

MY05290 ZION PELITA PLANTATION SDN BHD Audit Summary Report

Organization:	Zion Pelita Plantation Sdn Bhd		
Address:	Headquarters 18A, 2 nd Floor Lanang Road , 96000 Sibuluan Sarawak Estate (Address) Lot 78, Block 7, Lot 82, 271, 272 & 1152, Block 13, Engkilo Land District, Sibuluan Sarawak Lot 47, Block 23, Lot 15 Block 22, Lot 4 Block 21 & Lot 14 Block 22 Seredeng Land District, Sarikei Sarawak.		
Standard(s):	MS2530-3 : Part 3 : General Principles for Oil Palm Plantations and Organized Smallholders	Accreditation Body(s): DEPARTMENT STANDARDS MALAYSIA (DSM)	
Representative:	Ms Ling Yieng Tel: 016360 5265		
Site(s) audited:	Zion Pelita Plantation Sdn Bhd -Lengan Estate	Date(s) of audit(s):	21st June 2019
Visit Type:	MSPO Stage 2 Audit	Types of certification assessment:	Main Audit
Lead auditor:	Dickens Mambu (LA)	Additional team member(s): Audit Member (AM) Trainee Auditor (TA)	Abdul Khalik Arbi (AM) Jiram Sidu (TA)
This report is confidential and distribution is limited to the audit team, client representative and the SGS office.			

1. Audit objectives

The objectives of this audit were:

- to confirm that the management system conforms with all the requirements of the audit standard;
- to confirm that the organization has effectively implemented the planned management system;
- to confirm that the management system is capable of achieving the organization's policy objectives.

2. Scope of certification

Production of Fresh Fruit Bunches (FFB) for Plantations in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3: General Principles For Oil Palm Plantations And Organized Smallholders

The audit covered the MS 2530:2013 requirements particularly MSPO Certification Standard **MS2530-3:2013 Part 3**.

Job n°:	MY05290	Report date:	21 st June 2019	Visit Type:	Main Assessment	Visit n°:	2
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	1 of 15	



Validation of processes for production and service provision

Has this scope been amended as a result of this audit? Yes No

This is a multi-site audit and an Appendix listing all relevant sites and/or remote locations has been established (attached) and agreed with the client Yes No

3. Current audit findings and conclusions

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

The structure of the audit was in accordance with the audit plan and audit planning matrix included as annexes to this summary report.

The audit team concludes that the organization has has not established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives.

Number of nonconformities identified: 1 Major 0 Minor

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

Granted / Continued / Withheld / Suspended until satisfactory corrective action is completed.

4. Previous Audit Results

The results of the last audit of this system have been reviewed, in particular to assure appropriate correction and corrective action has been implemented to address any nonconformity identified. This review has concluded that:

- Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective.
- The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

5. Audit Findings

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives. The audit methods used were interviews, observation of activities and review of documentation and records.

The management system documentation demonstrated conformity with the requirements Yes No of the audit standard and provided sufficient structure to support implementation and maintenance of the management system.

The organization has demonstrated effective implementation and maintenance / Yes No improvement of its management system.

Job n°:	MY05290	Report date:	21 st June 2019	Visit Type:	Main Assessment	Visit n°:	2
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	2 of 15	

- The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement. Yes No
- The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system. Yes No
- The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system. Yes No
- Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard. Yes No
- Certification claims are accurate and in accordance with SGS guidance N/A Yes No

6. Significant Audit Trails Followed

The specific processes, activities and functions reviewed are detailed in the Audit Plan. In performing the audit, various audit trails and linkages were developed, including the following primary audit trails, followed throughout:

Organization:	Zion Pelita Plantation Sdn Bhd (Lengan Estate)		
Address:	Contact person : Ms Ling Yieng (016360 5265) 18A, 2nd Floor, Lanang road, 96000 Sibu Sarawak. Tel :084-314478		
MPOB License No.:	598408002000 (Sarikei) 599330002000 (Sibu)	Expiry date:	21st March 2020
Scope of Activity:	Menjual dan <i>Mengalih</i> FFB #		
Date of certificate issued and validity	Nil (New Application)		
Other Sustainability Certification	Nil		
Proposed Date of Next Surveillance Audit	May 2019		
Visit Number:	02 (Stage 2)	Actual Visit Date:	21st June 2019
Visit Due by Date:	Nil	For auditor information only	
Lead Auditor:	Dickens Mambu (DM) Tel :0146962400		
Team Member(s):	Abdul Khalik (Audit Member)		
Additional Attendees and Roles	Jiram Sidu (Trainee Auditor)		
Standard(s):	MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders		
Audit Language:	English & Malay		

Job n°:	MY05290	Report date:	21 st June 2019	Visit Type:	Main Assessment	Visit n°:	2
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	3 of 15	

Audit Scope:	<p>1.The audit covered one (1) site performing the following scope: Operations, comprising of plantation management systems, production of Fresh Fruit bunches (FFB), documentation and field assessment.</p> <p>2.The audit covered all the MS2530-3:2013 Part 3 requirements with no permissible exclusion of clause in compliance to the MSPO Certification Standard</p>
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Audit Plan

Date	Time	Auditor	Organisational and Functional Units/ Processes and Activities	Key Contact / Responsibilities	
21 st June 2019		ALL	<u>Zion Pelita Plantation Sdn Bhd (Lengan Estate)</u> MS 2530-3-2013 Part 3	Estate Personnel	
	7.30 am		Breakfast		
	8.00		Depart to Belawai		
	8.30		Arrive Paloh Estate		
	8.45		Opening Meeting		
			Audit Process (Site visit)	<ul style="list-style-type: none"> • Principle 1: Management commitment and responsibility • Principle 2: Transparency • Principle 3: Compliance to legal requirements • Principle 4: Social responsibility, health, safety and employment condition • Principle 5: Environment, natural resources, biodiversity and ecosystem services • Principle 6: Best practices 	Auditor (DM) DM DM AK DM AK
	12.30pm				
	1.00 pm		Lunch Continue Audit Process (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	Auditor (ALL)	
	4.00pm				
	5.00 pm		Closing Meeting		
6.00 pm	End of MSPO Stage 2 Audit				

Job n°:	MY05290	Report date:	21 st June 2019	Visit Type:	Main Assessment	Visit n°:	2
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	4 of 15	

Location and Maps

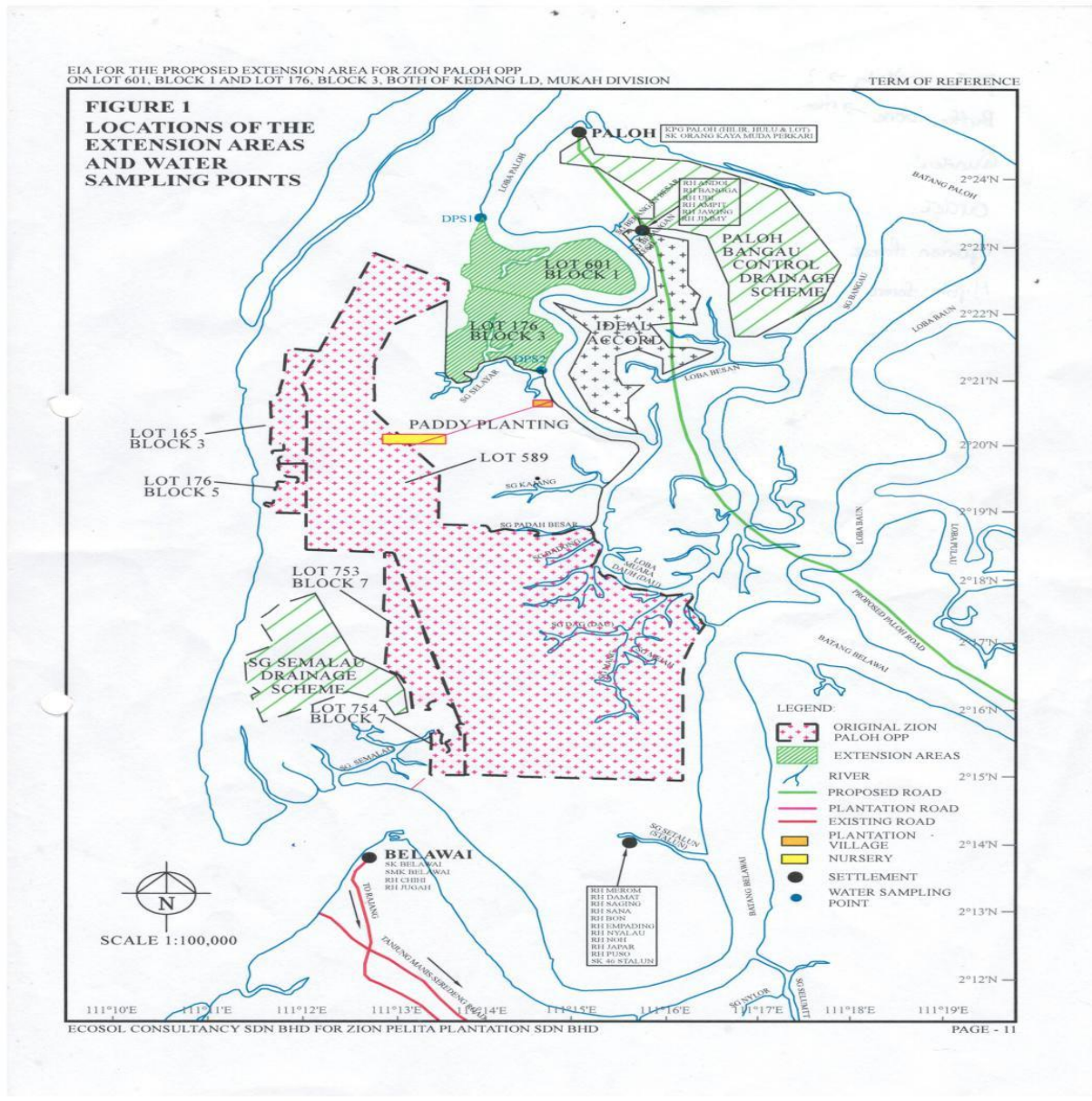
Zion Pelita Plantations Sdn Bhd project is situated within the major oil palm growing region in the lower Rajang area. It is 9 km from Bintangor and 17 km from Sibul in a straight line. The GPS locations of the estate is shown in **Table 1**.

Table 1: Zion Pelita Plantation (Lengan Estate) GPS Location

No.	Name of Unit	Location	GPS Coordinates	Area Certified (ha)
1	Lengan Estate	Lot 78, Block 7, Lot 82, 271, 272 & 1152, Block 13, Engkilo Land District, Sibul Sarawak Lot 47, Block 23, Lot 15 Block 22, Lot 4 Block 21 & Lot 14 Block 22 Seredeng Land District, Sarikei Sarawak	N2°15.08' & N2°20.30' E111°31.65' & E111°39.69'	4,256.17 Ha

Job n°:	MY05290	Report date:	21 st June 2019	Visit Type:	Main Assessment	Visit n°:	2
CONFIDENTIAL		Document:	GP 7003A	Issue n°:	10	Page n°:	5 of 15

Zion Pelita Plantation Sdn Bhd (Lengan Estate) Locality Map



Job n°:	MY05290	Report date:	21 st June 2019	Visit Type:	Main Assessment	Visit n°:	2
CONFIDENTIAL	Document:	GP 7003A		Issue n°:	10	Page n°:	6 of 15

Description of Estate Production Capacity

The FFB are sourced from the estate which are directly managed by Zion Pelita Plantation (Lengan Estate) Sdn Bhd . The estate have two division with each phase being monitored by the estate manager. The crop yield from the estate is as mention in **Table 2** below.

Table 2: FFB Production (Mt)

Estate	FFB Production (MT)	
	Jan2018-Dec2018 (Actual)	Jan2019-Dec2019 (Projection)
Zion Pelita Plantation Sdn Bhd -Lengan Estate	4315.86 mt	8211.39 mt

Area Statement

The operating unit are listed in **Table 3**. Details of production area (mature/immature) are also listed.

Table 3: Area Statement of the Supplying Estates

Name of estate	Title area (ha)	Plantation area (ha)					Undeveloped Area
		Immature	Production	Conservation	Land Issue	*Others	
Zion Pelita Plantation Sdn Bhd -Lengan estate	Title: 4,256.17 ha	561.68	1715.33	24.7	Nil	15.50 ha	1938.96
*Others : Transmission tower, Quarry, Roads, line site, rives, water catchment area, office building ,etc							

Stakeholder Consultation and List of Stakeholders Contacted

A public announcement was made 30 days prior to the audit,

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/-/media/239fef72b17542fba56e862cf0499852.ashx>

Stakeholder consultation took place in the form of meetings and interviews. Due to this is the main assessment, meetings with stakeholders were held in the estate office.

Job n°:	MY05290	Report date:	21 st June 2019	Visit Type:	Main Assessment	Visit n°:	2
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	7 of 15	

Comment on MS2530-3 Compliance Status:

<p>Comment on Principle 1</p>	<p>It was observed that the implementation of MSPO policy was made available in the estate management. The policy in the estate list is as below:</p> <ul style="list-style-type: none"> i. Sustainability Policy ii. Occupational Safety and Health Policy iii. Environmental & Biodiversity Policy iv. Human Rights Policy v. No Child Labour Policy vi. Zero Burning Policy vii. Sexual Harassment Policy <p>MSPO Policy is available.</p> <p>Signed by Managing Director Dato Hii King Chiong dated 1 October 2018.</p> <p>The policy is briefed to the estate management and displayed at 2 estates - Lengan and Paloh.</p> <p>Continual Improvement Plan for Lengan Estate dated 15 December 2018 has components :</p> <ol style="list-style-type: none"> 1) Social - Workers quarters and social life communication. 2) Safety - Permanent workshop, personal protective equipment (PPE). 3) Environmental - Scheduled waste store, Lubricant store and workers quarters housekeeping.
<p>Comment on Principle 2</p>	<p>The management communicate with the relevant stakeholders by conducting a stakeholders meeting on the 30th November 2018.</p> <p>Complaints & Grievance Procedure is available Ref No. MSPO/ZPP-LE/P2/C1/IN1 dated 11/2/2019. Flow chart is available and the timeline taken to resolve the issues are provided.</p> <p>The complaint / request form are made available and placed near the complaint box outside the office.</p> <p>The SOP are controlled with procedure No. Such as:</p> <ol style="list-style-type: none"> 1) Complaints & Grievances procedure - Ref No. MSPO/ZPP-LE/P2/C1/IN1 2) Communication & consultation - Ref No. MSPO/ZPP-LE/P2/C2/IN1 <p>Any other types of information needed can be requested through formally written or fill in the request form which are available at the site office.</p> <p>It was observed that the SOP for consultation and communication with the relevant stakeholders in the File Malaysian Sustainable Palm Oil (MSPO) Principle 1 and Principle 2.</p> <p>Procedures shall be established for consultation and communication with the relevant stakeholders : Ref No. MSPO/ZPP-LE/P2/C2/IN1</p>

Job n°:	MY05290	Report date:	21 st June 2019	Visit Type:	Main Assessment	Visit n°:	2
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	8 of 15	

	<p>Mechanism for Communication and Consultation Procedure</p> <p>The following are the sections available:</p> <ol style="list-style-type: none"> 1) Purpose 2) Scope 3) Reference 4) Responsibility 5) Procedure - Internal & external 6) Records & related documents. <p>A stakeholder meeting was held on the 15/10/2018.</p>
<p>Comment on Principle 3</p>	<p>It was observed the comply with applicable local, state, national and ratified international laws and regulations examples :</p> <ol style="list-style-type: none"> 1. Environmental Quality Act 1974 2. OSH Act 1994 3. Sarawak Labour Ordinance 1958 4. Employment Act 1955 <p>The management manage to show list of all laws applicable to their operations in a legal requirement register in softcopy file namely "LIST OF LAWS".</p>
<p>Comment on Principle 4</p>	<p>Occupational Safety, Health and Environment Policy was made available in the estate dated 1st October 2018, policy which is sign by the top management, name Dato Hii King Chiong (Managing Director).</p> <p>It was observed the way of management communicate the policy via display the safety at the notice board and during training activity dated 30th October 2018.</p> <p>It was observed the training record was made available in Training Plan, Training Programme & Training Record file. The latest training record was conduct on 6th January 2019.</p> <p>The risks of all operations was sighted in file name HIRARC. The content in the HIRARC document list as below:</p> <ol style="list-style-type: none"> i. <i>Pemanduan & Pengangkutan peralatan dan pekerja ke tempat kerja dan dari tempat kerja.</i> ii. <i>Menebas & menebang anak pokok</i> iii. <i>Penyemburan racun rumpai dan serangga perosak</i> iv. <i>Kerja kimpalan dan memotong dibengkel (welding & cutting)</i> v. <i>Pra-campuran racun</i> vi. <i>Pest & Disease control (Rait baiting)</i> vii. <i>Penuaian buah tandan segar (harvesting)</i> viii. <i>Kerja bengkel dan penyelenggaraan kenderaan/ jentera</i> ix. <i>Membaja</i>

Job n°:	MY05290	Report date:	21 st June 2019	Visit Type:	Main Assessment	Visit n°:	2
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	9 of 15	

	<p>The document can be verified in file Principle 4.</p> <p>Record of issuance PPE was made available in the estate management office.</p> <p>It was observed the Social and Community Policy was made available in the estate copy and display at the notice board. The policy was sign by the Managing director, Dato Hii King Chiong dated on 1st October 2018.</p> <p>Employee registration details were available in the Perjanjian Kerja Ladang Kelapa Sawit. The agreement details to be fill is listed below:</p> <ul style="list-style-type: none"> i. No. Passport ii. Jantina iii. Tarikh Tamat Passport iv. Tarikh masuk Malaysia v. Tarikh Lahir vi. Tempat Lahir vii. Suku/ Ras viii. Alamat di tempat asal ix. Nama suami/ isteri x. Orang yang dihubungi sekiranya berlaku kecemasan xi. Kerja yang ditawarkan xii. Estet
<p>Comment on Principle 5</p>	<p>The Environmental policy was integrated in Safety, Health and Environment Policy which was signed by the Managing Director, Dato Hii King Chiong on 1st October 2018.</p> <p>It was observed that Zion Pelita Plantation Sdn Bhd (formerly Delta Padi Sdn Bhd) at Lot 589, Block 0 of Kedang Land District, Mukah Division, Sarawak for Proposed Delta Paloh Oil Palm Plantation had obtained Environmental Impact Assessment (EIA) approval from Natural Resources Environmental Board (NREB) dated 20th October 2010 with ref.no.: (8)NREB/6-1/2E/55 which was signed by Controller of Environment Quality, Sarawak, Mr Peter Sawal.</p> <p>An Environmental Management Plan which has an EAI (Environmental Aspects & Impact) was seen as per Ref No.: MSPO/P5/EA/02 dated 25th December 2018. Action Plans and Mitigation Measures sighted.</p> <p>The environmental management plan covers objectives and aspect and impacts analysis of all operations.</p> <p>It was observed that the awareness and training programmed was established and implemented. In line with that, meeting was conduct to communicate with the estate staffs to ensure they understand and follow the vision and mission toward environment commitment. The minutes of meeting was conducted on the 28th September 2018, at 2.00 pm. It was</p>

Job n°:	MY05290	Report date:	21 st June 2019	Visit Type:	Main Assessment	Visit n°:	2
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	10 of 15	

	<p>attended by 10 people. During the meeting, issues discussed were on air pollution, water pollution and noise pollution.</p> <p><u>Finding Major 1</u></p> <p>1. Waste identification was found not including waste from labor line. This is against the estate own procedure that all waste product is to be identify and manage properly. Document : Environmental Improvement and Management Plan</p> <p>2. It was sighted, schedule waste container (m-oil) was not properly manage at workers quarters.</p> <p>The management had taken necessary action to identify pollutant. It can be referred to in the Environmental Aspect and Impact Assessment (EAIA) Register. Recommended action list are as follow:</p> <ol style="list-style-type: none"> a. Handling of chemical by providing secondary containment and emergency spill kit. b. Storage of lubricant by providing secondary containment and emergency spill kit. c. Storage of diesel by providing secondary containment and bund wall. d. Fertilizers application by no fertilizers application at the buffer and riparian zone. e. Chemical spraying by no chemical spraying at the buffer & riparian zone. <p>It was observed that the estates was committed to zero open burning.</p>
<p>Comment on Principle 6</p>	<p>It was sighted that the management of Lengan Estate has Best Practices Document. The Ref No: Procedure No. 01/2018 dated 15th July 2018 and implemented on the 1st August 2018.</p> <p>Objectives of the SOP for the Best Practices is to ensure that all works with regards to environment and social are complied with for efficient and systematic management of work processes.</p> <p>The Oil Palm Agriculture Manual for Peat Soil serves as a guideline to ensure that all managers are aware of and conform to such manual.</p> <p>The Oil Palm Agriculture Manual for Peat Soil serves for Zion Resources Berhad (923998-H) as a guideline to ensure that all managers are aware of and conform to such manual.</p> <p>Block marking are available on site visit. Boundary pegs are sighted and drains are also used for boundaries.</p> <p>Block marking are available on site visit. Boundary pegs are sighted and drains are also used for boundaries.</p>

Job n°:	MY05290	Report date:	21 st June 2019	Visit Type:	Main Assessment	Visit n°:	2
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	11 of 15	

7. Nonconformity

MS2530-3:2013 Part 3

Non Conformity	N° 1 of 1		Major 1			
	Date Recorded>	21 st June 2019	Due Date>	21 st September 2019	Date Closed>	30 th August 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MS2530-Part 3 4.5.3.2	
Document Ref.:	Criterion : 4.5.3 Waste Management & Disposal		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Domestic waste was disposed with the risk of contamination to the environment and water courses.					
Objective Evidence:	<p>1. Waste identification was found not including waste from labor line. This is against the estate own procedure that all waste product to be identify and manage properly. Document : Environmental Improvement and management plan</p> <p>2. It was sighted that schedule waste container (m-oil) was not properly managed at the workers quarters.</p>					
Close-out evidence:	<p>1. The estate management has provided new waste identification document which adding waste from labor line as one of the sources of waste to be managed properly by estate management through daily routine.</p> <p>2. For arrangement and management of scheduled waste, the estate has conducted retraining & awareness programme to their workers and staff. The latest training record provided was on 28th August 2019.</p> <p>For both issue raised, the auditor has accepted the corrective action provided by estate management.</p>					

Job n°:	MY05290	Report date:	21 st June 2019	Visit Type:	Main Assessment	Visit n°:	2
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	12 of 15	

Nonconforming detailed here shall be addressed through the organization's corrective action process, in accordance with the relevant corrective action requirements of the audit standard, including actions to analyse the cause of the nonconformity and prevent recurrence, and complete records maintained.

- Corrective actions to address identified major nonconforming shall be carried out immediately and SGS notified of the actions taken within 30 days. An SGS auditor will perform a **follow up visit** within 60 days to confirm the actions taken, evaluate their effectiveness, and determine whether certification can be granted or continued.
- Corrective actions to address identified major nonconforming shall be carried out immediately and **records with supporting evidence sent to the SGS auditor** for close-out within 60 days.
- Corrective Actions to address identified minor non nonconformity shall be documented on a action plan and sent by the client to the auditor within 90 days for review. If the actions are deemed to be satisfactory they will be followed up at the next scheduled visit
- Corrective Actions to address identified minor non-nonconformity have been detailed on an action plan and the intended action reviewed by the Auditor, deemed to be satisfactory and will be followed up at the next scheduled visit.
- Appropriate immediate action taken in response to each non-conformance as required

Note:- Initial, Re-certification and Extension audits – recommendation for certification cannot be made unless check box 4 is completed. For re-certification audits the time scales indicated may need to be reduced in order to ensure re-certification prior to expiry of current certification.

Note: At the next scheduled audit visit, the SGS audit team will follow up on *all* identified nonconformities to confirm the effectiveness of the corrective actions taken.

8. General Observations & Opportunities for Improvement

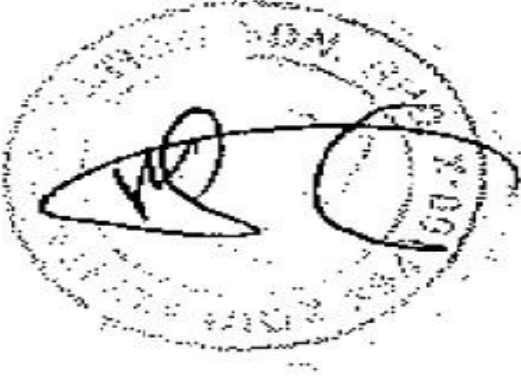

Positive Observations:

- The support from Zion Pelita Plantation Sdn Bhd personnel, especially the ground staff contribute to the smoothness and successful of the audit process.
- The spirit of unity and enthusiasm of the personnel towards achieving MSPO certification is impressive.
- The unit has dedicated staffs who are assets to the company. Their cooperative, knowledgeable and hospitality are commendable.
- Organized documentation & highly commitment towards certification

Job n°:	MY05290	Report date:	21 st June 2019	Visit Type:	Main Assessment	Visit n°:	2
CONFIDENTIAL		Document:	GP 7003A	Issue n°:	10	Page n°:	13 of 15

Appendix 1: List of Stakeholders Contacted

Stakeholder	Type of Stakeholder	Issues raised	Comments/Action Taken
Mr Hou Tai Hieng	External Stakeholders (contractor)	NIL	NIL
Sevesshen Sinin ak Seleh (Rh Jimmy, Sg Lengan)	External Stakeholder Local villagers	No issue raised. The stakeholder so far satisfied with the estate management. The stakeholders was aware of the MSPO certification as he was worked in plantation that also in the process of certification.	NIL
Boniface Unggang ak Joseph	Internal Stakeholders (General Workers)	NIL	NIL
Andrea Chin WWF Malaysia	External Stakeholder (NGO)	NIL	NIL
Monica Mone Malaysia Palm Oil Certification Council (MPOCC)	External Stakeholder (Government)	NIL	NIL

Signed on behalf of Zion Pelita Plantation Sdn Bhd	Signed on behalf of SGS Malaysia Sdn Bhd
 <p data-bbox="309 837 600 904">Mr. Tang Hing Sing Senior Estate Manager</p>	 <p data-bbox="903 837 1390 904">Mr. Dickens Mambu Regional Head Certification (Sarawak)</p>

Job n°:	MY05290	Report date:	21 st June 2019	Visit Type:	Main Assessment	Visit n°:	2
CONFIDENTIAL	Document:	GP 7003A		Issue n°:	10	Page n°:	15 of 15