

MALAYSIAN SUSTAINABLE PALM OIL PUBLIC SUMMARY AUDIT REPORT

CLIENT/COMPANY	SARAWAK PLANTATION AGRICULTURE DEVELOPMENT SDN BHD	AUDIT NO.	384/19
ADDRESS	HQ: Lot 1174, Block 9 MCLD, Miri Waterfront, Jalan Permaisuri, Locked Bag No. 15, 98007 Miri, Sarawak. Site: KM77 Miri Bintulu Road, Miri, Sarawak		
PLANTATION UNIT(S)	SPB KARABUNGAN PLANTATION SDN BHD		
TYPE OF ASSESSMENT	Main Audit		
GROUP MANAGER	Adam Adeni – Operation Manager		
EMAIL ADDRESS	adam.adeni@spbgroun.com.my		
WEB PAGE	http://www.spbgroun.com.my		
AUDIT STANDARD(S)	MS 2530-3:2013		
AUDIT SCOPE	Provision of 404.69 Ha of Sustainable Oil Palm		
AUDIT DATE	22 th November 2019		
PREVIOUS AUDIT DATE	NA		
NEXT AUDIT DATE	1 st Surveillance Audit tentatively plan on October 2020		
OTHER CERTIFICATION HELD	Nil		
CERTIFICATE VALIDITY	20/01/2020 to 19/01/2025		
AUDITOR TEAM MEMBERS	LEAD AUDITOR	Mr. Edward Agong Ajan (EA)	
	AUDITOR	Mrs. Chen Sieng Yin (CSY)	
	AUDITOR	Mr. Hj. Borhan bin Hj. Abd Aziz (BA)	
	AUDITOR IN TRAINING	Mr. Desmond Alex Ron (DAR)	

These are your certification details.

Please inform us immediately if amendments are required

Audit Conclusion

Based on the documentation reviewed, records sampled, site visit and interview with relevant personnel's during this **Stage 2 Audit**, we conclude that, **SPB KARABUNGAN PLANTATION SDN BHD**, has effectively implemented its Malaysian Sustainable Palm Oil Part 3 General principles oil palm plantations Management System in accordance to the **MS 2530-3:2013** requirements inline with the organization procedure & policy for the above mentioned scope.

Recommendation

The audit team has agreed to **recommend** for **SPB KARABUNGAN PLANTATION SDN BHD** to be awarded with **MS 2530-3:2013 Certifications** based on existing scope on the conditions that the raised NCRs are satisfactorily closed within the stipulated time frames subject to review by Certification Approval Panel (CAP).

Lead Auditor	EDWARD AGONG AJAN	Signature		Date	29/12/2019
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AUDIT OBJECTIVE

To evaluate the implementation, including effectiveness of SPAD (Karabungan) on MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) documentation. It shall include at least the following:

- Information and evidence about conformity to all requirements of the applicable management system standard or other normative document;
- Performance monitoring, measuring, reporting and reviewing against key performance objectives and targets (consistent with the expectations in the applicable management system standard or other normative document);
- SPAD (Sawai) performance as regards to legal compliance;
- Operational control of SPAD (Sawai) processes;
- Internal auditing and management review;
- Management responsibility for SPAD (Sawai) policies
- Links between the normative requirements, policy, performance objectives and targets (consistent with the expectations in the applicable management system standard or other normative document), any applicable legal requirements, responsibilities, competence of personnel, operations, procedures, performance data and internal audit findings and conclusions.

EXECUTIVE SUMMARY

Stage 2 Audit was satisfactorily conducted to evaluate MSPO implementation **SPB KARABUNGAN PLANTATION SDN BHD**.

NIOOSH Certification is a certification body accredited by Standards Malaysia which providing a comprehensive certification services system mainly for management system of occupational safety and health, environment, quality and MSPO for various industries.

During the audit closing meeting held on the overall results of the audit are as follows:

- NIL – Major Nonconformity Report (NCR)**
- THREE (3) – Minor Nonconformity Report (NCR)**
- TEN (10) – Opportunities for Improvement (OFI)**

SPAD KARABUNGAN PLANTATION SDN BHD has prepared Corrective Action Plan as respond of raised NCR which date of implementation adequately accepted by Audit Team. The effectiveness of the corrective action for minor NCR will be reviewed on the next surveillance while major NCR satisfactorily reviewed closed

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ASSESSMENT TEAM MEMBER	
Lead Auditor	<p>Edward Agong Ajan</p> <p>Holding a Bachelor of Science (Forestry), Edward Agong Ajan is currently a freelance auditor for MSPO including MSPO SCCS. He has more than 25 years' experience in the plantation industry (oil palm and forestry). Beside auditing for MSPO he also conducts audit for ISCC covering both Malaysia and Indonesia.</p> <p>Edward is one of the pioneers forming the first batch of Lead Auditor for MSPO and is also a certified auditor for CoGAP, ISO9000 and ISO14001.</p>
Auditor	<p>Pn. Chen Sieng Yin</p> <p>Holds a Bachelor of Science (majoring in Biotechnology, Pathology & Immunology) from MONASH University, Clayton Campus, Melbourne, Australia. She had more than 10 years working experience in Oil Palm Industry and competent with auditing skills and substantial auditing experience pertaining to Oil Palm Industry including Competence of Testing and Calibration Laboratory, Good Manufacturing Practices, Food Safety Management as well as Occupational Safety and Health and Environmental Management System Certification for both Palm Oil Mill and Refinery.</p> <p>Qualified as CQI & IRCA Lead Auditor for Quality Management System (ISO 9001) and Environment Management System (EMS14001), Occupational Safety & Health System (OHSAS18001 & MS1722 & 45001), Good Manufacturing Practices B2+ Animal Feed (GMP), Hazards Analysis Critical Control Point (HACCP), Malaysia Sustainable Palm Oil (MSPO2530) and MSPO SCCS. She had undergone the necessary Auditor Training Course for Skim Akreditasi Makmal Malaysia (SAMM), the Laboratory Accreditation Scheme of Malaysia Quality Management (ISO/IEC 17025). She is actively involved in auditing since year 2010 and training after certified as Train The Trainer (TTT1) in 2018 under HRDF. Subsequently involve in consultation related to QMS, OHSAS, EMS, MSPO and MSPO SCCS Management System.</p>
Auditor	<p>Hj.Borhan Hj Abd. Aziz</p> <p>Borhan bin Abd Aziz holds Bachelor of Economic (Hons), majoring in Economic Analysis and Public Policy from National University of Malaysia (UKM). He holds a Master in Business Administration majoring in Techno – Entrepreneurship from University of Technology Malaysia (UTM) and Diploma in Licentiate Incorporated Society of Planter (LISP). Certificate in Middle Management Course at Asian Institute of Management (AIM) Manila, Philippine. He has successfully obtained competency of Lead Auditor course for Malaysian Sustainable Palm Oil (MSPO) Also has obtained IRCA Certified Lead Auditor competency for Quality Management System (ISO 9001:2015). He has more than 30 years in plantation sector managing the oil palm plantation and palm oil mill operation all over East and West Malaysia. He was appointed by Jabatan Pembangunan Kemahiran (JPK) as a Penal to develop KURIKULUM SISTEM LATIHAN DUAL NASIONAL (K-SLDN) module in Operation and Supervision of Oil Palm Planting 2018. Attended Training Course for Peer Reviewers 1-2018 on Oil Palm Certification under MSPO Certification Scheme conducted by MPOCC.</p>
Auditor In Training	<p>En. Desmond Alex Ron</p>

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	<p>He holds a Degree with Honour in Bioindustry from University Putra Malaysia (UPM), with more than 6 years working experience in plantation company and skills in Good Agricultural Practices (GAP), Sustainable Practices from RSPO, and involved in Safety and Health Plantation programme. He is experience with the implementation of all aspects of RSPO, MSPO and ISCC requirements for certification.</p> <p>Successfully attended the Lead Auditor course for QMS ISO 9001 & EMS ISO 14001 by Platinum Shauffmantz Veritas (PSV) Certification in October 2019 and Auditor MSPO MS 2530 (OSH-ISIS) in September 2019.</p>
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AUDIT METHODOLOGY & AUDIT PROGRAMME

The assessment was conducted involving estates under **SPB KARABUNGAN PLANTATION SDN BHD**. The minimum manday has been justified as per ABC-OPMC 2 (Audit Duration for CB Operating Oil Palm Management Certification under MSPO scheme). The audit covers documentation review, internal policies and procedures, management system as well as records review in compliance with the audit criteria requirements based on initial review self-questionnaire and Stage 1 Audit assessment, the risk factor medium (1.5) is determined.

The Stage 2 audit assessment has been conducted on sampling based on sampling size $1.5\sqrt{1}$ calculation resulted of 1 sampled estate. The assessment were cover documentation and records review, physical field observation covering all plantation processes (harvesting, manuring, spraying activities), workshop, chemicals store, waste management, boundary & buffer zones, workers housing, stakeholders consultation, interview with internal & external stakeholders, workers and contractors.

SUMMARY AUDIT FINDINGS

During the audit closing meeting held on 22nd November 2019, the overall results of the audit were presented, with the following findings:

The following items represented **positive observations** by the audit team:

Team work is evident – HQ Support
Basic facilities and amenities available
Easy retrieval of information from well organized MSPO Corner

The overall results of the audit are as follows:

- a. NIL – Major Nonconformity Report (NCR)**
- b. THREE (3) – Minor Nonconformity Report (NCR)**
- c. TEN (10) – Opportunities for Improvement (OFI)**

**The grading of nonconformity (Major / Minor) is based on ISO/IEC 17021:2015 guidelines.*

The audit team has satisfactorily verified the corrective action plan provided by the client. The effectiveness on the action plan for the corrective action will be reviewed by NIOSH Certification's auditors during the next surveillance audit.

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COMPANY BACKGROUND

The audited company is an oil palm estate, developed under Joint Venture Agreement with Perbadanan Pembangunan Ekonomi Sarawak, the holder of a Lease of State Land registered on 21/5/2009 for Lot 16, Block 6, Niah Land District. The agreed area to be leased for the JV is about 1000 acre (or 404.69ha). The area was first planted in 2017 and is still under immature period.

DETAILS OF PLANTATION UNIT (S)

NO	ESTATES NAME	FULL ADDRESS	GPS COORDINATE	TOTAL TITLE AREA (Ha)
	SPB-PPES Karabungan	KM77 Miri-Bintulu Road, 98000 Miri	3.87066667 113.88505556	404.69

MPOB LICENSE DETAILS

NO	ESTATES NAME	MPOB LICENSE	SCOPE OF ACTIVITY	EXPIRY DATE
		No MPOB license – immature palms		

AREA AND FFB PRODUCTION

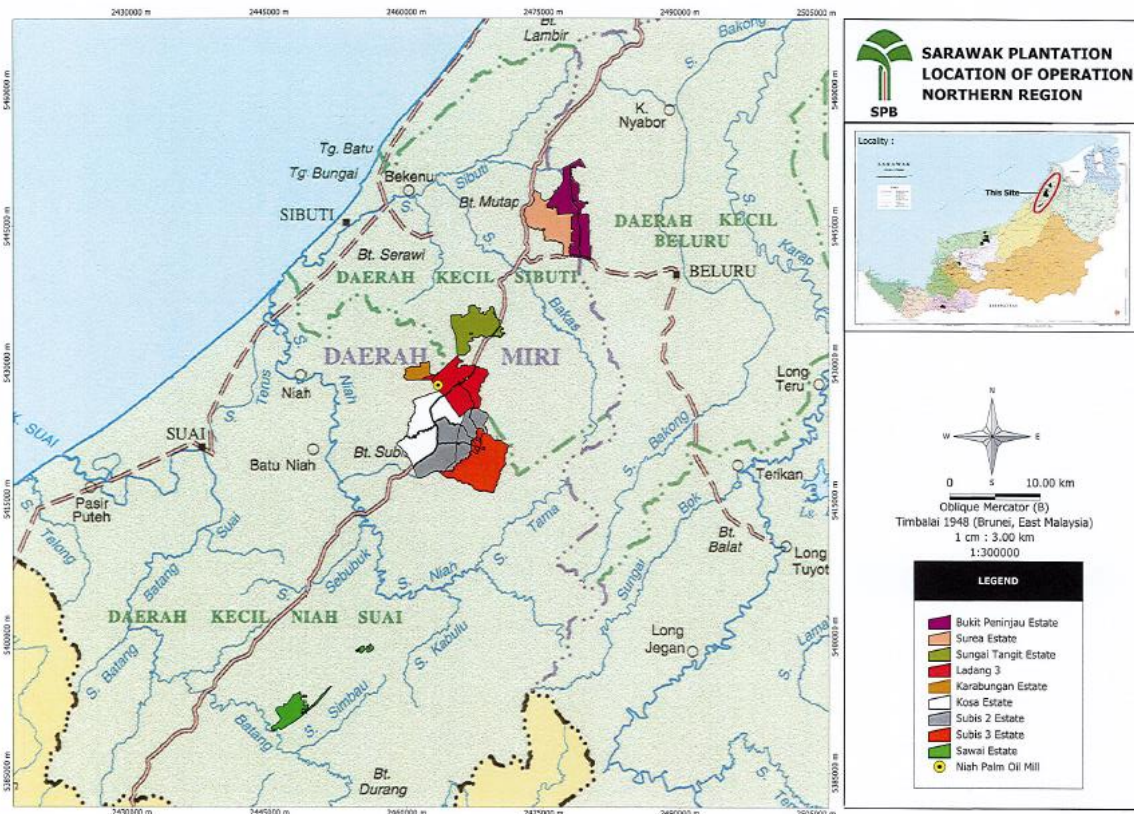
NO	ESTATES NAME	PLANTED AREAS			NON PLANTED AREA			TOTAL TITLE AREA (Ha)
		IMMATURE AREA (Ha) 0-3 YRS	MATURE AREA (Ha) >3 YRS	TOTAL PLANTED AREAS (Ha)	CONSERVATION AREA (HBV, Steep Land, etc.) Ha	OTHERS (BUILDING, LINE SITES, ETC.) Ha	TOTAL UNPLANTED AREA (Ha)	
1	SPB-PPES Karabungan	366.36	0	366.36	0	38.33	38.33	404.69

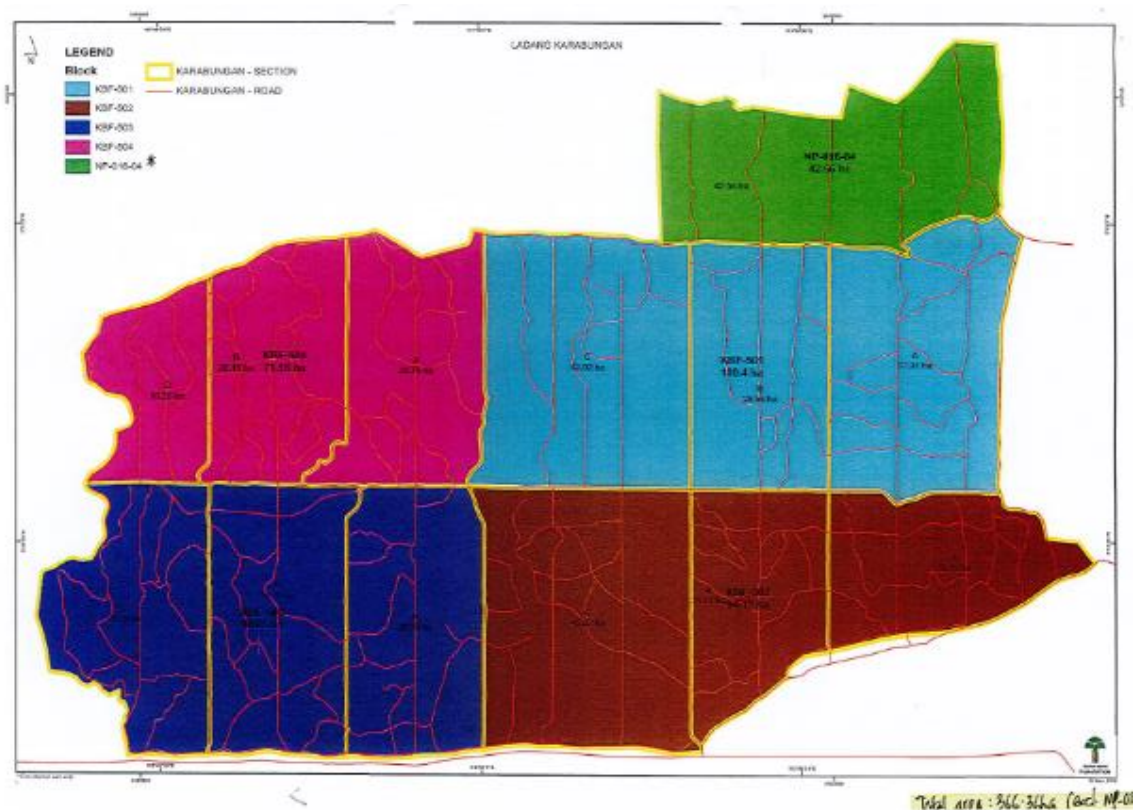
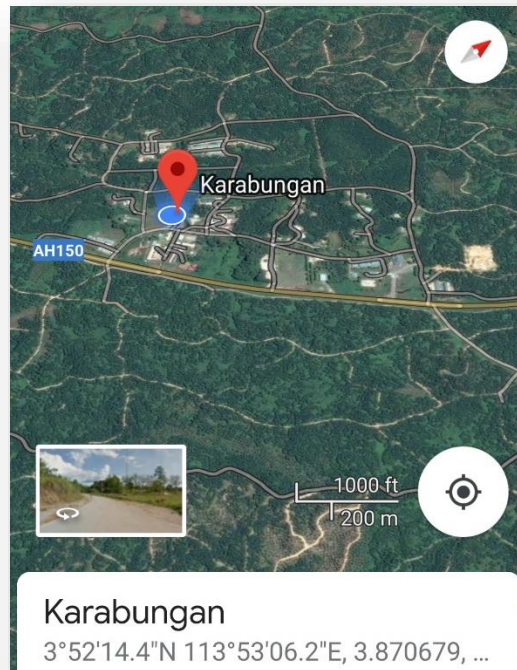
PRODUCTION VOLUME

NO	ESTATES NAME	TITLE AREA (Ha)	FFB PRODUCTION PREVIOUS Y2018 (MT)	FFB PRODUCTION FORECAST Y2019 (MT)
	SPB-PPES Karabungan	404.69	No production yet	

LOCATION AND MAP

Figure 1: Locations Map





Review and follow-up on previous audit findings

All findings raised during the previous audit found has been addressed adequately. All NCR has been verified accordingly.

Stakeholders Consultation Session

Stakeholder consultation began with notification of **a month prior of** upcoming assessment by official letter to identified stakeholders. Emails, phone call and official letter were sent to applicable interested stakeholders. Audit team then visited some stakeholders to obtain positive / negative information or any issues in connection with **SPB KARABUNGAN PLANTATION SDN BHD**. It was started with a slide presentation by NIOSH Certification Sdn. Bhd. explaining about the objectives of the MSPO certification scheme and purpose of stakeholder consultation. Agenda of discussion including legal compliance, environmental protection, biodiversity conservation, safety & social responsibility and development of community. No major adverse issue been raised as consulted during the audit: Among stakeholders attended the session: Among stakeholders consulted included:

A stakeholder's consultation session was conducted on 22/11/2019 in Ladang 3 Office, which is also the office for Karabungan, attended by 4 persons (refer to Attendance List) representing the school, clinics and a nearby village. They were among groups of stakeholders identified to be invited for the session which was called by the management to attend the session. The school was established around the same time of the development of SPAD and is located very near to the office. The headmaster acknowledged the good relationship and assistance given by the company to the school management. Similarly the representative of the nearby village, acknowledged to have been assisted in repairing of their roads. The clinic however, wishes for more from the management that we advised them to understand the procedure of raising complaints/grievances/suggestions. All the three groups of stakeholders are uncertain of the proper procedure to raise suggestions to the management. The interview was conducted in two sessions in a good mood.

All positive and negative inputs from stakeholders has been discussed with management of **SPB KARABUNGAN PLANTATION SDN BHD** with proper justification and adequate action plan by the management team to address the issue.

Others

Nil

Disclaimer

NIOSH Certification provides services which are designed to determine whether the referenced Management System of the client:

- a) complies with the relevant (mentioned) Standard; and
- b) has been properly implemented and maintained.

Audits are based on random sampling techniques and non-conformances may exist which did not become apparent during the audit.

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- End of Audit Report -