



MY05291 ZION PELITA PLANTATION SDN BHD Audit Summary Report

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| Organization: | Zion Pelita Plantation Sdn Bhd | | |
| Address: | <u>Headquarters</u> 18A, 2 nd Floor, Lanang Road, 96000 Sibu, Sarawak <u>Estate</u> Lot 589, Lot 175 Block 3, Lot 753 & 754 Block 7, Lot 176 Block 5, Lot 165, Block 3, Kedang Land District, Mukah, Sarawak | | |
| Standard(s): | MS2530-3 : Part 3 : General principles for Oil Palm Plantations and Organized Small Holders | Accreditation Body(s): DEPARTMENT STANDARDS MALAYSIA (DSM) | |
| Representative: | Ms Ling Yieng Tel: 016360 5265 | | |
| Site(s) audited: | Zion Pelita Plantation Sdn Bhd -Paloh Estate | Date(s) of audit(s): | 24 th April 2019 |
| Visit Type: | MSPO Stage 2 Audit | Types of certification assessment: | Main Audit |
| Lead auditor: | Dickens Mambu (DM)(LA) | Additional team member(s): Audit Member (AM) | Jeffrey Denis Ridu (JDR) (AM) |
| 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**.

Validation of processes for production and service provision

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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: 0 Major 2 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 of the audit standard and provided sufficient structure to support implementation and maintenance of the management system. Yes No

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

The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement. Yes No

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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:

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| Organization: | Zion Pelita Plantation Sdn Bhd | | |
| Address: | Contact person : Ms Ling Yieng (016360 5265) 18A, 2 nd Floor, Lanang Road, 96000 Sibul, Sarawak Tel :084-314478 | | |
| MPOB License No.: | 596412002000 | Expiry date: | 31 th 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: | 24 th April 2019 |
| Visit Due by Date: | Nil | For auditor information only | |
| Lead Auditor: | Dickens Mambu (DM) Tel :0146962400 | | |
| Team Member(s): | Jeffrey Denis Ridu (Audit Member) | | |
| Additional Attendees and Roles | NIL | | |
| Standard(s): | MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders | | |
| Audit Language: | English & Malay | | |

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| Audit Scope: | <p>1.The audit covered two (2) 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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| Date | Time | Auditor | Organisational and Functional Units/ Processes and Activities | Key Contact |
|-----------------------------------|--|----------|--|------------------|
| 23 rd April 2019 | PM | DM & JDR | Flight Kuching- Sibul MH3690 (8.10 pm-9.00pm) | |
| 24 th April 2019 | 6.30 am 7.30 8.30 8.40 9.00 12.30pm 1,00 pm 4.00pm 6.00 pm | JDR & DM | <p><u>Zion Pelita Plantation Sdn Bhd</u> MS 2530-3-2013 Part 3</p> <p>Breakfast Depart to Belawai Arrive Paloh Estate Opening Meeting Audit Process (Site visit)</p> <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 <p>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)</p> <p>Closing Meeting</p> <p>End of MSPO Stage 2 Audit</p> | Estate Personnel |

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Location and Maps

Zion Pelita Plantation Sdn Bhd project is located in the Belawai area immediately northwest of Sibul Division. The main access to the project area are Sibul- Belawai Road and Tanjung Manis Road. The GPS locations of the estate is shown in **Table 1**.

Table 1: Zion Pelita Plantation GPS Location

| Supply Base / Estates: | Location Address: | GPS Coordinate(s): | Area Certified(HA): |
|------------------------|--|--|---------------------|
| Paloh Estate | Lot 589, Lot 175 Block 3, Lot 753 & 754 Block 7, Lot 176 Block 5, Lot 165, Block 3, Kedang Land District, Mukah, Sarawak | N2°17.133' E111°11.946' N2°23.129' E111°16.544' | 7516 Ha |

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Description of Estate Production Capacity

The Fresh Fruit Bunches (FFB) are sourced from the estate which are directly managed by Zion Pelita Plantation Sdn Bhd . The estate have three phase with each phase monitored by estate manager. The crop yield from the estate 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 -Paloh Estate | 37616.045 mt | 47044 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 - Paloh estate | Title: 8231 ha Planted 5000 ha | 469.51 | 3384.53 | Buffer : 528.16 ha | Nil | 392.59 ha | 3984.36 |
| *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/f0417c5cff7a4d9fa13f20d4a85e8733.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.

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Comment on MS2530-3 Compliance Status:

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| <p>Comment on Principle 1</p> | <p>MSPO Policy is available.</p> <p>Signed by Managing Director Dato Hii King Chiong dated 1 October 2018. The policy briefed to the estate management and displayed at 2 estates - Lengan and Paloh.</p> <p>In the policy it is stated in one of the points, ... <i>overall business strategy adheres to the principles of sustainable development, balancing considerations for people, planet and profit and continuous improvement.</i></p> <p><i>Policy signed : 1 October 2018</i></p> <p>Internal audit Procedure :MSPO/IA/02 Internal audit and audit results are documented in the 'MSPO Internal Audit Report.</p> <p>The non-conformities are summarised in the audit finding report.</p> <p>There were 3 issues in the site inspection and 10 issues in the documentation.</p> <p>1. The verification of corrective action made available for the management review meeting which has been conducted on 17 December 2018. All findings were closed at estate level.</p> |
| <p>Comment on Principle 2</p> | <p>The management has established the following standard operating procedure on Traceability Ref. No. MSPO/P2/SP/03 dated 15/11/2018.</p> <p>In the procedure, the following is identified:</p> <ol style="list-style-type: none"> 1) Harvester 2) Mandore/Checker 3) Driver/loader 4) Weighbridge operator record 5) Despatch to Tg Manis Jetty 6) Transfer to lorry 7) Despatch to Mill 8) Mill weighbridge 9) Office - documentation <p>Sampling Taken : Paloh Estate</p> <p>Field staff will record the harvester name and no. Of bunches harvested for the day in the Daily Summary of FFB Checklist No. 48942 dated 16/1/2019.</p> <p>FFB Bin No. And weight Record at estate ramp. Bin no. 131 tare weight 1474.</p> |

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| | <p>A FFB Despatch Note No. 4791 dated 20/1/2019 showed the total bunches loaded into lorry QSY8966.</p> <p>A Weighbridge Advice Ticket No 322049 will be issued Vehicle No : Lorry QSY8966 Material : FFB Time: 07:36:15 Nett : 19.57 mt Date: 20/1/2019</p> <p>Complaints & Grievance Procedure is available Ref No. MSPO/ZPP-PE/P2/C1/IN1 dated 9/11/2018. Flow chart available and timeline taken to resolve the issues provided.</p> <p>The complaint / request form are made available and placed near the complaint box outside the office.</p> <p>A request received from Syamsir Amir dated 4/1/2019 to repair toilet. Action taken and recorded in the form itself and record book.</p> <p>Procedures shall be established for consultation and communication with the relevant stakeholders : Ref No. MSPO/ZPP-PE/P2/C2/IN1 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 15/10/2018.</p> |
| <p>Comment on Principle 3</p> | <p>The appointment letter for MSPO officers were made available dated 23 October 2018.</p> <p><u>Closure:</u></p> <p>Mr Deli Ak Nyuak has been appointed as Social Liaison Officer. Letter of appointment signed by Mr Achi Mancha, General Manager on 15/12/2018.</p> <p>The estate operation is in compliance with the applicable of local state, national and ratified international laws and regulations.</p> <p>The plantation sustainability team are responsible to monitor on the compliances.</p> <ol style="list-style-type: none"> 1. Environmental Quality Act 1974 2. OSH Act 1994 3. Sarawak Labour Ordinance 1958 |

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| | 4. Employment Act 1955 |
| Comment on Principle 4 | <p>It was observed the Social Impact Assessment (SIA) report was available during the document assessment. The SIA was prepared in April 2019 by Mr Deli ak Nyuak (Social Liaison Officer).</p> <p>Stakeholders meeting was conducted on 15th October 2018, venue at Conference room of Zion Pelita Plantation Sdn Bhd, attended by 10 attendees. The document can be verified in Social Impact Assessment file.</p> <p>Occupational Safety, Health and Environment Policy was made available in the estate dated 1st October 2018, policy which is signed by 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 on 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> <ul 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> <p>The document can be verified in file Principle 4.</p> <p>Record of issuance PPE was made available in estate management office.</p> <p>Appointment letter OSH committee members was sighted in the Environmental, safety and health committees meeting file. Sample of the personnel appointed list as below:</p> <ul style="list-style-type: none"> i. William Rambai ii. Frankie Belawan iii. Julia Anyek iv. Misruki v. Husin Akrem |

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| | <p>vi. Syamsir Amri</p> <p>It was sighted the management had sent two staffs to attend the first aid training at the Sibuh town. Name of the staffs list as below:</p> <ul style="list-style-type: none"> i. Majang Ak Dato (No. Siri.:(PCA1) 4983, period of the certificate was from 26th August 2018 till 26th August 2021. ii. Bruang Ak Ngayum (No. Siri.:(PCA1) 4976, period of the certificate was from 26th August 2018 till 26th August 2021. <p>Minor 1 (4.4.4.2)</p> <p>(1) There was no safety briefing/use of life jacket prior to boarding the boat to cross to the estate as it was the only means of transport to the estate.</p> <p>(2) No safety signages at the pond near housing site as it was used as one of the water source.</p> <p>Employment Condition</p> <p>Based on the management record for salary as March 2019. The lowest salary was RM 278.35 (Erda Dodding, C0804192) and the highest salary RM 4,526.45 (Asri Ambo Upe, A3932187)</p> <p>The lowest salary is due to not enough mandays worked (only 6 days and went on leave). The highest is due to him working piece rate and paid supervision.</p> <p>A "Slip pengakuan gaji tidak dapat memenuhi gaji minimum" for Erda Dodding was sighted.</p> <p>Based on the record payment of daily rate was meet the requirement of JTK rate.</p> <p>Based on payroll and pay slip record show, the calculation of the salary was tally.</p> <p>Employee registration details was available in the Perjanjian kerja ladang kelapa sawit. The agreement details to be fill list as 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> |

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| | <p>It was observed 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 obtain 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 as well.</p> <p>The Environmental Monitoring Report for 1st Quarter 2019 (January to March) NREB Ref No.: NREB/6-1/2E/55 conducted by Ecosol Consultancy Sdn Bhd was sighted. Conclusion on water qualities were generally found to be good and the water monitoring exercise had not detected any major pollution effects from the plantation.</p> <p>The domestic waste for this estate was disposed in dumping site which can be determined in the Estate Map. It was observed the dumping site was away from habitation and water surface runoff, verified by NREB.</p> <p>Minor 2 (4.5.3.5) It was sighted the dumping pit was close to labour linesite at Phase 3. There was insufficient distance of the landfill from habitation and water courses.</p> |
| <p>Comment on Principle 6</p> | <p>Management have provided SOP on Best Practices. The Ref No: Procedure No. 01/2018 dated 15 July 2018 and implemented 1 August 2018.</p> <p>Objectives of the SOP for the Best Practices Is to ensure that all work with regards to environment and social are complied with for efficient and systematic management of work processes. Based on the management record, Monthly FFB (MT) and Yield /ha report are monitored.</p> <p>Latest monthly FFB (MT) report is in April 2018.</p> <p>From the estate record, harvesting of FFB is monitored daily , summarize monthly and compared against the target of the FFB production set by the management</p> <p>Latest record is April 2019.</p> |

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7. Nonconformity

MS2530-3:2013 Part 3

| Non Conformity | N° 1 of 2 | | Minor 1 | | | |
|---------------------------|--|-----------------------------|--------------------------|-------------------------------|-----------------------|---------------------------|
| | Date Recorded> | 24 th April 2019 | Due Date> | 24 th January 2020 | Date Closed> | 5 th June 2019 |
| Department / Function: | Administrative : SHO | | Standard Ref.: Indicator | | MS2530-Part 3 4.4.4.2 | |
| Document Ref.: | Criterion 4.4.4 Employee Safety & Health | | Issue / Rev. Status: | | Closed | |
| Details of Nonconformity: | Occupational Safety & Health Implementation was found inadequate | | | | | |
| Objective Evidence: | It was observed, the implementation of safety matter is still lacking. 1. There was no safety briefing and use of life jacket prior to boarding the boat to cross to the estate which is the only means of transport to the estate. 2. No safety signage was sighted at the pond near the housing area. It was observed that the pond used as one of the domestic water source. | | | | | |
| Close-out evidence: | 1. From Management discussion, they will provide safety briefing before boarding the boat in the future. The procedure and implementation for such activities will be confirmed in the next annual surveillance. 2. From the management discussion, they will provide adequate safety signages in the risk area and the pictures of this implementation will be submitted before annual surveillance. | | | | | |

| Non Conformity | N° 2 of 2 | | Minor 2 | | | |
|---------------------------|---|-----------------------------|--------------------------|-------------------------------|-----------------------|---------------------------|
| | Date Recorded> | 24 th April 2019 | Due Date> | 24 th January 2020 | Date Closed> | 5 th June 2019 |
| Department / Function: | Administrative | | Standard Ref.: Indicator | | MS2530-Part 3 4.5.3.5 | |
| 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: | It was sighted that the dumping site at phase 3 was close to the workers quarters. The location of the landfill was found not within the sufficient distance from habitation and water courses. | | | | | |
| Close-out evidence: | From management response, the new present land fill area was temporary and the new landfill will be located at radius 3 km from housing area. This will be confirmed during next annual surveillance. | | | | | |

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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 9 months 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

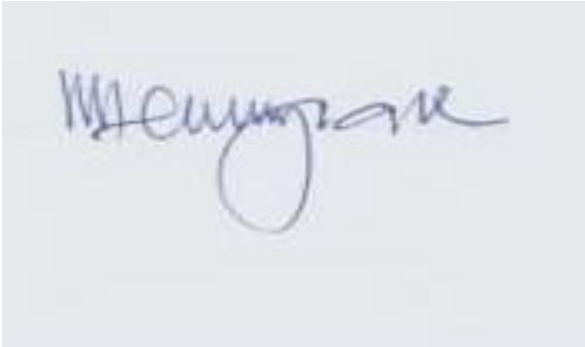

Positive Observations:

- 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

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Appendix 1: List of Stakeholders Contacted

| Stakeholder | Type of Stakeholder | Issues raised | Comments/Action Taken |
|--|--|---|---|
| Ting Sie Tiong Syn Yang Shipping | External Stakeholders (contractor) | Need more information on MSPO | The audit team has referred to the estate on their upcoming stakeholder meeting and to explain more on contractor / supplier related responsibility in the MSPO implementation. |
| Ma Teck Chee Hap Seng Fertilizer | External Stakeholder (Supplier) | No issue raised. The stakeholder so far satisfied with the estate management. | NII |
| Thomas Tang & Jimmy Wong Wolf Machinery & Equipment | External Stakeholder (Machine Contractor) | 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="312 696 560 757">Mr. Deli Nyuak Senior Estate Manager</p> |  <p data-bbox="911 696 1347 786">Mr. Dickens Mambu Regional Head Certification (Sarawak) Manager, Palm Oil Base (East Malaysia)</p> |

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|---------------------|---------|--------------|-----------------------------|-------------|-----------------|-----------|----------|
| Job n°: | MY05291 | Report date: | 24 th April 2019 | Visit Type: | Main Assessment | Visit n°: | 1 |
| CONFIDENTIAL | | Document: | GP 7003A | Issue n°: | 10 | Page n°: | 16 of 16 |