http://masai.keckseng.com/images/pdf/KSM-%20Social%20Policy.pdf) in Oct 2011, signed by the Managing Director, Datuk Ho Kian Hock where in the second point of the policy it mentioned grievances from the stakeholders will be resolved fairly. In addition the Estates also established a few procedures related to complaints and grievances as listed below. 1. Procedures "To Handle and Response The Request/Enquiries From Stakeholders" (RSPO-CRI-1.1.2) 2. Stakeholders Consultation and Communication Procedures (RSPO-CRI-6.1.1) 3. Handling of Social Dispute (RSPO-CRI-6.3.1A) A Complaints / Grievance Register is maintained. Verified that issues registered are mainly on housing repairs, road conditions, water and electricity disruptions, etc. The complaints are reviewed with appropriate actions taken and recorded.	Complied
4.4.2.2	Indicator 2: The system shall be able to resolve disputes in an effective, timely and appropriate	The procedure and flowchart outlined the mechanism whereby all complaints or grievances will be received and be acted upon by the Social Liaison Officers who will investigate the matter and resolve with the affected parties.	



	manner that is accepted by all parties.	Complaints and grievances are investigated, addressed and resolved based on their severity. Minor complaints will normally be resolved within 2-3 working days, whilst major complaints and grievances will be resolved based on priority and budget availability. No complaints related to sexual harassment received so far, but the procedures stated such issues will be handled with the utmost privacy and confidentiality by the GCC. Verified that there were no instances of any serious disputes. Observation was raised that the form “Surat Aduan / Cadangan” did not have a space for recording the date of complaint/grievance. Thus the auditor was unable to determine whether or not the actions taken were in a timely manner.	OBS# JMD-01
4.4.2.3	Indicator 3: A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.	All complaints and grievances received are documented either in the form of meeting minutes for the JCC, GCC, Safety meetings and annual stakeholder consultations or complaint forms. Decisions and actions/responses to the complaints and grievances received also very well documented with sufficient supporting documents. Other than reports made to the gender representatives, all other complaints and grievances are accessible to public. It was noted that numbers of grievances recorded from workers in the grievance books are declining. This decline is mainly due to many different avenues for the workers to raise their concerns to the management, especially through frequent meetings between workers and the management.	Complied
4.4.2.4	Indicator 4: Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.	The Management informed the invited employees and surrounding communities at the internal and external stakeholders’ consultations regarding their complaint/grievance procedure and feedback mechanism. External consultation session for Keck Seng Masai POM and Estates Grouping was conducted on 28/6/2018. Participation of external stakeholders were verified from contractors, suppliers, government agencies, police, neighbouring estate, etc.	Complied
4.4.2.5	Indicator 5: Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.	The complaint forms that recorded the nature of complaints and the resolutions had been maintained and available for the past 3 years.	Complied
4.4.3	C3: Commitment to contribute to local sustainable development		
4.4.3.1	Indicator 1: Growers should contribute to local development in consultation with the local communities.	Main contribution of the Estates to the local development was demonstrated in the provision of facilities and monetary contributions, where feasible. The group is also supplying free treated water and electricity to the nearby workers housing area belong to both the POM and Estates. The PMU at the same time providing a considerably big number of job opportunities to the surrounding communities. It was also verified that the Estates have been actively donating and supporting the schools and communities around the area as part of their CSR activities.	Complied
4.4.4	C4: Employees safety and health		
4.4.4.1	Indicator 1: An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.	Occupational Safety and Health Policies and Plans were established and verified to be in accordance with the OSH Act, 1994 and Factories and Machinery Act 1967 (Act 139). The Plans have been reviewed (annually), up-dated and approved by the respective managers for the estates.	Complied
4.4.4.2	Indicator 2: The occupational safety and health plan shall cover the following:	Safety Policy and HIRARC are available, reviewed and updated in each estates audited. The OSH Programme 2018 include the following:	



<p>a) A safety and health policy, which is communicated and implemented.</p> <p>b) The risks of all operations shall be assessed and documented.</p> <p>c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:</p> <p style="padding-left: 20px;">i) all employees involved shall be adequately trained on safe working practices; and</p> <p style="padding-left: 20px;">ii) all precautions attached to products shall be properly observed and applied.</p> <p>d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk Audit and control such as Hazard Identification, Risk Audit 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> <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 meetings 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</p>	<ul style="list-style-type: none"> • Safety & Health Committee meetings were held quarterly, • Annual medical surveillance, • Accident Reporting & Investigation, • Workplace inspection, • CHRA assessment, • Air compressors annual inspection, • Warning signs, • Chemical Register, • SOP for safe work, • PPE usage, • MSDS/CSDS, • JKKP 8 reporting of accidents annually, • Emergency Response Plan (ERP), • Emergency drills, • Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection), • Monthly KPI Report on HSE performance, • Monthly Safety inspection & audit by Safety Officer. <p>CHRAs for each estate audited were verified as still valid and recommendations were verified to have been adhered on-site.</p> <p>Surveillance programmes for protecting workers' health and safety were satisfactorily implemented.</p> <p>Accident and emergency procedures had been established and briefed to staff, workers, contractors and visitors.</p> <p>Workers trained in First Aid were present in the estate office and field operations.</p> <p>First Aid Kits were available at worksites.</p> <p>Records on all accidents had been verified to be maintained satisfactorily.</p> <p>Quarterly review on accident cases had been carried out during quarterly meeting of Occupational Safety & Health (OSH) committee.</p> <p>Medical care had been provided to all the workers at the clinics noted to be nearby the estate offices. Major cases will be immediately referred to panel clinics or hospitals. Transportation cost and medical fees at the panel clinics and hospitals are covered by the management.</p> <p>Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme (FWCS) with CHUBB insurance noted to be valid until May 2019.</p> <p>Records on Lost Time Accident (LTA) metrics and occupational injuries were available and verified to be satisfactorily maintained.</p> <p>The Estates had established SOPs related to mixing, storage and application of chemicals to meet the regulatory requirements concerning the safe handling, storage and usage of chemicals.</p> <p>The Safety & Health Officer is in charge of safety and health planning, operation & coordination. Estate Managers / Assistant Estate Managers are also directly involved.</p>	
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	<p>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>Records on safety training and analysis on the understanding of training on safety by the workers had been verified in each estates audited.</p> <p>Safety & Health Committee meetings were held quarterly to discuss issues on employee's health, safety and welfare. Records of meetings are available and verified to be satisfactory. There is also the mechanism of complaints and grievances.</p> <p>This non-conformance was found during the audit: One foreman and a chemical mixer with exposure to chemicals were not sent for the monthly medical check-up as recommended in the CHRA.</p> <p>This observation was raised during the audit: The Health Assistant should prepare a summary of the annual medical surveillance results for year 2018 as proof of review. The summary was sighted for the annual medical surveillance results for year 2017.</p>	<p>Major NC# JMD-01</p> <p>Obs# JMD-02</p>
4.4.5	C5: Employment conditions		
4.4.5.1	<p>Indicator 1: The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.</p>	<p>The management had established the "Social Policy" (http://masai.keckseng.com/images/pdf/KSM-%20Social%20Policy.pdf) in Oct 2011, signed by The Managing Director, Datuk Ho Kian Hock, which covered the necessary aspects of human rights related issues.</p> <p>The employees are informed through briefing during muster, at the GCC and ECC meetings. The policy is also displayed at notice boards in the office.</p>	Complied
4.4.5.2	<p>Indicator 2: The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p>	<p>The first point in the Social Policy statements adopted by the Estates as mentioned above recognises equal opportunity and this policy is widely available and displayed in English and Bahasa Malaysia.</p> <p>Interviews of workers (including foreign workers) and inspections of employment records, pay slips and allowable deductions of wages confirmed that this criteria were implemented and maintained.</p>	Complied
4.4.5.3	<p>Indicator 3: Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p>	<p>Documentation and conditions of pay for foreign workers hired in the estates are available. Employment agreement with foreign workers, stated all statutory fringe benefits and eligible incentives, e.g. working hours, overtime, leave and medical benefits, maternity leave for women, insurance coverage, deductions, resignation notice period, company rules. Company procedures require the employment contract to be explained by management to potential migrant workers before contracts are signed.</p> <p>Pay slips are available for verification showed the workers were able to earn living wage that meet the Minimum Wage Order 2016.</p> <p>This non-conformance was found during the audit:</p> <ol style="list-style-type: none"> Annual leave and public holiday pays were not based on calculation of Ordinary Rate of Pay as required by Employment Act 1955 in all estates. Year 2017 annual leave pro rata calculation for two workers was found incorrect in Tong Hing Estate. <p>This observation was raised during the audit: The percentage of absent workers was not clearly stated in the annual leave pay statement for 2017, which makes it difficult to determine why some workers did not receive the annual leave pay. However, it was verified that all eligible workers in 2017 received their annual leave pay.</p>	<p>Major NC# JMD-02</p> <p>OBS# JMD-03</p>



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4.4.5.4	Indicator 4: Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.	The management ensured that employees of contractors are paid based on Minimum Wage Order 2016 by monitoring salary payment. At the estates, workers who received less than stipulated minimum wages are mainly due to absent from work without permission. This was verified as accurate during the audit. It is clear that workers who worked without absent for the whole month are able to achieve minimum wages.	Complied
4.4.5.5	Indicator 5: The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.	The management maintained lists of employees that recorded the full names, gender, date of birth, date of entry, wage and period of employment. A brief description of the work that the foreign workers will be performing is written into the employment contract. Full job descriptions are documented for senior positions, such as Managers, Social Liaison Officer, and Safety & Health Officer, etc.	Complied
4.4.5.6	Indicator 6: All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.	All employees are provided with employment contracts in accordance with the regulations. The terms of employment are clearly specified in the contracts, which included position offered, period of employment, salary, overtime rate, rest days every Sundays, rate of pay when working on rest days, days and hours of work, approved deductions, termination of employment, holiday pay, rate of pay when working on holidays, leave pay, sick leave, maternity leave, passage expenses, expatriations of remains and burial arrangement, insurance. The employment contract is signed by the Estate Managers or their Assistants and the employee. Interview with the employees confirmed that they received a copy of the employment contract.	Complied
4.4.5.7	Indicator 7: The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.	At the estates audited, no biometric recording system was installed but instead attendance cards for general workers and Portable Palm Data Device harvest recording systems for harvesters were used.	Complied
4.4.5.8	Indicator 8: The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.	The working hours of the employees and overtime rates are specified in the employment contract i.e. 8 hours per day. The working hours, breaks and overtime rates are in accordance with the regulations.	Complied
4.4.5.9	Indicator 9: Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	Pay slips clearly showed the basic pay or piece rate, number of days worked or total output, any allowable deductions and net amount. Any overtime, holiday pay, working on rest days or Sundays or Holidays, when applicable, are also shown on the pay slips.	Complied
4.4.5.10	Indicator 10: Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional	The employees are offered incentives on output, provided training, access to medical care and other benefits such as free housing, water and electricity supply. Also offered are free medical services to foreign workers and dependents of local workers.	Complied



	development, medical care and health provisions.		
4.4.5.11	Indicator 11: In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.	<p>The Estates are in compliance with the Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) by providing adequate housing, water supplies, medical, educational and public amenities to their local and foreign workers.</p> <p>Workers are provided with free living quarters constructed of permanent materials that have living rooms, bedrooms, kitchen and toilets. All the houses are supplied with free treated water and electricity.</p> <p>The workers are provided with medical and public amenities. Linesite inspection is conducted once a week and Visiting Medical Officer's visit is scheduled once a month.</p> <p>This observation was raised during the audit:</p> <ol style="list-style-type: none"> Rubbish traps were not constructed in the main drains in the workers quarters to prevent rubbish from flowing into the nearby fields. Generally, the hygiene level at the workers quarters is acceptable. Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) requires all buildings under the management of the estates to be inspected weekly. Inspections were conducted but not clearly recorded to show compliance to the law. 	OBS# JMD-04
4.4.5.12	Indicator 12: The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.	The third point in the Social Policy statements adopted by the Estates as mentioned above recognises the prevention of all forms of sexual harassment and violence at the workplace. This policy is widely available and displayed in English and Bahasa Malaysia.	Complied
4.4.5.13	Indicator 13: The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.	<p>The fourth point in the Social Policy statements adopted by the POM as mentioned above recognises the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain. This policy is widely available and displayed in English and Bahasa Malaysia.</p> <p>The Estates had formed Employee Consultative Committee (ECC) as mechanism to cater for the collective bargaining needs of the workers. Results of meetings were minuted and available for verification. The meeting as an alternative to workers union is scheduled to conduct their meeting annually. It was verified that each meeting is properly documented and filed. Participants in the meetings are workers representatives from different categories of workers such as general workers, drivers, laboratory, workshops, etc.</p> <p>The meeting minutes are accessible to all members in the committee and other workers as well. In each meeting, the meeting started with approval of previous meeting minutes and evaluate the status of issues raised.</p>	Complied
4.4.5.14	Indicator 14: Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their	<p>The fifth and last point in the Social Policy statements adopted by the POM as mentioned above recognises children and young persons shall not be employed or exploited. This policy is widely available and displayed in English and Bahasa Malaysia.</p> <p>There was no evidence of any child labour being used at the estates audited. Inspection of the employment records</p>	Complied



	education. They shall not be exposed to hazardous working conditions.	including site visit to the estate fields confirmed that this requirement has been complied with.	
4.4.6	C6: Training and competency		
4.4.6.1	Indicator 1: All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular Audit of training needs and documentation, including records of training shall be kept.	Training programme planned for year 2018 includes training for all categories of workers. Appropriate trainings on safe working practices are planned for workers exposed to machinery, harvesters, pesticides operators and manure applicators. The training programme included the various types of training such as firefighting and fire drill, understanding MSDS/CSDS and first aid training. The trainings were conducted for year 2018 and evaluation carried out on each of the trainings to determine its effectiveness. Records of training for each employee, including new employees were maintained.	Complied
4.4.6.2	Indicator 2: Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.	A formal training programme on all aspects of MSPO requirements have been established and implemented. Training for various categories of operators, including all field and office staff, with regards to their duties and training needs had been reviewed and found acceptable. The training needs analysis are reviewed annually and discussed in the quarterly Safety and Health meetings.	Complied
4.4.6.3	Indicator 3: A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.	Training programme planned for year 2018 includes training for all categories of workers. The trainings conducted were based on job categories, examples are as the follows: 1. Training on safe harvesting and loading of FFB and correct use of PPE for the harvesters (EST-OSH-6) 2. Training on safe pesticide application methods and correct use of PPE for the sprayers (EST-OSH-5, EST-OSH-5, EST-OSH-17 & EST-OSH-18) 3. Training on safe manure application methods and correct use of PPE for the manure applicators (EST-OSH-3) Other trainings include First Aider training, MSDS/CSDS Training, "Prosedur Kerja Selamat dan Panduan Keselamatan".	Complied

P5: Environment, natural resources, biodiversity and ecosystem services

Clause	Requirements	Evidence	Conformity
4.5.1	C1: Environmental management plan		
4.5.1.1	Indicator 1: An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.	A policy on environment was developed in accordance with the relevant country and state laws. It is documented and communicated to all levels of the workforce through briefings and placement of the policy on notice boards. Briefing on the said policy and management plans was conducted in Jul 2018 to all staff and workers.	Complied



4.5.1.2	Indicator 2: The environmental management plan shall cover the following: a) An environmental policy and objectives. b) The aspects and impacts analysis of all operations.	The Environmental Management Plan was prepared on 23 Aug 2018. It included only the environmental policy. The Environmental Aspects and Impacts Assessment (EIA) was conducted and documented. The scope of assessment had included the management of mill effluents, management of pests and disease palms(IPM), maintenance of roads, drainage system fertilizing, spraying, transportation of FFB, schedule waste and garbage disposal, accordingly to the local requirements. The EIA report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones. The assessment had also included the relevant stakeholders to identify impacts and develop the mitigation measures such as relevant conservation activities. The environmental policy, objectives and the aspects and impacts analysis was not included in the management plan. The continual improvement program was also not indicated in the document. The environmental management plan available was not suited to the MSPO requirement.	Major NC# SH-01
4.5.1.3	Indicator 3: An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.	The EIA document had also included the development of the Environmental Improvement Plan for the mitigation of negative impacts and promotion of positive impacts. Buffer zones along streams were demarcated. Maintenance, desilting and clearing of overgrown natural vegetation and debris along the streams in estates was also carried out. The POME and EFB are delivered/recycled to the plantation for fertiliser and moisture retention purposes. Stacking of fronts was also done effectively. Waste materials (mostly fertilizer bags and plastics) were recycled and recorded in a register book. The implementation and monitoring of the documented environmental improvement plan were found to be satisfactorily implemented.	Complied
4.5.1.4	Indicator 4: A programme to promote the positive impacts should be included in the continual improvement plan.	A Continual Improvement Plan has been developed and implemented for the promotion of positive impacts such as the maintenance of the fencing for the water ponds, placing of signages such as no hunting at areas bordering the forest, riparian signage at strategic locations around the estates.	Complied
4.5.1.5	Indicator 5: 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.	There were a number of training programmes established and being implemented on the awareness and understanding of the policy and objectives on environmental management, namely; training on HCV/RTE, buffer zone, spraying, etc. Training records was made available during the audit.	Complied
4.5.1.6	Indicator 6: Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.	There was no record of meetings being conducted to address the concerns of workers about environmental quality.	Major NC# SH-02
4.5.2	C2: Efficiency of energy use and use of renewable energy		
4.5.2.1	Indicator 1: Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy	Usage of non-renewable energy is monitored monthly. Record on the usage of diesel and electricity is available for review. Monthly records on the consumption were maintained for comparison to optimize the use of the non-renewable energy at the estates.	Complied



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	including fossil fuel, electricity and energy efficiency in the operations over the base period.		
4.5.2.2	Indicator 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.	Records on the usage of non-renewable energy for machineries involved in the plantation operations were maintained and available. Monthly records on energy consumption, i.e. diesel both for own machinery, transport & field operations including the diesel usage provided to contractors for estate road maintenance, FFB and EFB transportation were monitored and maintained at the estates offices. Data is being compiled for comparison and monitored to optimize efficiency on the use of non-renewable energy. Records maintained had showed proper control of the fuel usage.	Complied
4.5.2.3	Indicator 3: The use of renewable energy should be applied where possible.	At the estates, use of renewable energy is mainly in the use and application of decanter cake being recycled for manure purpose.	Complied
4.5.3	C3: Waste management and disposal		
4.5.3.1	Indicator 1: All waste products and sources of pollution shall be identified and documented.	All waste products and sources of pollution were identified and documented. The documentation and identification of all the waste products such as scheduled waste, domestic waste, clinical waste and recyclable waste such as metal, plastic, mill waste and polluting materials e.g. EFB, POME, stack emissions and boiler ashes were maintained and monitored. Scheduled Waste identified included spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102).	Complied
4.5.3.2	Indicator 2: A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products.	A waste management and disposal plan has been documented and implemented. Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in all the estates visited. Proper storage areas were identified for the storage of the recyclable wastes at the estates. Schedule waste disposal was done by an appointed contractor that is licensed by the Department of Environment. The solid waste management and disposal plan for household waste is subcontracted to Urus Kekal Enterprise and disposal was to sites approved by local authority. Recycling of crop residues / biomass i.e. fronts and POME (decanter cake) had been implemented.	Complied
4.5.3.3	Indicator 3: The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.	Standard operating procedure for the handling of used chemicals classified as Scheduled Waste has been developed and adhered to accordingly. Record on the usage and disposal were well recorded and documented at estates.	Complied
4.5.3.4	Indicator 4: Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal	Unwanted empty pesticide containers were punctured and disposed of by the appointment of a licensed contractor handling such schedule waste. Empty pesticide containers is only recycled for the purpose permitted. The estates have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. At times, the waste is	Complied



	instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.	disposed of through the mill depending on the volume/amount of waste available at the estates.	
4.5.3.5	Indicator 5: Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	The disposal of household waste was contracted out to third party handlers and the disposal is in accordance to the rules and regulation of the local authority. No landfill practise being conducted here.	Complied
4.5.4	C4: Reduction of pollution and emission		
4.5.4.1	Indicator 1: An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.	All polluting activities were assessed through the aspect and impact method, and are documented. The activities are inclusive of green gas emissions, chemicals, fertilizer, scheduled waste, solid waste and household waste. Data relating to such activities were collected and analysed. GHG emission was also assessed.	Complied
4.5.4.2	Indicator 2: An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	The action plan has been established and implementation is ongoing. Improvement such as on consumption of diesel and fertilizers are noted during the audit.	Complied
4.5.5	C5: Natural water resources		
4.5.5.1	Indicator 1: The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a) Assessment of water usage and sources of supply. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities. c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). d) Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate. e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented. f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.	A water management plan was documented on 3 August 2018 and will be reviewed next year. The plan had indicated the sources of water supply to the estates. There is no named river crossing the estates. There are only small streams that later lead to the main river outside the estate boundary, i.e Sungai Serai and Sungai Johor. The Water Quality Index of these natural small streams was monitored twice a year. Record on the water quality was made available during the audit. No rain water harvesting being conducted at the housing site for other alternative uses. During the audit, it was observed that: 1. At Kota Tinggi estate, the location of water sampling points were not indicated on the ground or at site. 2. At Johor Masai estate, water quality at one of the streams (in Field 4) running across the estate was not monitored.	Major NC# SH-03



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4.5.5.2	Indicator 2: No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.	Visits to sites confirm that there was no construction of any structure across waterways that could obstruct or affect the water flows.	Complied
4.5.5.3	Indicator 3: Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).	Currently, no rain water harvesting being practiced. Water source for domestic use in the estates is the treated water supply from the government water utility company, Syarikat Air Johor.	Complied
4.5.6	C6: Status of rare, threatened, or endangered species and high biodiversity value area		
4.5.6.1	Indicator 1: Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover: a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities. b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.	HCV assessment was conducted Wild Asia in the year 2017. A review was done internally on 20 Feb 2018. The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, wildlife boundaries and was documented. HCV and other environmentally sensitive areas were documented and inspected on site. Visits to site confirmed that the estate are all surrounded by plantations and also bordering some forest reserve. Boundaries bordering the estates were well demarcated. Trenches were also constructed along the borders to clearly demarcate their boundary. At some places, estate roads estate roads also served as perimeter boundary. Conservation areas/environmentally sensitive areas, i.e. buffer zones along the stretches of rivers/streams which pass through the estates had also been identified, demarcated and being monitored. However, noticed that the information relating to the assessment of the HCV was incorrectly presented in the review.	Major NC# SH-04
4.5.6.2	Indicator 2: If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include: a) Ensuring that any legal requirements relating to the protection of the species are met. b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts.	Overall, the recommendations and feedback provided by the various parties during their internal HCV consultation has been considered in the 'HCV & Conservation Areas' management plans at the respective estates. HCV and other environmentally sensitive areas were documented and inspected on site. Conservation areas/environmentally sensitive areas i.e. buffer zones along the stretches of rivers/streams which pass through the estates had also been identified, demarcated and being monitored. Regular patrols on a monthly basis to monitor the HCV buffer zones have been carried out by both the estate executives and the auxiliary patrol personnel and sightings were recorded in the record book. Also, signages that prohibit hunting, fishing and water polluting activities were verified on-site at all estates visited and found to have been satisfactorily maintained. The estates have taken appropriate measures to control any illegal or inappropriate hunting, fishing or collecting activities within the estates. 'Conservation Zone' signages and "no hunting" policy were prominently displayed and verified to be maintained during field visits. Information on RTE species have been disseminated to the workers through training conducted 21 October 2017. Verification at sites were also made and found to be satisfactory implemented at the estates assessed.	Complied



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4.5.6.3	Indicator 3: A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.	A management plan was developed, established and effectively implemented. Document relating to the above was available.	Complied
4.5.7	C7: Zero burning practices		
4.5.7.1	Indicator 1: Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.	Fire is not being used for waste disposal or in replanting activities. Zero burning policy is practiced. Field inspections made at estates assessed showed no evidence of open burning.	Complied
4.5.7.2	Indicator 2: A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.	Confirmed that there were no instances of such issue at present.	Complied
4.5.7.3	Indicator 3: Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.	The company practiced a 'No Open Burning' policy. Visit at sites confirmed no such activity took place.	Complied
4.5.7.4	Indicator 4: Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.	For replanting activities, crops felled will be chipped and shredded as this was the best practice.	Complied

P6: Best practices

Clause	Requirements	Evidence	Conformity
4.6.1	C1: Site management		
4.6.1.1	Indicator 1: Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	The estates have the documented the following SOPs in the Agricultural Manual Rev 01 dated 01/02/2017: (1) EST-SOP-01 Oil Palm Nursery (2) EST-SOP-02 Replanting (3) EST-SOP-03 Roads, Drains, Bridges, Culverts & Fences (4) EST-SOP-04 Manuring (5) EST-SOP-05 Harvesting (6) EST-SOP-06 Pruning & Ablation (7) EST-SOP-07 Soil Conservation (8) EST-SOP-08 Justification for Chemical Use (9) EST-SOP-09 Weeds Management (10) EST-SOP-10 Integrated Pest Management (11) EST-SOP-11 Water Management Plan (12) EST-SOP-12 Pesticides. (14) SOP for riparian zone management	Complied
4.6.1.2	Indicator 2: Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.	The estates have a SOP (Best Management Practices) for erosion control during replanting or any activities involving earth disturbance. Steps were taken for erosion control included soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways. Planting terraces were constructed on land with slope more than 15°. Terraces constructed had included proper stop bunds which were verified on the estates during field visits. It was observed during field visits that there was no planting at slopes of greater than 25°. There was no apparent soil erosion observed during the field inspections. Leguminous cover crop, <i>macuna bracteata</i> was well established at the replanted field blocks.	Complied



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4.6.1.3	Indicator 3: A visual identification or reference system shall be established for each field.	Field Block Maps with Block nos. and planting year has been established at each field.	Complied
4.6.2	C2: Economic and financial viability plan		
4.6.2.1	Indicator 1: A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	Business Plans for 3 years (2017, 2018, 2019) for the respective estates have been established, documented and reviewed.	Complied
4.6.2.2	Indicator 2: Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.	Long term replanting programme had been documented for 3 years up to 2019 and reviewed annually for the estates.	Complied
4.6.2.3	Indicator 3: The business or management plan may contain: a) Attention to quality of planting materials and FFB. b) Crop projection: site yield potential, age profile, FFB yield trends. c) Cost of production: cost per tonne of FFB. d) Price forecast. e) Financial indicators: cost benefit, discounted cash flow, return on investment.	The 3-years Business Plan include the following: (1) Replanting program (planting materials are Kulim and ARR seedling; (2) Crop projection - FFB yield/ha trends; (3) Cost of Production - Cost/MT FFB trends; (4) Forecast prices; (5) Financial indicators - Cost of upkeep & cultivation, harvesting & collection cost, depreciation, cost of materials, cost of labour, cost of supervision, utilities, transport, depreciation costs, salaries/allowances, cost of materials, etc.); (6) Provisions for sustainability efforts and improvement programmes (environmental, social, Occupational Safety & Health, training, etc.).	Complied
4.6.2.4	Indicator 4: The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.	The Estate Managers have monitored the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.). Records of monitoring of costs against budget to achieve specified targets were verified to be available. Performances are discussed in the monthly meetings and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit. Monthly, quarterly, half-yearly and yearly reports are submitted to the HQ.	Complied
4.6.3	C3: Transparent and fair price dealing		
4.6.3.1	Indicator 1: Pricing mechanisms for the products and other services shall be documented and effectively implemented.	Verified that the FFB pricing followed the PORLA formula and MPOB prices. There was also no evidence to suggest of any unfair business practices with the suppliers.	Complied
4.6.3.2	Indicator 2: All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.	The estates engaged contractor for harvesting and contractor for FFB transportation to the mill. Based on contracts agreed between contractors/service providers and the estates, it is evident that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Interview with parties concerned confirmed that business practices with local businesses were conducted in a fair and transparent manner. It was further verified that payments to contractors and other service providers were within the period specified in the contract agreement.	Complied



4.6.4	C4: Contractor		
4.6.4.1	Indicator 1: Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.	External contractors are for harvesting and FFB transportation to the mill. The contractors' workers were provided with training. The contractors workers were interviewed and do basically understand the MSPO requirements. Information such as policies and procedures are provided.	Complied
4.6.4.2	Indicator 2: The management shall provide evidence of agreed contracts with the contractor.	Contract agreements are signed between KSM and the contractors. The terms and conditions of the contract are explained to the contractor. A copy of the contract is given to the contractor.	Complied
4.6.4.3	Indicator 3: The management shall accept MSPO approved auditors to verify Audits through a physical inspection if required.	Acceptance is confirmed by the Management prior to the audit via acceptance of Audit contract and Audit Plan and the 5-year MSPO certification programme.	Complied
4.6.4.4	Indicator 4: The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the Audit of the contractor for each task and season contracted.	There are no contractors used for plantation operations except for harvesting FFB and FFB transportation, which are monitored by the respective estate management.	Complied

P7: Development of new plantings

Clause	Requirements	Evidence	Conformity
4.7.1	C1: High biodiversity value		
4.7.1.1	Indicator 1: Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.	Verified that there was no development of any new plantings at the estates.	Not applicable.
4.7.1.2	Indicator 2: No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.	Not applicable.	Not applicable.
4.7.2	C2: Peat land		
4.7.2.1	Indicator 1: New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.	Not applicable.	Not applicable.
4.7.3	C3: Social and Environmental Impact Audit (SEIA)		
4.7.3.1	Indicator 1: A comprehensive and participatory social and environmental impact Audit shall be conducted prior to establishing new plantings or operations.	Not applicable.	Not applicable.



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4.7.3.2	Indicator 2: SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders.	Not applicable.	Not applicable.
4.7.3.3	Indicator 3: The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.	Not applicable.	Not applicable.
4.7.3.4	Indicator 4: Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed.	Not applicable.	Not applicable.
4.7.4	C4: Soil and topographic information		
4.7.4.1	Indicator 1: Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.	Not applicable.	Not Applicable
4.7.4.2	Indicator 2: Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.	Not applicable.	Not Applicable
4.7.5	C5: Planting on steep terrain, marginal and fragile soils		
4.7.5.1	Indicator 1: Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.	Not applicable.	Not Applicable
4.7.5.2	Indicator 2: Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation.	Not applicable.	Not Applicable
4.7.5.3	Indicator 3: Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.	Not applicable.	Not Applicable
4.7.6	C6: Customary land		
4.7.6.1	Indicator 1: No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other	Not applicable.	Not Applicable



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	stakeholders to express their views through their own representative institutions.		
4.7.6.2	Indicator 2: Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.	Not Applicable	Not Applicable
4.7.6.3	Indicator 3: Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.	Not Applicable	Not Applicable
4.7.6.4	Indicator 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.	Not Applicable	Not Applicable
4.7.6.5	Indicator 5: Identification and Audit of legal and recognised customary rights shall be documented.	Not Applicable	Not Applicable
4.7.6.6	Indicator 6: A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.	Not Applicable	Not Applicable
4.7.6.7	Indicator 7: The process and outcome of any compensation claims shall be documented and made publicly available.	Not Applicable	Not Applicable
4.7.6.8	Indicator 8: Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.	Not Applicable	Not Applicable

3.2 Status of Identified Noncompliance and Corrective Actions, Observations and Positive Elements.

The status of the Noncompliances (NCR) and Observations (OBS) identified against the MSPO Compliance Indicators is as per the details below:

Audit Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Initial Audit / Stage 2	2018	9 (7 Major & 2 Minor)	5	Next Surveillance Assessment

3.2.1 Year 2018: 7 Major NCs

NCR	MSPO Indicator	Details of NCR
Major	4.1.3.1	Date issued: 30/08/2018



OCL-01	MS 2530-3 Estates	Indicator requirement: 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.	
		Noncompliance:	
		A procedure for management review was established and documented, i.e. SPOP-GEN-02 Rev 0 (03/07/2018). The management review procedure did not include the agenda for the review. Also, management review was not conducted for all the estates.	
		Root Cause and Corrective Action(s): by Auditee Representative	
		Root cause: Lack of understanding on indicator requirement.	
		Corrective Action: Standard agenda for management review included in the revised SOP for Management Review. Management Review meeting conducted on 07/09/2018 and minutes prepared.	
		Verification on Corrective Action(s): by Lead Auditor / Auditor	
		MAJOR NC: On-site / Off-site Verification on date: 15/10/2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Revised SOP for Management Review SPOP-GEN-02 Rev 1 (05/09/2018) verified to be satisfactory. Management Review meeting conducted on 07/09/2018 and minutes verified to be satisfactory. Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. [] No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment	
		Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- [] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.	
		NC status verified by auditor: Closed by OCL	
Verification of effectiveness: Next Assessment			
NC status verified by auditor: -		Date verified: -	

NCR	MSPO Indicator	Details of NCR
Major	4.4.4.2	Date issued: 30/08/2018



JMD-01	MS 2530-3 Estates	Indicator requirement: The occupational safety and health plan shall cover the following: 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.	
		Noncompliance:	
		One foreman and a chemical mixer with exposure to chemicals were not sent for the monthly medical check-up as recommended in the CHRA.	
		Root Cause and Corrective Action(s): by Auditee Representative	
		Root cause: Lack of awareness and monitoring of health monthly surveillances for foreman and chemical mixer with exposure to chemical.	
		Corrective Action: Monthly check-up for foreman and a chemical mixer conducted on 06/09/2018 for Kongkong complex and 07/09/2018 for Keck Seng complex.	
		Verification on Corrective Action(s): by Lead Auditor / Auditor	
		MAJOR NC: On-site / Off-site Verification on date: 15/10/2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Records of monthly medical check-up verified to be available and maintained. The management directed that the monthly medical check-up shall be conducted on every 7 th day of the month or during pay day at Keck Seng Dispensary. Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. [] No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment	
		Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- [] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.	
		NC status verified by auditor: Closed by OCL	
Verification of effectiveness: Next Assessment			
NC status verified by auditor: -		Date verified: -	

NCR	MSPO Indicator	Details of NCR
Major JMD-02	4.4.5.3 MS 2530-3 Estates	Date issued: 30/08/2018
		Indicator requirement: Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.



	Noncompliance:	
	1. Annual leave and public holiday pays were not based on calculation of Ordinary Rate of Pay as required by Employment Act 1955 in all estates. 2. Year 2017 annual leave pro rata calculation for two workers was found incorrect in Tong Hing Estate.	
	Root Cause and Corrective Action(s): by Auditee Representative	
	Root cause: Overlook the ORP for spraying workers and annual leave pro rata calculation incorrect in Tong Hing Estate.	
	Corrective Action: 1. Payback to all workers involved in ORP calculation and paid on August 2018 salary. 2. Payback to two workers for year 2017 annual leave were less 3 days and paid on August Salary.	
	Verification on Corrective Action(s): by Lead Auditor / Auditor	
	MAJOR NC: On-site / Off-site Verification on date: 15/10/2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Evidence of payment made as seen in the August 2018 payslip for the workers concerned. Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment	
	Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <input type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.	
	NC status verified by auditor: Closed by OCL	Date closed: 15/10/2018
	Verification of effectiveness: Next Assessment	
NC status verified by auditor: -	Date verified: -	

NCR	MSPO Indicator	Details of NCR
Major SH-01	4.5.1.2 MS 2530-3 Estates	Date issued: 30/08/2018
		Indicator requirement: The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations.
		Noncompliance:
		The environmental policy, objectives and the aspects and impacts analysis was not included in the management plan. The continual improvement program was also not indicated in the document. The environmental management plan available was not suited to the MSPO requirement.



Root Cause and Corrective Action(s): by Auditee Representative	
Root cause: Lack of understanding on indicator requirement.	
Corrective Action: EST-SOP-14 Environmental Management (Estate) Rev 0 (05/09/2018) developed and documented to include the environmental policy, objectives, aspects and impacts analysis, environmental management plan and continual improvement plan.	
Verification on Corrective Action(s): by Lead Auditor / Auditor	
MAJOR NC: On-site / Off-site Verification on date: 15/10/2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: SOP verified to address the requirement satisfactorily. Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. [] No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment	
Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- [] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.	
NC status verified by auditor: Closed by OCL	Date closed: 15/10/2018
Verification of effectiveness: Next Assessment	
NC status verified by auditor: -	Date verified: -

NCR	MSPO Indicator	Details of NCR
Major SH-02	4.5.1.6 MS 2530-3 Estates	Date issued: 30/08/2018
		Indicator requirement: Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.
		Noncompliance: There was no record of meetings being conducted to address the concerns of workers about environmental quality.
		Root Cause and Corrective Action(s): by Auditee Representative
		Root cause: Lack of understanding on indicator requirement. Corrective Action: Joint Consultative Committee (JCC) meeting carried out on 06/09/2018 to discuss on environmental matters.
		Verification on Corrective Action(s): by Lead Auditor / Auditor



		<p><u>MAJOR NC:</u> On-site / Off-site Verification on date: 15/10/2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Records (minutes of meeting, attendance list and photos) of the JCC meeting that was conducted on 06/09/2018 verified to be satisfactory. Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p>						
		<p><u>Minor NC: N.A</u> On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <input type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>						
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 30%;">Date closed: 15/10/2018</td> </tr> <tr> <td colspan="2">Verification of effectiveness: Next Assessment</td> </tr> <tr> <td>NC status verified by auditor: -</td> <td>Date verified: -</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 15/10/2018	Verification of effectiveness: Next Assessment		NC status verified by auditor: -	Date verified: -
NC status verified by auditor: Closed by OCL	Date closed: 15/10/2018							
Verification of effectiveness: Next Assessment								
NC status verified by auditor: -	Date verified: -							

NCR	MSPO Indicator	Details of NCR
Major SH-03	4.5.5.1 MS 2530-3 Estates	Date issued: 30/08/2018
		<p>Indicator requirement: The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a) Assessment of water usage and sources of supply. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.</p>
		<p>Noncompliance:</p>
		<ol style="list-style-type: none"> 1. At Kota Tinggi estate, the location of water sampling points were not indicated on the ground or at site. 2. At Johor Masai estate, water quality at one of the streams (in Field 4) running across the estate was not monitored.
		<p>Root Cause and Corrective Action(s): by Auditee Representative</p>
		<p>Root cause: Lack of awareness of sampling point marking.</p> <p>Corrective Action:</p> <ol style="list-style-type: none"> 1. Sampling point marking was placed on site at Kota Tinggi Estate and Johor Masai Estate. 2. Water sampling for inlet and outlet stream water was conducted in Jun 2018. Additional water sampling in field F5 at Johor Masai Estate was carried out on 06/09/2018 and sent to external Laboratory for analysis.
		<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p>



		<p>MAJOR NC: On-site / Off-site Verification on date: 15/10/2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Maps of the locations of the water sampling points and the physical marking at sites at Kota Tinggi Estate and Johor Masai Estate verified to be satisfactory. The additional water sampling in field F5 at Johor Masai Estate verified to be physically marked at site and water sample taken sent to external Laboratory for analysis as evidenced by receipt. Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. [] No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p>	
		<p>Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- [] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>	
		NC status verified by auditor: Closed by OCL	Date closed: 15/10/2018
		Verification of effectiveness: Next Assessment	
		NC status verified by auditor: -	Date verified: -

NCR	MSPO Indicator	Details of NCR
Major SH-04	4.5.6.1 MS 2530-3 Estates	Date issued: 30/08/2018
		<p>Indicator requirement: Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover: a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities. b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.</p>
		Noncompliance:
		Information relating to the assessment of the HCV was incorrectly presented in the review.
		Root Cause and Corrective Action(s): by Auditee Representative



	<p>Root cause: Lack of understanding on HCV 6.</p> <p>Corrective Action: The wrong identification of graveyard as HCV 6 corrected by removing it from the following documents: 1. HCV Management Plan and Summary (EST-HCV-01-A SUMMARY OF HIGH CONSERVATION VALUE KSM), 2. TH-EST-HCV-02-HCV Action Plan 3. KT-EST-HCV-02-HCV Action Plan.</p>		
	<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p>		
	<p>MAJOR NC: On-site / Off-site Verification on date: 15/10/2018 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Corrections made to the various HCV documents concerned. Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. [] No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p>		
	<p>Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- [] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>		
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NC status verified by auditor: -	Date verified: -		

3.2.2 Year 2018: 2 Minor NCs

NCR	MSPO Indicator	Details of NCR
Minor OCL-01	4.1.2.1 MS 2530-3 Estates	Date issued: 30/08/2018
		Indicator requirement: Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.
		Noncompliance: The Internal Audit Procedure SPOP-GEN-01 Rev 0 (07/06/2017) stated that audit shall be carried out at least twice a year. The SOP should specify that internal audits shall be planned and conducted at a frequency that consider various factors such as the results of past audits, the number of non-conformances in the areas concerned, the risks involved, etc.
		Root Cause and Corrective Action(s): by Auditee Representative



		Root Cause: Lack of understanding on indicator requirement.	
		Corrective Action: SOP revised to add in the considered factors for determining the frequency of internal audit.	
		Verification on Corrective Action(s): by Lead Auditor / Auditor	
		MAJOR NC: N.A On-Site / Off-site Verification on dates: Corrective actions taken: Supportive evidences: Conclusion: <input type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates):	
		Minor NC: On-site / Off-site Verification on date: 15/10/2018 Corrective Actions taken: As stated by Auditee in their RC & CA Supportive evidences: Revised Internal Audit Procedure SPOP-GEN-01 Rev 1 (04/09/2017) satisfactorily addressed the requirement. Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.	
		NC status verified by auditor: Closed by OCL	Date closed: 15/10/2018
		Verification of effectiveness: Next Assessment	
NC status verified by auditor: -		Date verified: -	

NCR	MSPO Indicator	Details of NCR	
Minor OCL-02	4.2.3.2 MS 2530-3 Estates	Date issued: 30/08/2018	
		Indicator requirement: The management shall conduct regular inspections on compliance with the established traceability system.	
		Noncompliance: The management did not conduct regular inspections, checking of records and internal audits to determine compliance with the traceability system.	
		Root Cause and Corrective Action(s): by Auditee Representative	
		Root Cause: Lack of understanding on indicator requirement.	
		Corrective Action: Checks for compliance with the traceability system carried out during the internal audit conducted on 05/09/2018 using the internal audit checklist.	
		Verification on Corrective Action(s): by Lead Auditor / Auditor	



		<p>MAJOR NC: N.A</p> <p>On-Site / Off-site Verification on dates:</p> <p>Corrective actions taken:</p> <p>Supportive evidences:</p> <p>Conclusion:</p> <p><input type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p> <p><input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure.</p> <p>Subject to further follow-up verification on (dates):</p>						
		<p>Minor NC:</p> <p>On-site / Off-site Verification on date: 15/10/2018</p> <p>Corrective Actions taken: As stated by Auditee in their RC & CA</p> <p>Supportive evidences:</p> <p>The checks for compliance with the traceability system in the internal audit checklist satisfactorily addressed the requirement.</p> <p>Conclusion:</p> <p><input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>						
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by OCL</td> <td style="width: 30%;">Date closed: 15/10/2018</td> </tr> <tr> <td colspan="2">Verification of effectiveness: Next Assessment</td> </tr> <tr> <td>NC status verified by auditor: -</td> <td>Date verified: -</td> </tr> </table>	NC status verified by auditor: Closed by OCL	Date closed: 15/10/2018	Verification of effectiveness: Next Assessment		NC status verified by auditor: -	Date verified: -
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3.2.3 Year 2018: Initial Audit / Stage 2: 5 Observations

Ref # :	MSPO Indicator	Details of Observation	Status		
			Opened date	Closed date	Remarks (if any)
OBS# OCL-01	4.2.3.1 MS 2530-3 Estates	All Estate: SOP-05 Harvesting included the process for evacuation & delivery of FFB and security of FFB. The SOP specify that FFB transported by contractor to the POM to be accompanied by a FFB Delivery Note with details such as lorry number, field/area harvested, date of harvesting, harvesting interval, year of planting. The weight of FFB delivered is recorded in the Weighbridge Ticket issued by the POM. There is also a documented procedure for traceability SOP-GEN-03 Rev 0 dated 24/05/2018. However, this procedure did not cover the process from harvesting and transport of FFB to the mill.	30/08/2018	Next Assessment	
OBS# JMD-01	4.4.2.2 MS 2530-3 Estates	The form "Surat Aduan / Cadangan" did not have a space for recording the date of complaint/grievance. Thus the auditor was unable to determine whether or not the actions taken were in a timely manner	30/08/2018	Next Assessment	
OBS# JMD-02	4.4.4.2 MS 2530-3 Estates	The Health Assistant should prepare a summary of the annual medical surveillance results for year 2018 as	30/08/2018	Next Assessment	



		proof of review. The summary was sighted for the annual medical surveillance results for year 2017.			
OBS# JMD-03	4.4.5.3 MS 2530-3 Estates	The percentage of absent workers was not clearly stated in the annual leave pay statement for 2017, which makes it difficult to determine why some workers did not receive the annual leave pay. However, it was verified that all eligible workers in 2017 received their annual leave pay.	30/08/2018	Next Assessment	
OBS# JMD-04	4.4.5.11 MS 2530-3 Estates	1. Rubbish traps were not constructed in the main drains in the workers quarters to prevent rubbish from flowing into the nearby fields. Generally, the hygiene level at the workers quarters is acceptable. 2. Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) requires all buildings under the management of the estates to be inspected weekly.	30/08/2018	Next Assessment	

3.2.4 Identified Positive Elements

- 1) The company has continued to maintain and carried out CSR activities such as financial funding for education, social and religious activities.
- 2) The company has continued to maintain and implement the safety measures and pollution prevention programs and activities.
- 3) The company provide employment opportunities for the local community and other youths.

3.3 Feedback Raised by Stakeholders and Findings

Prior to and during the Assessment, written and verbal feedback communicated from the stakeholders on the environmental and social performance of the Estates operations were sourced. All pertinent feedback issues were reviewed and followed up for verification and these had been accordingly incorporated into the report findings. See table below:

3.3.1 Feedback Raised by Stakeholders (Initial Audit / Stage 2 – Year 2018)

Communication done via email on 24 Jul 2018 to various categories of stakeholders (see list under **para 2.5**):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
Government Agencies: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
Non-Governmental Organizations: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site audit that no response needed.	Nil
Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 30/8/2018. A total of 11 stakeholders (including, government officials, suppliers, local communities) were present			



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Estates Grouping: Initial Audit / Stage 2**

<p>at the consultation. They were interviewed by the auditors without the presence of any of the Estates staff.</p> <p>Concerns and suggestions received during interviews and stakeholder consultations:</p> <ol style="list-style-type: none"> 1. Better maintenance bushes / undergrowth at the estate boundaries located near to houses of villagers to prevent snakes from entering the houses of the villagers. 2. Better maintenance of palm fronds for palm trees located at the road shoulders leading to the villages which in most cases interfering the operation of SAJ water tankers. 3. Request for workers health profile based on the housing allocation. 	<p>The Estate Management responded that this matter will be reviewed by the management.</p>	<p>To be followed up during the next Audit.</p>	
<p>Local Communities - Interviews:</p> <p>Interviews of sampled staff and workers were also conducted by the auditors during field visits from 27-30 Aug 2018 at the PMU:</p> <p>Staff/Workers sampling: POM = 15 males, 6 females Estate = 33 males, 6 females</p> <p>No negative issues raised by the sampled staff and workers.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>
<p>Other Interested parties:</p> <p>No feedback received.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>



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4.0 AUDIT CONCLUSION AND RECOMMENDATION

Based on the findings above, Keck Seng (Malaysia) Berhad - Masai Grouping had been able to demonstrate its compliance with the MSPO MS 2530-3:2013 Standard for the Oil Palm Plantation.

Therefore, it is recommended that the certification of Keck Seng (Malaysia) Berhad - Masai Grouping be approved.

Signed for and on behalf of
Intertek Certification International Sdn Bhd

Dr. Ooi Cheng Lee
Lead Assessor

Date: 26 Nov 2018

4.1 Acknowledgement of Internal Responsibility and Confirmation of Audit Findings

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

Signed for and on behalf of
Keck Seng (Malaysia) Berhad

Mr. Hee Vui Yong @ Vincent
General Manager (Plantation Division)

Date:



4.2 INTERTEK – MSPO Certificate details for the Estates Grouping

Certificate No:	MSPO 008B
Start date:	10 Dec 2018
Expiry date:	09 Dec 2023
Organisation	Keck Seng (Malaysia) Berhad
Address of Head Office:	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.
Name of Estates	As per Table A (below)
Address of Estates	As per Table A (below)
MPOB License No:	As per Table B (below)
Standards	MSPO MS 2530-3:2013 for the Oil Palm Plantations.
Certification scope:	Production of Fresh Fruit Bunches (FFB)

Table A: Details of the Estates covered by this certificate and the tonnage approved are:

Name	Address	GPS Reference		Certified Area (ha)
		Latitude	Longitude	
Masai Palm Oil Mill Capacity (60 MT/hr)	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'25.9"	E 103°57'53.8"	3,412.04
Keck Seng Oil Palm Estate	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'23.4"	E 103°54'36.3"	
Tong Hing Estate	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°29'45.0"	E 103°38'04.3"	
Sg. Layang Estate	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°34'18.9"	E 103°58'55.9"	
Kota Tinggi Oil Palm Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°33'33.1"	E 103°56'07.5"	
Sin Lian Oil Palm Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°33'07.3"	E 103°57'39.5"	
Lian Huap Oil Palm Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'08.7"	E 103°57'05.2"	
Johore (Masai) Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'04.0"	E 103°57'08.3"	
Lim & Lim Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°31'21.9"	E 103°59'39.2"	

Table B: The annual tonnages produced at the Estates Grouping are detailed as follows:

Estate	MPOB License No:	FFB Annual Tonnages (MT)
Keck Seng Oil Palm Estate	501635-802000	3,300.00
Tong Hing Estate	501467-502000	8,000.00
Sg. Layang Estate	501465-702000	1,800.00
Kota Tinggi Oil Palm Plantations	501463-102000	4,000.00
Sin Lian Oil Palm Plantations	501464-902000	5,800.00
Lian Huap Oil Palm Plantations	501462-202000	8,000.00
Johore (Masai) Plantations	501461-402000	7,600.00
Lim & Lim Plantations	501359-602000	9,500.00
Total:		48,000.00



Appendix A:

Qualifications of Lead Auditor and Audit Team

Dr. Ooi Cheng Lee (OCL) Lead Assessor / Team Leader / Technical Expert

(Palm Oil Mill, Environment, OHSAS, Social, HCV, Land Use and Supply Chain)

- PhD in Welding, Cranfield University, UK
- M.Sc. (Engineering) in Metallurgy, University of Birmingham, UK
- B.App.Sc (Hons), Science University of Malaysia
- Diploma in Translation for Science and Technology, Malaysia Translation Society

Dr. Ooi Cheng Lee is an IRCA Lead Auditor and Lead Tutor for ISO 9001. He is also involved in auditing in other integrated management systems. He has successfully completed the RSPO Lead Assessor Course for Principles and Criteria (RSPO P&C) and the RSPO Supply Chain Certifications (RSPO SCC). He is currently involved in the management of all types of system and process/product certification in Intertek. He has more than 32 years work experience in product and process specifications, research & development, inspection and testing, quality assurance, engineering development, training, product certification, auditing and quality management system certification. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Vietnam, Philippines, China, Myanmar, Cambodia and other regional countries. Assessments include those of rubber and oil palm plantations in Malaysia and Indonesia. His previous position as the General Manager of Lloyd's Register Quality Assurance (LRQA) Malaysia include the management of all types of systems certification, including that of environmental (ISO 14001), safety & health (OHSAS 18001) and Clean Development Mechanisms (CDM). He is currently the General Manager in Intertek Certification International Sdn. Bhd. He is a member of the Internal Review Panel for RSPO Assessment reports since May 2011. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2012.

Mr. Sazali Hasni – Assessor / Technical Expert

(Environment, Conservation and HCV area)

- Bachelor of Science (Forestry)

Mr. Sazali Hasni (SH) has over 25 years work experience in the forestry sector. He is an IRCA Auditor for ISO 9001 and auditor for the PEFC Chain-of-Custody Certification. He has successfully completed training in the Intertek In House RSPO P&C, MYNI. He was a member in the stakeholder consultation and development of the Malaysian Criteria & Indicators (MC&I) for Forest management Certification. He has been involved in the auditing of Forest Management Certification for the Perak State Forestry Department and Pahang State Forestry Department. He has also been involved with a German based company in testing their criteria for carbon tracing in an oil palm plantation in 2011. He had also acted as the regional consultant to International Tropical Timber Organization (ITTO) for the Asia Pacific region in the Evaluation and Monitoring of Projects funded by the organization from 1994 to 1998. Projects funded are mainly forestry related such as reforestation, conservation, community forestry apart from other research based projects.

Mr. Jumat Majid – Assessor – Social Responsibility and Workers Welfare

– BSc (Social Science)

Mr Jumat Majid (JM) has over 13 years work experience in the agriculture sector. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001:2008 and RSPO P&C MY-NI Lead Assessor course. He has also successfully completed training programs in Organic Agriculture Development and had performed organic agriculture inspections and assessments for more than 6 years. He has been involved in NGO work in the areas of social impact assessments within the South East Asia region. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2010.



Appendix B:

Audit Plan (Actual) – POM and Estates Grouping audited simultaneously

Date	Time	Assessors and Assessment Activity		
		Assessment Team		
27 Aug 2018 Monday (Day 1)	7.30 am – 10.00 am	Travel to Masai Palm Oil Mill		
	10.00 am – 11.30 am	Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)		
	11.30 am – 1.00 pm	Document Review and Audit by Auditors on respective MSPO Principles :1 to 6 for POM and 1 to 7 for Estates		
	1.00 pm – 2.00 pm	Lunch Break		
	2.00 pm – 5.00 pm	OCL	SH	JMD
		Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices 	Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services 	Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social responsibility, health, safety and employment condition
	5.00 pm – 6.00 pm	• Verification of effectiveness of corrective actions for non-conformances (previous audit – if applicable)		
		Travel to Hotel & Break		
6.00 pm – 7.00 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity		
		OCL	SH	JMD
28 Aug 2018 Tuesday (Day 2)	8.30 am – 12.30pm	Site assessment at Tong Hing estate <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices • P7 New Planting 	Site assessment at Tong Hing estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services 	Site assessment at Tong Hing estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social responsibility, health, safety and employment condition
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Tong Hing estate		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

Date	Time	Assessors and Assessment Activity		
		OCL	SH	JMD
29 Aug 2018 Wednesday (Day 3)	8.30 am – 12.30pm	Site assessment at Kota Tinggi estate <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements 	Site assessment at Kota Tinggi estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements 	Site assessment at Kota Tinggi estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements



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		<ul style="list-style-type: none"> • P6 Best Practices • P7 New Planting 	<ul style="list-style-type: none"> • P5 Environment, natural resources, biodiversity and ecosystem services 	<ul style="list-style-type: none"> • P4 Social responsibility, health, safety and employment condition
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	<p style="text-align: center;">OCL</p> <p>Site assessment at Johore (Masai) estate</p> <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices • P7 New Planting 	<p style="text-align: center;">SH</p> <p>Site assessment at Johore (Masai) estate</p> <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services 	<p style="text-align: center;">JMD</p> <p>Site assessment at Johore (Masai) estate</p> <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social responsibility, health, safety and employment condition
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

Date	Time	Assessors and Assessment Activity		
		OCL	SH	JMD
30 Aug 2018 Thursday (Day 4)	8.30 am – 12.30 am	<p>Site assessment at Palm Oil Mill</p> <ul style="list-style-type: none"> • P1 Management commitment and responsibility • P2 Transparency • P3 Compliance to legal requirements 	<p>Stakeholders' Consultation on the following categories (see Notes 1 and 2 below – subject to availability):</p> <ul style="list-style-type: none"> • Contractors • Suppliers • Transporters • NGOs • Government Department / Agencies • Local Community • Settlers, in the case of independent and organized smallholders. <p>Notes</p> <ol style="list-style-type: none"> 1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders prior to the audit. 2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement. 	
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm – 3.00 pm	Preparation for Closing Meeting		
	3.00 pm – 4.30 pm	Team Meeting and Discussions with POM and Estate Management Representative		
	4.30 pm – 5.30 pm	Closing Meeting & Briefing at Palm Oil Mill Office		
	5.30 pm onwards	Travel back to Kuala Lumpur		

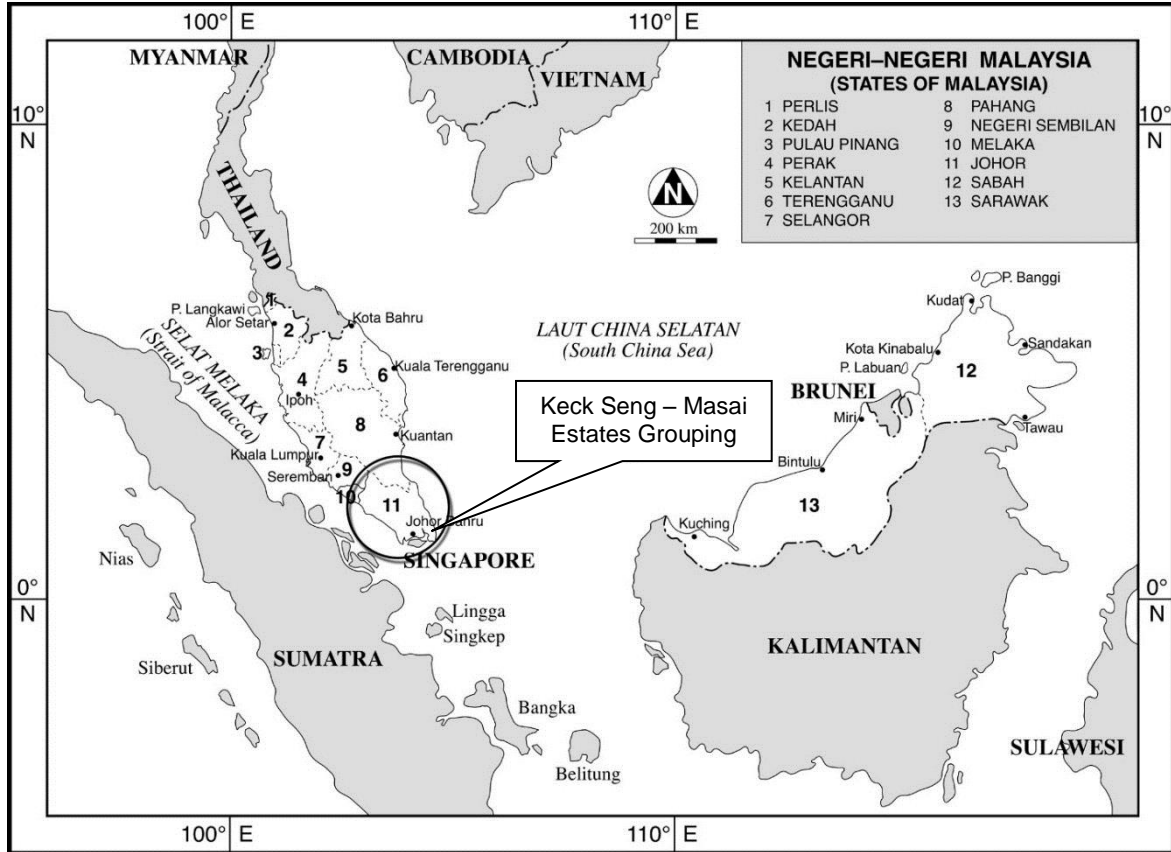
Appendix: Audit Team Competency Matrix (Audit Areas)

MSPO Principles	Areas	Auditors (A) / Technical Experts (TE)		
		OCL (LA/TE)	SH (A/TE)	JMD (A/TE)
P1	Management Commitment and Responsibility	√	√	√
P2	Transparency	√		
P3	Compliance to Legal requirements	√	√	√
P4	Social responsibility, health, safety and employment condition	√		√
P5	Environment, natural resources, biodiversity and ecosystem services	√	√	
P6	Best Practices at POM / Estates	√	√	√
P7	New Plantings	√		√



Appendix C-1:

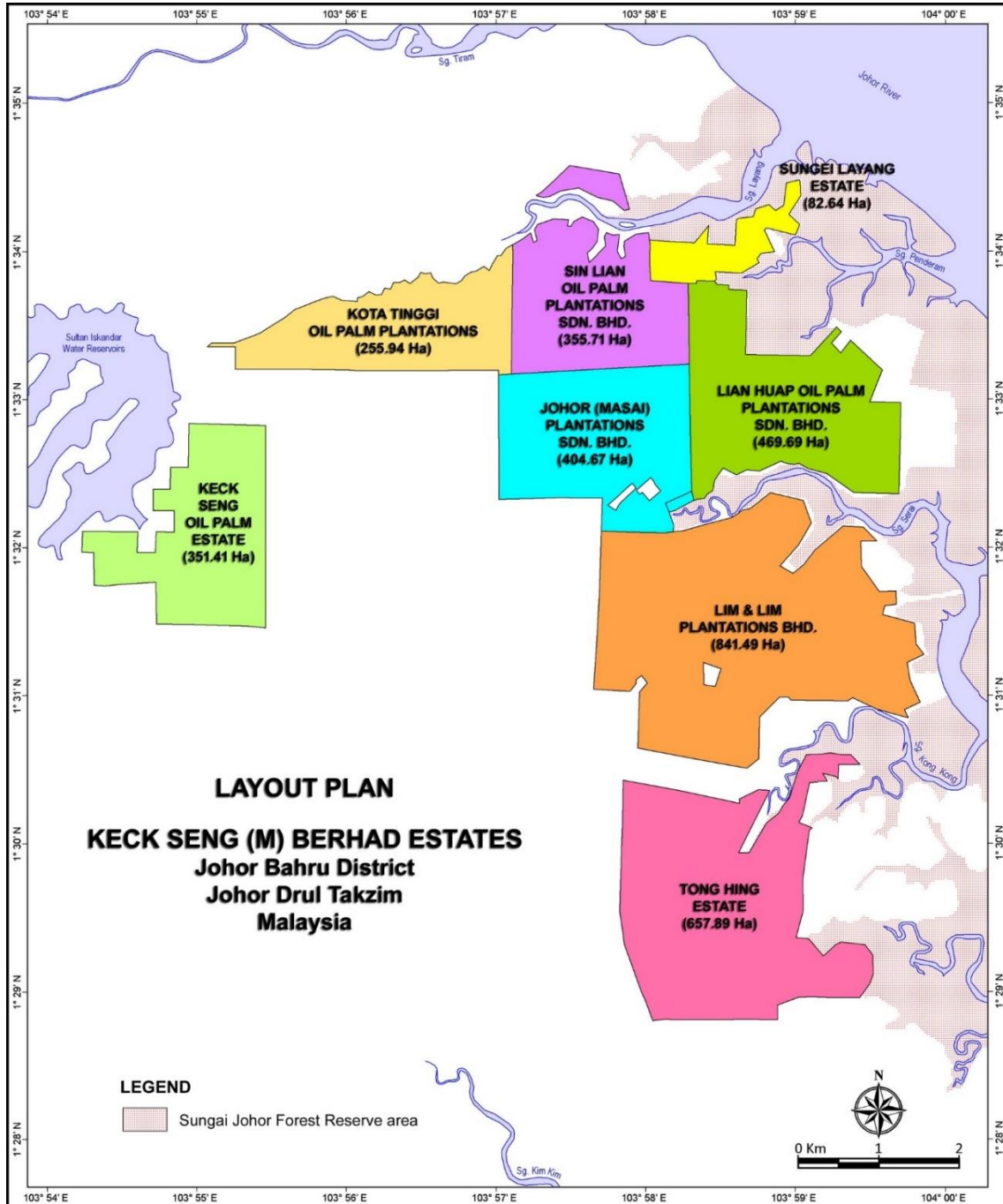
Location Map of Keck Seng (Malaysia) Berhad, POM ad Masai Estates Grouping, Johor, Malaysia





APPENDIX C-2:

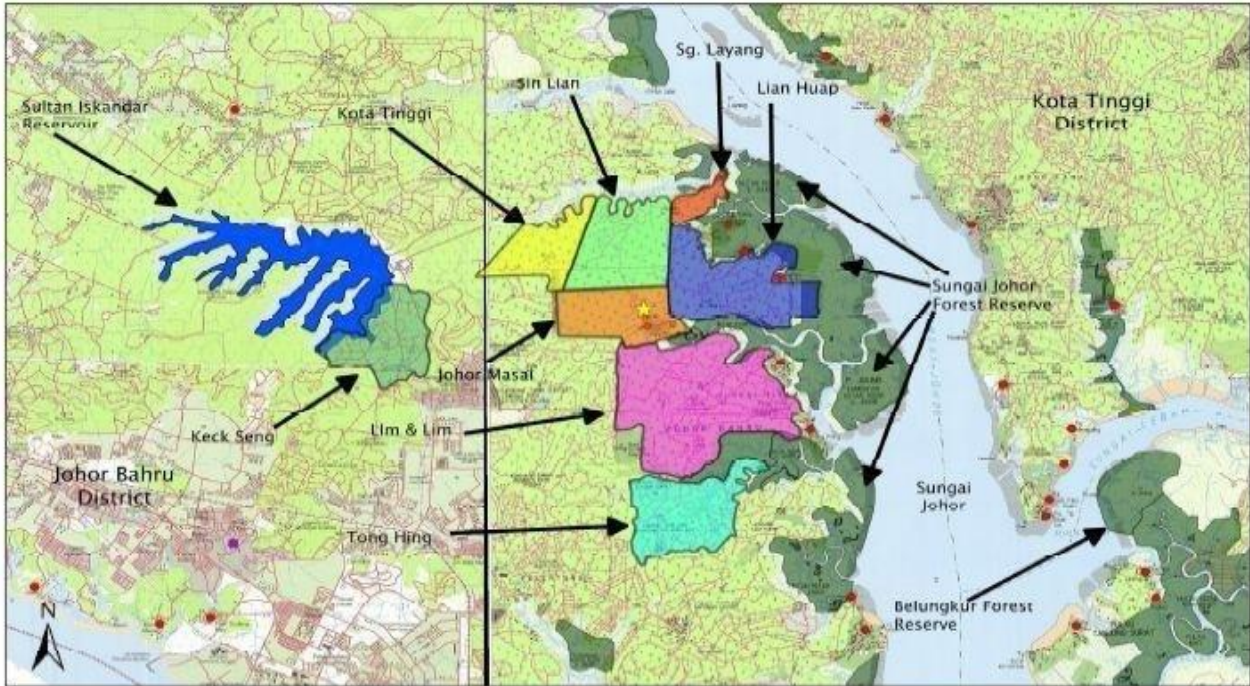
Location layout of Keck Seng (Malaysia) Berhad, Masai Estates Grouping





APPENDIX C-3:

Landscape Map of Keck Seng (Malaysia) Berhad, Masai Estates Grouping

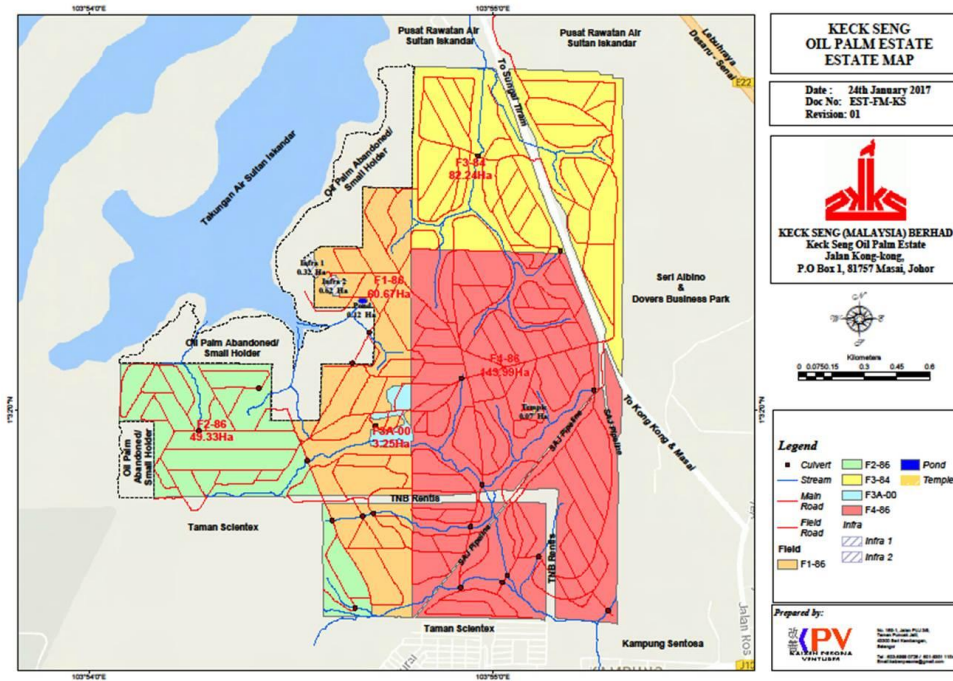


Maps Of Keck Seng (M) Berhad, Plantation Division



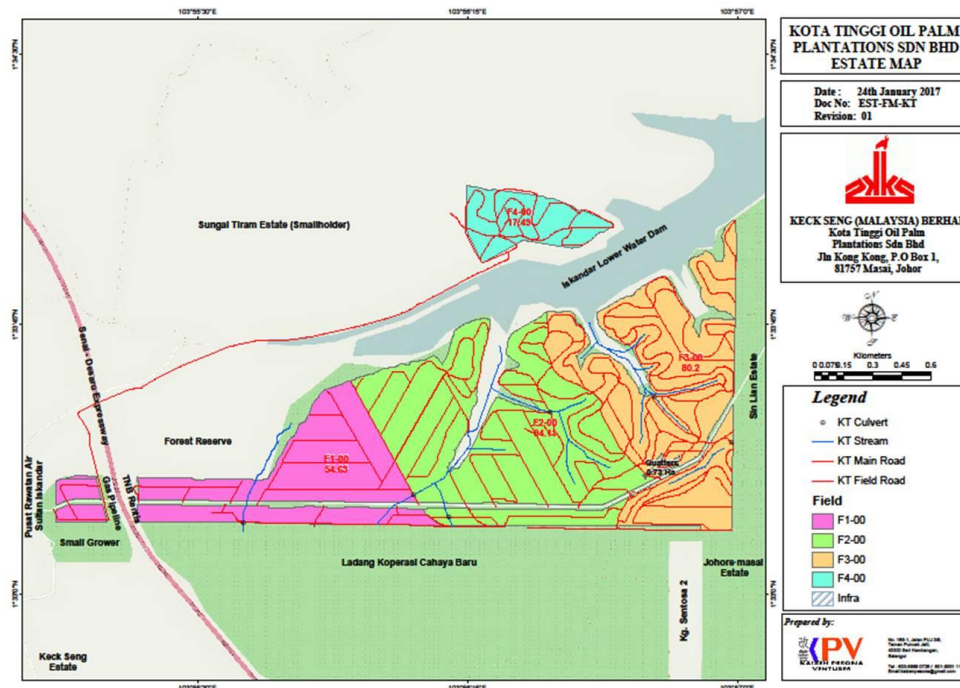
APPENDIX C-4:

Layout Map of Keck Seng Estate



APPENDIX C-5:

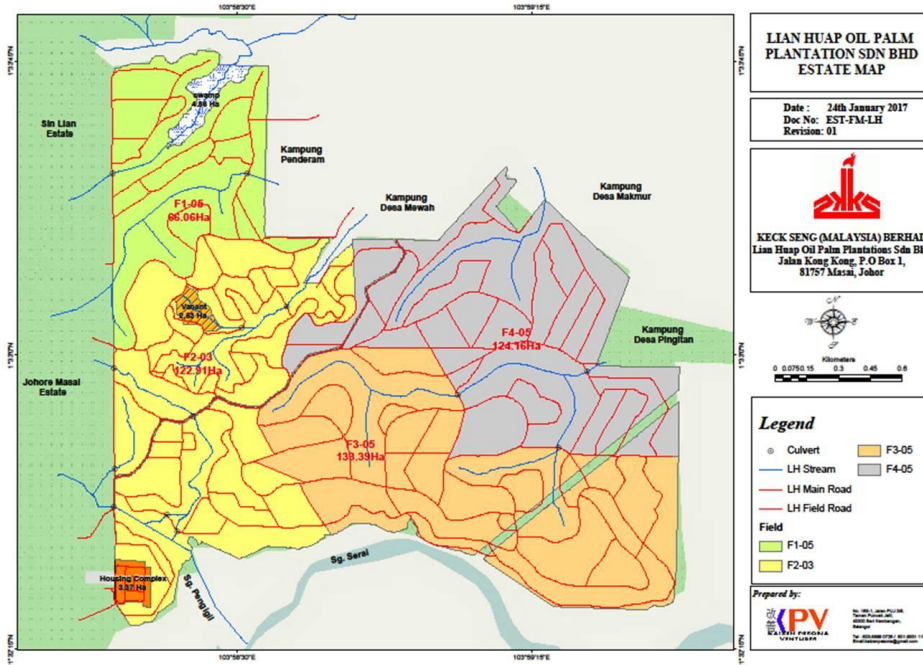
Layout Map of Kota Tinggi Estate





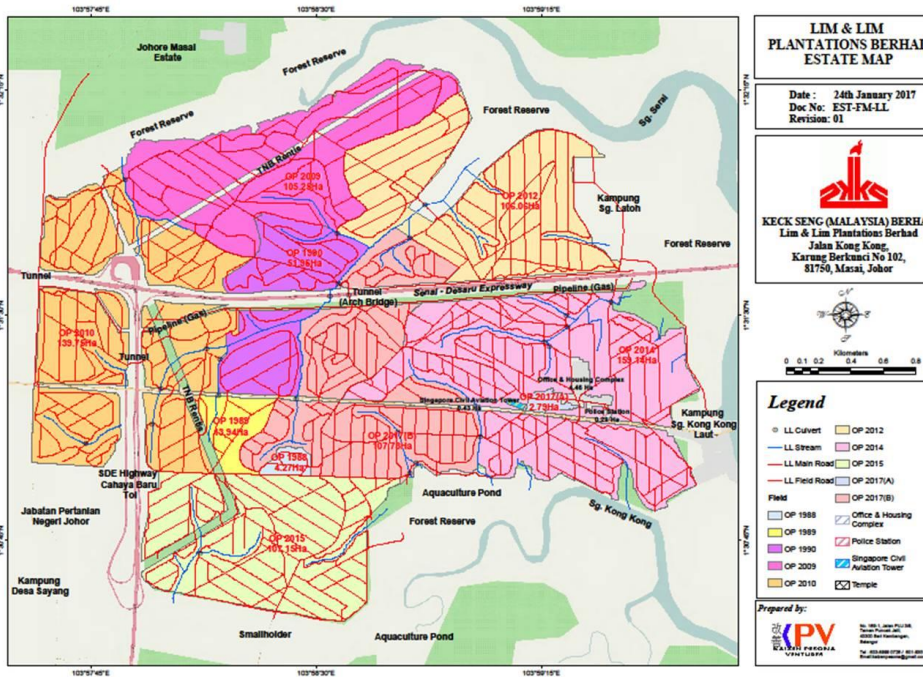
APPENDIX C-6:

Layout Map of Lian Huap estate



APPENDIX C-7:

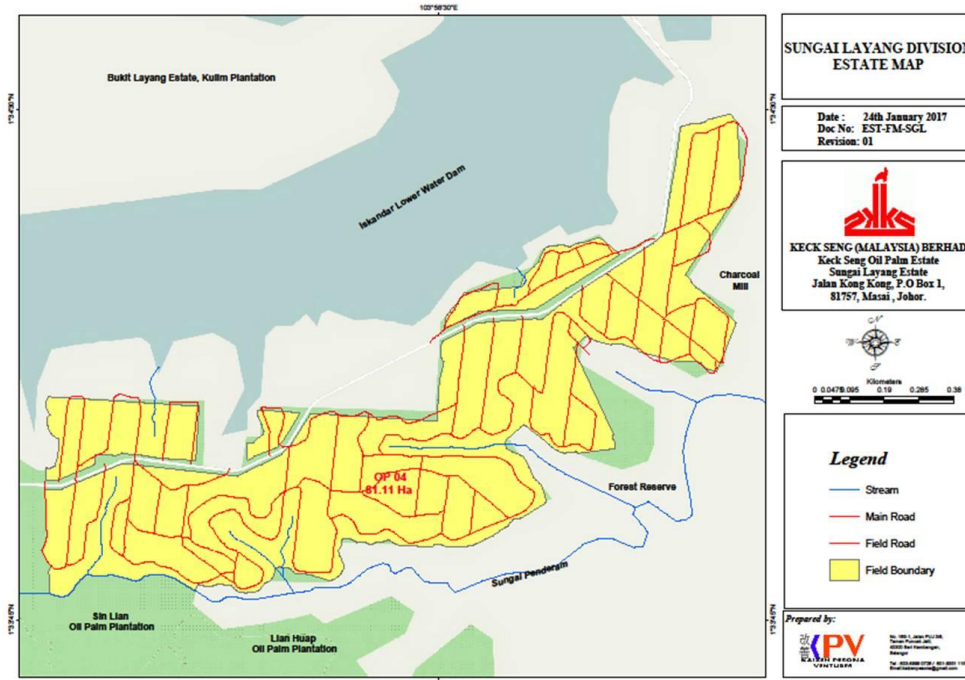
Layout Map of Lim & Lim Estate





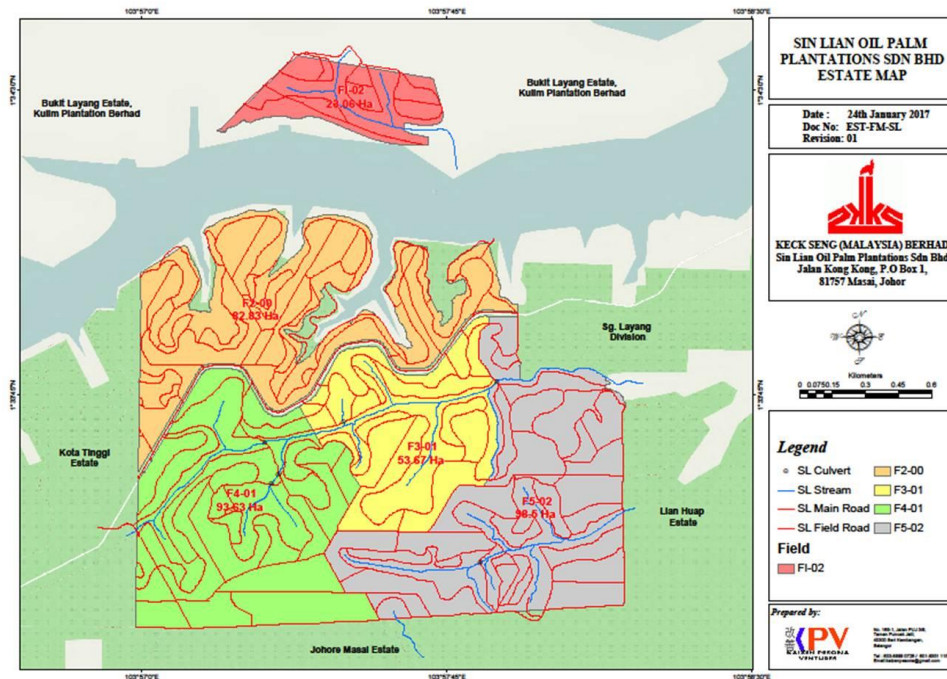
APPENDIX C-8:

Layout Map of Sg Layang Estate



APPENDIX C-9:

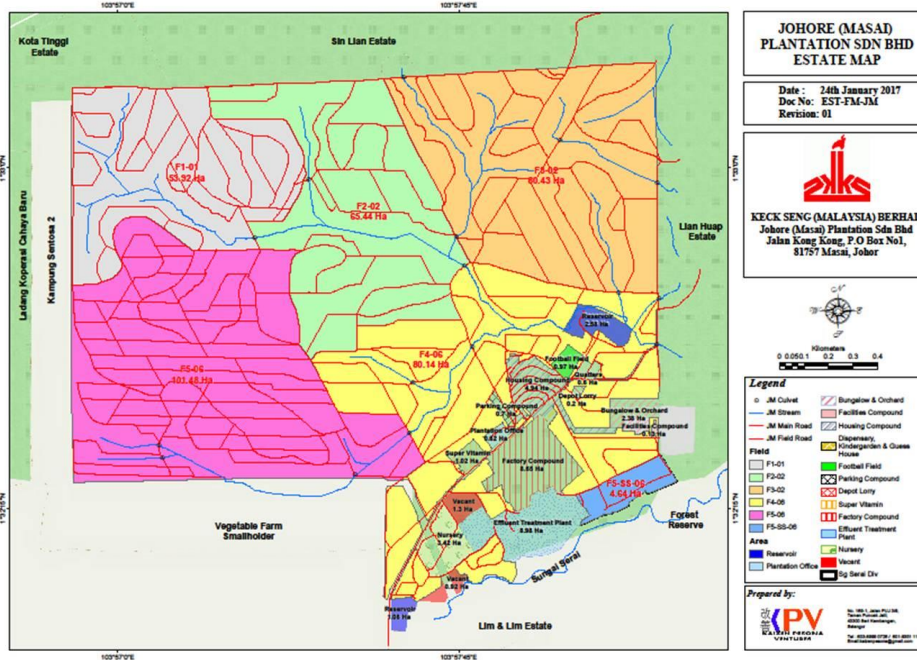
Layout Map of Sin Lian Estate





APPENDIX C-10:

Layout Map of Johore Masai Estate



APPENDIX C-11:

Layout Map of Tong Hing Estate

