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MSPO AUDIT SUMMARY REPORT

MS 2530-3: 2013 GENERAL PRINCIPLES FOR PLANTATIONS AND ORGANIZED SMALLHOLDERS

COMPANY NAME: JFL HOLDING SDN BHD

TYPE OF AUDIT: RECERTIFICATION

DATE: 30th-1st July 2024

UNITED GLOBAL GREEN SDN. BHD.

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1 INTRODUCTION

Ladang Ulu Nenggiri is located in Mukim Ulu Nenggiri, Gua Musang Kelantan. The nearest town is Gua Musang about 30 KM. The total land area is about 3775 Hectare and Planted with the Oil Palm is about 513 Hectare. The estates topography is mostly with hilly area and planted with the Rubber.

Ladang Laloh is located in Mukim Relai, Daerah Chiku, Gua Musang, Kelantan. The nearest town is Kuala Krai about 40 KM. The total land area is about 1593.00 Hectare. The estates topography is mostly with hilly area and planted with the Rubber.

1.1 Audit Objective

- a) To evaluate information and evidence about conformity to all requirements of the applicable management system standard or other normative documents;
- b) To evaluate the 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);
- c) To audit the client's management system ability and its performance regarding meeting of applicable statutory, regulatory and contractual requirements;
- d) To audit an operational control of the client's processes;
- e) To review the client internal auditing process and management review
- f) management responsibility for the client's policies.


1.2 Audit Scope and Audit Criteria

The certification is based on the effective implementation and documentation of the sustainability management system developed by the organization. The supporting documents are provided to the audit team as well as information received by means of interviews and on-site field observations.

The documents and information are reviewed against the requirements and criteria based on MSPO 2530-3:2013 Part 3 General Principles for Oil Palm Plantations and Organized Smallholders. UGGSB Malaysia has used a risk-based methodology to assess the compliance of the assessment and subsequent reporting.

Scope of Certification

Total Certified Area of Sustainable Oil Palm Plantations	7,821.9 HA
Total Planted Area of Sustainable Oil Palm Plantations	2,004.4 HA


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List of Estate(s) selected

Name of Estate	Coordinates
Ladang Ulu Nenggiri	5.394444, 102.211417
Ladang Lebir	5.1066270, 102.4597380
Ladang Laloh	5.269167, 102.323333

1.3 Appointment and Qualification of Auditors

NO	NAME	ROLE OF AUDITOR	DETAILS OF QUALIFICATION
1	Mohamad Zulkefli bin Md Isa	Lead Auditor	<ul style="list-style-type: none"> - Bac Sc (Resource Economics), UPM. - Master's Degree in OSH Management, UTM. - More than 25 years since 1997, working experience in various sectors. - Experienced with the implementation, auditing, and training aspects of ISO, MSPO, RSPO, ISCC and SCCS for various CBs. - Possesses the Lead Auditor MSPO MS 2530:2013 by SIRIM in 2017. - International Certification and is currently a Lead Auditor for ISO 9001, ISO 14001, ISO 45001, MSPO among others. - Able to communicate in English and Bahasa Malaysia, among others.
2	Hazrul bin Zulkifli	Auditor	<ul style="list-style-type: none"> - Bachelor Degree in Public Management hons with Human Resource. - Role as a Certification Manager and Lead auditor in MSPO Certification at previous Certification Body. - Involved in sustainability certification processes, including RSPO, MSPO, for mill and plantation. - Certified MSPO Lead Auditor (MS2530:2013) - Certified MSPO Lead Auditor (MS2530:2022) - Certified IMS (EMS ISO 14001, ISO 9001,

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			OHSMS ISO 45001
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2 AUDIT METHODOLOGY

This **Recertification** covers the following activities but not limited to the activities described below:

- On-site visits, observations and inspections of estate facilities and field activities.
- Interview operation personnel and field workers for understanding for the work assigned.
- Reviewed revised and updated documentation established and implemented.
- Operating records.
- Training records.
- Reports established.
- Work plans established.
- Stakeholders' consultation meeting.
- Review and closed out of non-conformance raise during stage 2 audit.
- Assessment reporting.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of stakeholders, communities, staff, workers and their families, review of documentation and data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders are considered in the assessment.

For this audit selected estates were based on the formula $S = \sqrt{n}$ where S = sample size and n = number of estates which is in accordance with MSPO certification procedure. Sampling of estates are as per below:

$$S = \sqrt{n} \text{ (Risk Factor)}$$

Risk Factor = 1 (refer to Self Risk Assessment)


$$S = \sqrt{3} \text{ (1)}$$

$$S = 1.733$$

$$S = 2 \text{ Estate}$$

Sample list :

- 1) Nenggiri Estate
- 2) Laloh Estate

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Based on the audit findings AOC (Area of Concern), Non-Conformance (NC) Major/Minor and Opportunity for Improvement (OFI) may be raised during the audit. Major Non-Conformances shall be addressed and responded within 90 days from closing date of audit. Implementation of Minor NC shall be reviewed and verified in the next surveillance audit, OFI shall be reviewed in the next audit.

3 ORGANIZATION INFORMATION


3.1 Total Area Description

Scope of Audit Provision

Total Certified Area of Sustainable Oil Palm Plantations	7,821.9 ha
Total Planted Area of Sustainable Oil Palm Plantations	2,004.4 ha

Address and Location Details of the Estate(s)

Name of Estate	Location	Coordinates
Ladang Ulu Nenggiri	PT 5617 Mukim Ulu Nenggiri, Daerah Bertam, Gua Musang Kelantan	5.394444, 102.211417
Ladang Lebir	PT 7575 Hutan Simpan Kekal Lebir, Mukim Relai Daerah Chiku, Gua Musang Kelantan	5.1066270, 102.459738
Ladang Laloh	PT 7576 Hutan Simpan Kekal Lebir, Mukim Relai, Daerah Chiku, Gua Musang, Kelantan	5.269167, 102. 323333

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3.2 Production Data Description

Name of Estate	Area (Ha)		Production 2023 (mt)	Projected FFB Production Jan 2023 to Dec 2023 (mt)
	Total Hectareage	Planted Area		
Ladang Ulu Nenggiri	3775.00	513.3	3454.88	5281
Ladang Lebir	2453.90	489.3	4180.67	4534
Ladang Laloh	1593.00	1001.8	889.84	1174
Total FFB	7,821.9	2,004.4	9604.84	10,989

4 CLIENT ORGANIZATION AND STAKEHOLDERS' DETAILS

4.1 Client Organization


AUDITED ORGANIZATION DETAILS	
Organization Name	JFL Holdings Sdn Bhd
Organization HQ/ Admin Office Location	PT 1939 Tingkat 2, Bangunan Yakin, Bandar Baru Gua Musang, 18300, Gua Musang, Kelantan
Organization Estate Location	As per list above
Scope of the Organization	Provisions of 7,821.9 Ha of Sustainable Oil Palm Plantations.

4.2 Stakeholders' Consultation and List of Interviewed Persons

United Global Green Sdn. Bhd. (UGGSB) has conducted on site stakeholder consultation during audit and for this assessment 2 stakeholder was interviewed.

The topics of discussion are as below:

1. Introduction of MSPO certification.
2. Development of oil palm plantations.
3. Community service and support provided.
4. Wildlife management and wildlife corridor.
5. Type of wildlife sighted at the plantations and wildlife corridor.
6. Local communities' development.


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List of Interviewed Persons and Stakeholders

No	Name	Organization	Function/Position
1	Korim Abdul	Foreign Workers Representative	Harvester
2	Noor Zafirah binti Zakuan	Women Representative	Staff
3	Sana	Contractor Rubber	Contractor
4	Mohamad Nusi bin Mat	Kg Kerian	Wakil Penduduk
5	Mohd Ridzwan bin Hanapi	Kg Tok Udang	Wakil Penduduk
6	Mohd Faizul bin Abdullah	SJMF Trading	Pengurus
7	Mohd Suki bin Saari	Mukim Lata Rek	Penghulu

Stakeholders Feedbacks as Applicable

Items	Subject Discussed	Audit Team Findings	Company Response and Proposed Action to be Taken
1	Information on MSPO	Satisfactory	Positive Feedback. No action.
2	Social Issues	Issue on the land claim at Laloh Estate, interview local community representative and sighted all the issue already settle by both party	Positive comments. No action.
3	Type of land	No comments	Positive comments. No action.
4	Economy Livelihood impact after introduction of MSPO	Management provides job opportunity to the local community and job to the local contractor.	Positive Comments. No action.
5	MSPO Benefit to local community	Management do a lot of CSR activity and gives a benefit to employee.	Positive comments. No action.
6	Environmental & Health information	All employee was provided with appropriate PPE. All schedule waste was manage	Positive comments. No action.

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		as per legal requirement.	
7	Awareness towards species, habitats, and high conservation values	No hunting of protected species.	Aware and sighted availability of the Elephant. Confirmed there is no any conflict.

5 STATUS OF NON-CONFORMITIES/AOCS PREVIOUSLY IDENTIFIED


	The stage 1 audit findings have been reviewed, to assure appropriate corrective actions implemented to address the identified AOCs.
/	The last audit results of this system have been reviewed, to assure appropriate corrections and corrective actions have implemented to address any nonconformity identified.
	The last audit results of this system have been reviewed, to assure appropriate corrections and corrective actions have not been implemented effectively. The non-conformity will be re-raised.
	Not applicable. No non-conformity raised in previous audit.

6 DETAIL OF AUDIT FINDINGS

AUDIT RESULTS SUMMARY						
NA	AOC (Area of Concern)					
0	MAJOR Non-Conformities					
2	MINOR Non-Conformities					
2	OFI (Opportunity for Improvement)					
DESCRIPTION OF THE FINDINGS						
No	Description	Standard Clause Reference	AOC	Major NC	Minor NC	OBS
1	<u>Laloh Estate</u> Observed management conducted OSH Meeting on 22/02/2024 and already lapse the 3 month period to conducted the 2nd meeting as per OSHA 1994 requirement	4.3.1.1			/	

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2	<p><u>Laloh Estate/ Nenggiri Estate</u> <i>Verified during the Recertification Audit, there is no evidence that the Management Review Meeting has been conducted. As per mentioned by the management the next Management Review tentatively will be held on July 2024. Hence the OFI for this indicator.</i></p>	4.1.3.1					/
3	<p><u>Nenggiri Estate</u> <i>Akuan Penerimaan Pendaftaran JKPP 8.</i></p> <ul style="list-style-type: none"> <i>DOSH has received the registration with reference JKPP 8/146097/2024 dated on 5th Mac 2023. The JKPP 8 form shall be submitted to the DOSH at least before 31st Jan on the particular year. Hence the OFI for this indicator.</i> 						
4	<p><u>Nenggiri Estate</u> <i>Observed that, management has carried the water sampling for domestic use dated on 7th Jan 2023. Accordance with the Permit Kebenaran Menggunakan Bekalan Air Persendirian Sek 6(1)a Akta Standard-Standard Minimum Perumahan dan Kemudahan Pekerja 1990 clause number 7; Management required to conduct water sampling analysis on quarterly basis. Hence minor non-conformance raised for this indicator.</i></p>	4.5.5.1					

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7 CONCLUSION

JFL Holdings has commissioned United Global Green Sdn. Bhd. (UGGSB) to conduct Recertification Audit for its estate according to MSPO 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organized Smallholders.

There are 0 Major 2 Minor and 2 OBS were raised. All non-conformances action plans are submitted and accepted. The implementation of Minor NC(s) will be review and verify during the next audit.

From the review of the standard operating procedures, relevant forms, work flow charts established and implemented; the subsequent background investigation and interviews conducted during this surveillance audit have provided UGGSB with sufficient evidence on the fulfilment of the applied standard Principles & Criteria.

In conclusion the certified unit has been established, implemented, and continued to improve in managing the estates are in line with the clauses of the applied standards of MS 2530-Part 3:2013.

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8 RECOMMENDATION


The audit team conduct a process-based audit focusing on significant aspects/risks and objectives required by the standard(s). The audit methods used are interviews, observations, sampling of activities, review of documentation and records.

The audit team concludes that the organization has established and maintained its management system in line with the requirements of the standard(s) and demonstrated the ability of the system to achieve requirements for products and/or services within the scope and the organization's policies and objectives.

Therefore, the audit team recommends that, based on the results of this audit and the system's demonstrated state of development and maturity that this management system certification be:

/	Recommended for Granted Certification
	Recommended for Continuity of Certification
	Recommended for Suspension of Certification

	Prepared by
Signature	
Name	Mohamad Zulkefli bin Md Isa
Role in Assessment	Lead Auditor
Date	03/07/2024

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9 ATTACHMENTS

ATTACHMENT DESCRIPTION

10.1 Location Map
10.4 List of Abbreviations

Statement of Confidentiality

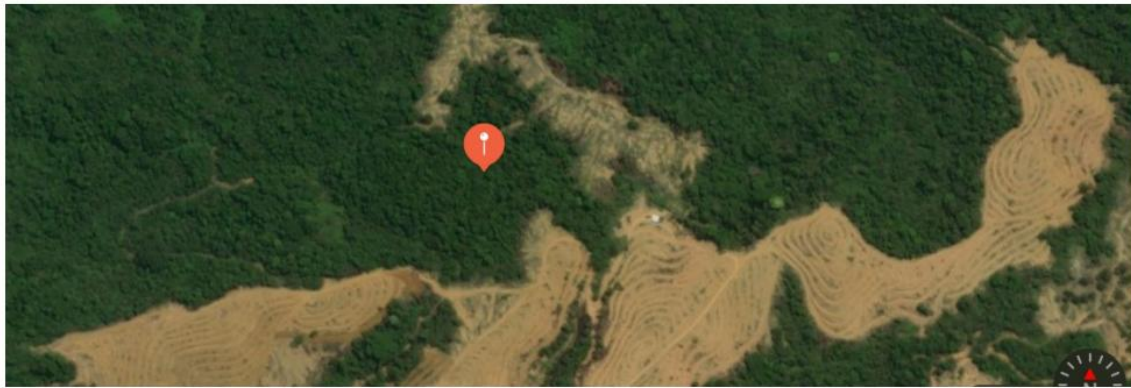
This report is sent to the certification body or bodies, the members of the audit team and the audit representative of the organization. All documents related to the audit are treated confidentially by the Certification Body, UGGSB as well as the appointed auditors.

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9.1 Location Map



Location 1: Lebir Estate




Location 2: Laloh Estate

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Location 3: Ulu Nenggiri Estate

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List of Abbreviation

UGGSB	United Global Green Sdn. Bhd.
WHO	World Health Organization
MPOB	Malaysian Palm Oil Board
MPOCC	Malaysia Palm Oil Certification Council
GAP	Good Agricultural Practice
GPS	Global Positioning System
ISCC	International Sustainability & Carbon Certification
ISO	International Standard Organization
MSPO	Malaysia Sustainable Palm Oil
DOE	Department of Environment
SOP	Standard Operating Procedure
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
EFB	Empty Fruit Bunch
EIA	Environment Impact Assessment
FFB	Fresh Fruit Bunch
NC	Non-Conformity
OSH	Occupational Safety and Health
P&C	Principle and Criteria
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable Sustainable Palm Oil
RTE	Rare, Threatened and Endangered Species
SA8000	Social Accountability 8000
SIA	Social Impact Assessment
SDS	Safety Data Sheet