



## MY05292 ZION RESOURCES BERHAD Audit Summary Report

<b>Organization:</b>	<b>Zion Resources Berhad</b>		
<b>Address:</b>	<b>Headquarters</b> 18A, 2 <sup>nd</sup> Floor Lanang Road , 96000 Sibu Sarawak  <b>Estate</b> Upper Lanang, Sarawak		
<b>Standard(s):</b>	<b>MS2530-3 : Part 3 : General principles for Oil Palm Plantations and Organized Small Holders</b>	<b>Accreditation Body(s): DEPARTMENT STANDARDS MALAYSIA (DSM)</b>	
<b>Representative:</b>	<b>Ms Ling Yieng (MSPO Manager)</b> <b>Tel: 016360 5265</b>		
<b>Site(s) audited:</b>	<b>Tanjung Pan Estate</b>	<b>Date(s) of audit(s):</b>	<b>25<sup>th</sup> April 2019</b>
<b>Visit Type:</b>	<b>MSPO Stage 2 Audit</b>	<b>Types of certification assessment:</b>	<b>Main Audit</b>
<b>Lead auditor:</b>	<b>Dickens Mambu (DM)(LA)</b>	<b>Additional team member(s): Audit Member (AM)</b>	<b>Jeffrey Denis Ridu (JDR)(AM)</b>
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

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

Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	1 of 18	



### 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: 4 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 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

The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system.  Yes  No

Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	2 of 18	

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:

<b>Organization:</b>	<b>Zion Resources Berhad</b>		
<b>Address:</b>	<b>Contact person : Ms Ling Yieng (016360 5265) 18A, 2<sup>nd</sup> Floor, Lanang road, 96000 Sibu Sarawak. Tel :084-314478</b>		
<b>MPOB License No.:</b>	<b>603043002000</b>	<b>Expiry date:</b>	<b>30<sup>th</sup> September 2019</b>
<b>Scope of Activity:</b>	<b>Menjual dan <i>Mengalih</i> FFB</b>		
<b>Date of certificate issued and validity</b>	<b>Nil (New Application)</b>		
<b>Other Sustainability Certification</b>	<b>Nil</b>		
<b>Proposed Date of Next Surveillance Audit</b>	<b>May 2020</b>		
<b>Visit Number:</b>	<b>02 (Stage 2)</b>	<b>Actual Visit Date:</b>	<b>25<sup>th</sup> April 2019</b>
<b>Visit Due by Date:</b>	<b>Nil</b>	<b>For auditor information only</b>	
<b>Lead Auditor:</b>	Dickens Mambu (DM) Tel :0146962400		
<b>Team Member(s):</b>	Jeffrey Denis Ridu (JDR)		
<b>Additional Attendees and Roles</b>	NIL		
<b>Standard(s):</b>	<b>MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders</b>		
<b>Audit Language:</b>	English & Malay		
<b>Audit Scope:</b>	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. 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		

Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	3 of 18	

Date	Time	Auditor	Organizational and Functional Units/ Processes and Activities	Key Contact
25 <sup>th</sup> April 2019	7.30 am 8.00 8.30 8.40 9.00  12.30pm 1.00 pm  4.00pm  6.00 pm	JR & DM	<p><b>Zion Resources Sdn Bhd</b> MS 2530-3-2013 Part 3</p> <p>Breakfast</p> <p>Depart to Tanjung Pan Estate</p> <p>Arrive Tanjung Pan Estate</p> <p>Opening Meeting</p> <p>Audit Process (Site visit)</p> <ul style="list-style-type: none"> <li>• Principle 1: Management commitment and responsibility</li> <li>• Principle 2: Transparency</li> <li>• Principle 3: Compliance to legal requirements</li> <li>• Principle 4: Social responsibility, health, safety and employment condition</li> <li>• Principle 5: Environment, natural resources, biodiversity and ecosystem services</li> <li>• Principle 6: Best practices</li> <li>• Principle 7 : Development of New Planting</li> </ul> <p><b>Lunch</b></p> <p>Continue Audit Process (Document review, Policies, local law compliance, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)</p> <p>Closing Meeting</p> <p><b>End of MSPO Stage 2 Audit</b></p>	Estate Personnel

### Location and Maps

Zion Resources Berhad project is located in Sibu area with land journey taking about 40 minute drive from Sibu town. The main access to the project area are Sibu- Assan Road . The GPS locations of the estate is shown in **Table 1**.

Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	4 of 18	

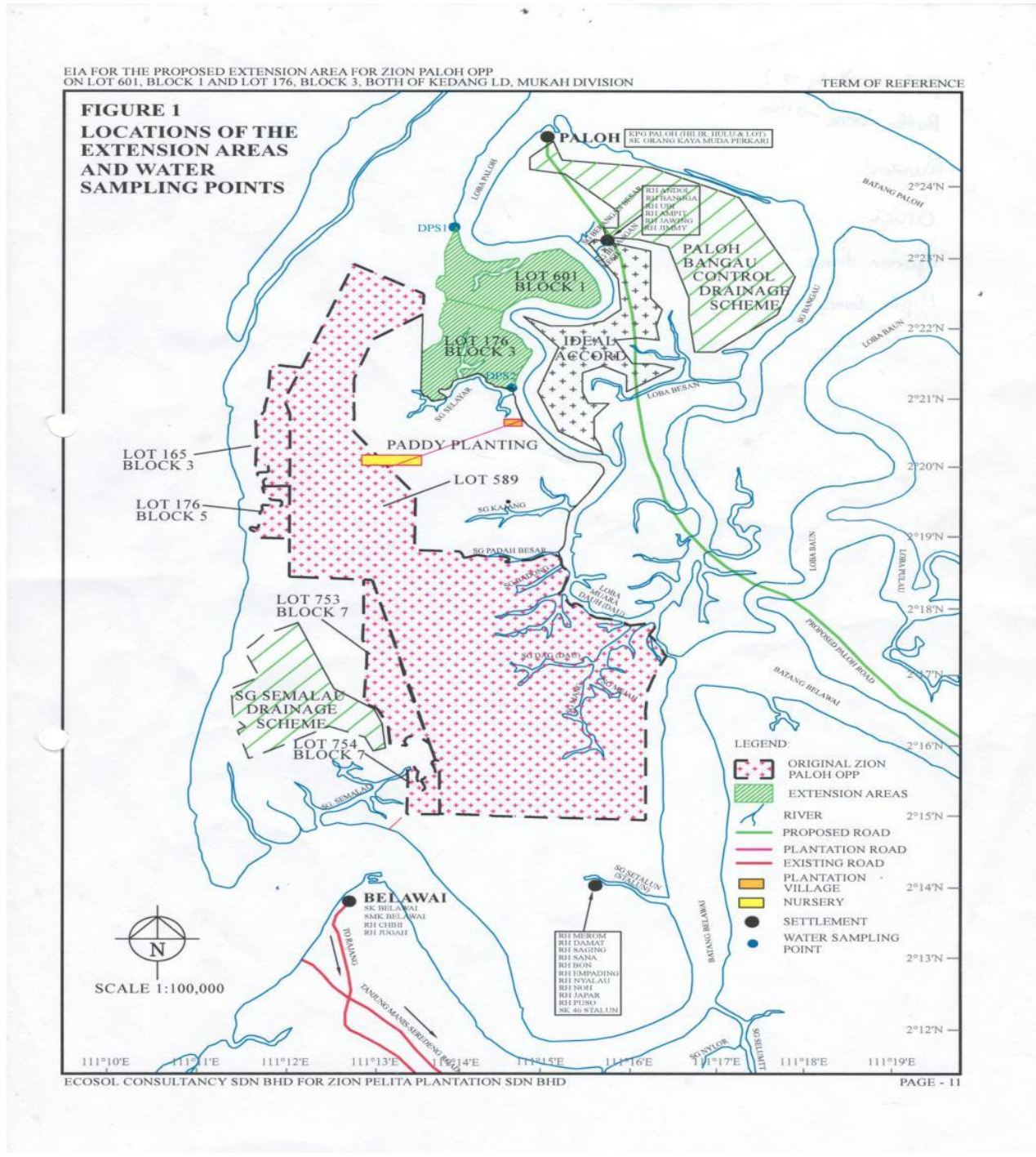


**Table 1: Zion Resources Berhad GPS Location**

<b>Supply Base / Estates:</b>	<b>Location Address:</b>	<b>GPS Coordinate(s):</b>	<b>Area Certified(HA):</b>
Tanjung Pan Estate	Upper Lanang, Sarawak	2°17'07.5"N 111°41'38.4"E	580

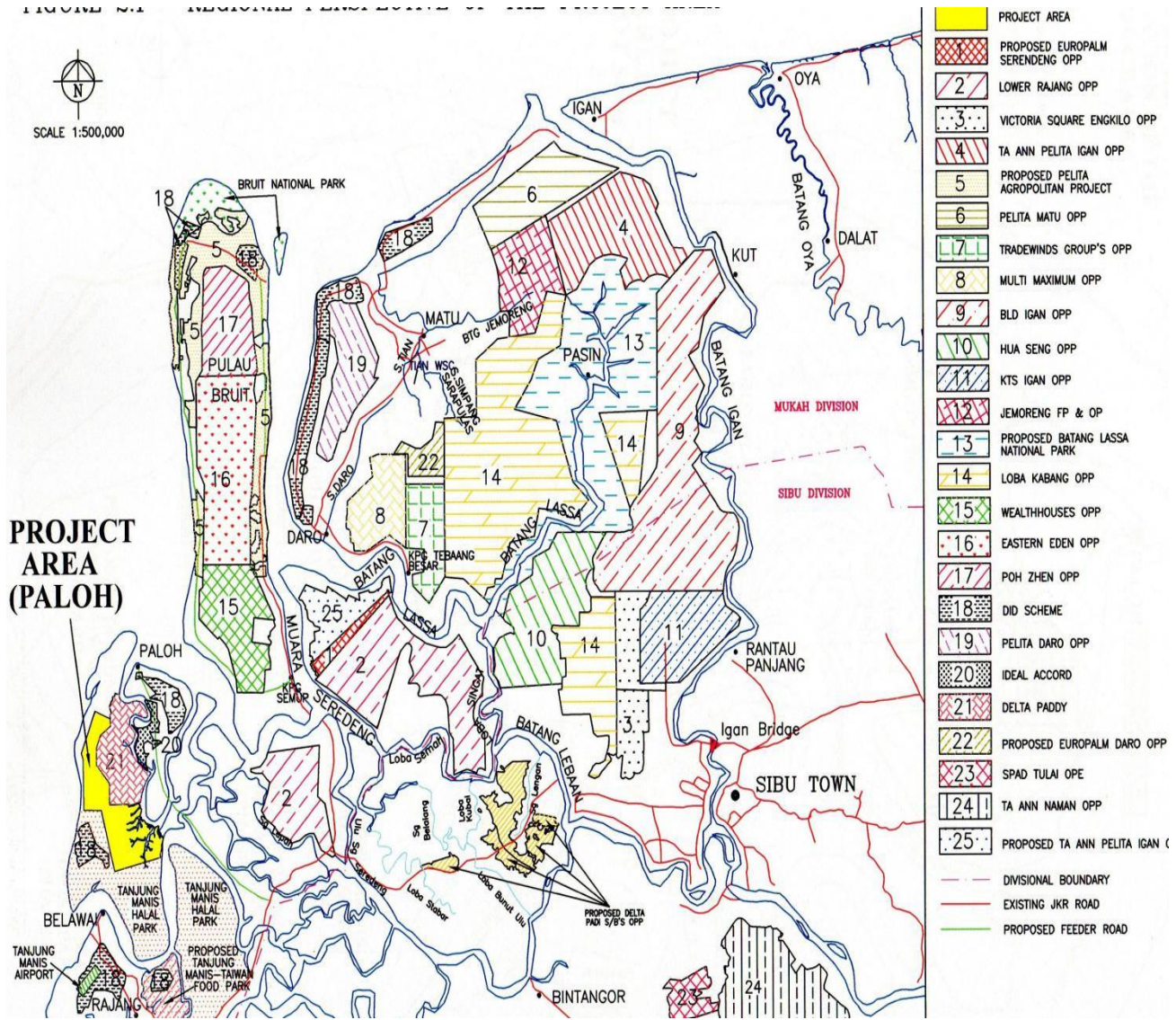
Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	5 of 18	

## Zion Resources Berhad Locality Map



Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	6 of 18	

FIGURE 3.1 REGIONAL LAND USE PLAN OF THE PROJECT AREA



Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	7 of 18	

### Description of Estate Production Capacity

The Fresh Fruit Bunches (FFB) are sourced from Tanjung Pan Estate which are directly managed by Zion Resources Berhad. 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 Resources Sdn Bhd -Tanjung Pan Estate	2881.60	3580 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)					
		Immature	Production	Scout Harvesting	Land Issue	*Others	Undeveloped Area
Zion Resources Berhad	MPOB licensed :495.93 Planting 381.49	106.40	84.32	190.77	Nil		16.87
*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/ebadcef13eb34a59afcd9ce926ec9fc9.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°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	8 of 18	



Comment on MS2530-3 Compliance Status:

<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.</p> <p>The policy briefed to the estate management and displayed at estate. 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 :ZRB-L01 Internal audit and audit results are documented in the Principle 1 - 3 in the MSPO Filing.</p> <p>The non-conformities are summarised in the audit finding report.</p> <p>There were 7 issues in the internal audit report.</p> <p>1. The verification of corrective action made available for the management review meeting which has been conducted on 12 December 2018. All findings were closed at estate level. And verified by Mr Jimmy Kinsun as Lead Auditor.</p> <p>Evidence of boundary marker and boundary peg at Lot 202, Block 3. This is for issue no. 2 in compliance with clause 4.3.2.3.</p>
<p>Comment on Principle 2</p>	<p>Complaints &amp; Grievance Procedure is available and referred to "Procedur Perundingan dan Komunikasi 2018"</p> <p>Flow chart available and timeline to resolve issues stated therein.</p> <p>The complaint / request form are made available and placed near the complaint box outside the office.</p> <p>No complaints received so far.</p> <p>The SOP are controlled with procedure No. Such as:</p> <p>1) Standard Operating procedure 01/2018 which covers operational activities eg. Harvesting etc.</p> <p>2) Complaints, grievance and communication procedure 02/2018 which covers all related activities such as on social aspects.</p> <p>Any other types of information needed can be requested thru formally written or fill in the request form which are available at the site office.</p>
<p>Comment on Principle 3</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>

Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	9 of 18	

	<ol style="list-style-type: none"> <li>1. Environmental Quality Act 1974</li> <li>2. OSH Act 1994</li> <li>3. Sarawak Labour Ordinance 1958</li> <li>4. Employment Act 1955</li> </ol> <ol style="list-style-type: none"> <li>1) MPOB Licence No. 603043002000 Tanjung Pan Estate, Sibu occupation tickets: Sibu Lease; Binatang Lease; Assan Land District; 96000 Sibu Sarawak. Hectarage: 495.93 Ha. Validity: 30/10/2018 - 30/09/2019</li> <li>2) The estate land is on sublease from various owners (59 subleasers). Total acreage of area = 1225.435 acres equivalent to 495.927 Hectares.</li> <li>3) Application for permit to store Diesel as per letter to KPDNKK Ref: ZRB/01/03/19 dated 18<sup>th</sup> March 2019. Surat Sokongan Pelesenan from BOMBA Ref No. JBPM/SK/ZSU:700-5/1/20 Jld.4 dated 28<sup>th</sup> March 2019. Qty of Diesel : 10,000 Lit</li> <li>4) Business Licence No. A642296 Validity: 07/06/2018 - 05/09/2019</li> </ol>
<p>Comment on Principle 4</p>	<p>It was observed the Social Impact Assessment (SIA) report was available during the document assessment. The SIA was prepared on November 2018 by Mr Jimmy Hii (Social Liaison Officer/ Estate Manager) and Mr Ting Huat Kuong (Admin Executive).</p> <p>Stakeholders meeting was conduct 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>Mr Jimmy Hii Bui Foooh has been appointed as Social Liaison Officer cum Documentation Control of MSPO committee. Letter of appointment signed by Mr Achi Mancha, Estate General Manager on 1<sup>st</sup> October 2018.</p> <p>The Grievance and Complaint form was made available at the front of estate office. SOP for complaints and grievances procedure was made available in the estate.</p> <p>It was observed the training record was made available in Training Plan, Training Programme &amp; Training Record file. The latest training record was conduct on 6<sup>th</sup> 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"> <li>i. <i>Pemanduan &amp; Pengangkutan peralatan dan pekerja ke tempat kerja</i></li> </ol>

Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	10 of 18	

	<p><i>dan dari tempat kerja.</i></p> <ul style="list-style-type: none"> <li>ii. <i>Menebas &amp; menebang anak pokok</i></li> <li>iii. <i>Penyemburan racun rumpai dan serangga perosak</i></li> <li>iv. <i>Kerja kimpalan dan memotong dibengkel (welding &amp; cutting)</i></li> <li>v. <i>Pra-campuran racun</i></li> <li>vi. <i>Pest &amp; Disease control (Rait baiting)</i></li> <li>vii. <i>Penuaian buah tandan segar (harvesting)</i></li> <li>viii. <i>Kerja bengkel dan penyelenggaraan kenderaan/ jentera</i></li> <li>ix. <i>Membaja</i></li> </ul> <p>Record of issuance PPE was made available in estate management office.</p> <p>An Environment, Safety and Health Committee Meeting was held on 21<sup>st</sup> January 2019 as per Minutes of Meeting SHC-01/19.          Attended by Mr Jimmy Hii as Chairman; Ms Ling Yieng &amp; Mr Ting Huat Kwong as Secretary; Employers' Rep: Mr Anthony Suwen &amp; Mr David Ngui; Employees' Rep: Syamsuddin &amp; Ratnawati.          Issues discussed: Emergency Response Plan, internal audit findings, CHRA report, accident report and other Environmental issues.</p> <p>It was sighted the management had sent one staff to attend the first aid training at the sibu town. Name of the staff list as below:</p> <ul style="list-style-type: none"> <li>i. Anthony Ak Suwen (No. Siri.:(PCA1) 4973, period of the certificate was from 26<sup>th</sup> August 2018 till 26<sup>th</sup> August 2021.</li> </ul> <p>Major 1 (4.4.4.2)          It was observed, the implementation of safety component still lacking</p> <ol style="list-style-type: none"> <li>1. PPE usage for workers applying chemical was found inadequate.</li> <li>2. Clean water was not available for workers on site for emergency purpose</li> <li>3. Training for safety &amp; health (handling chemical / Safe operating Procedure) was found lacking. Interview with two sprayer on site was done at Block 3a and it was observed that the workers unsure on safety / proper chemical handling.</li> </ol>
<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 1<sup>st</sup> October 2018.</p> <p>It was observed the Environmental Management Plan 2019 for Zion Resources Bhd which state the main objective, specific objective, scope and legal requirement. The Environment Improvement &amp; Management Plan - Sources, negative impact, improvement/mitigation plan and person in charge.</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 Managing director, Dato Hii King Chiong dated on 1<sup>st</sup> October 2018.</p>

Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	11 of 18	

	<p>It was observed the commitment already given by the top management via the policy statement regarding the equal opportunity statement by the top management.</p> <p>Based on the record made by the management, It was observed the record of payment for the employees has met the minimum standards according to the employment agreement. It can be verified in file Contractors agreement &amp; payslip.</p> <p>Item 3.9 of the “Perjanjian Kerja Ladang Kelapa Sawit” state minimum wage per day at RM 42.31/day.</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"> <li>i. No. Passport</li> <li>ii. Jantina</li> <li>iii. Tarikh Tamat Passport</li> <li>iv. Tarikh masuk Malaysia</li> <li>v. Tarikh Lahir</li> <li>vi. Tempat Lahir</li> <li>vii. Suku/ Ras</li> <li>viii. Alamat di tempat asal</li> <li>ix. Nama suami/ isteri</li> <li>x. Orang yang dihubungi sekiranya berlaku kecemasan</li> <li>xi. Kerja yang ditawarkan</li> <li>xii. Estet</li> </ul> <p>Training matrix for 2019 was made available in the Training File. List of the training list as below:</p> <ul style="list-style-type: none"> <li>i. Company Policy</li> <li>ii. Agriculture Manual</li> <li>iii. Use &amp; Standard exposure of chemical hazardous to health (USECHH) Regulation 2000</li> <li>iv. Environmental Quality Act 1974 (Act 127)</li> <li>v. OSH Committee Function &amp; Responsibility</li> <li>vi. Highly Toxic Pesticides Reg 1996</li> <li>vii. Awareness safety and health</li> <li>viii. Safe driving technique</li> <li>ix. PPE training</li> <li>x. Emergency respond plan (Chemical spill/ poisoning/ firefighting)</li> </ul> <p>Major 2 (4.5.3.4) Schedule waste (filter, empty chemical container &amp; lubricants) was found in the dumping pit and scrap iron area.</p> <p>Major 3 (4.5.3.5) Dumping site was found located near to water flow (drainage) observed that it was filled with water.</p>
--	--

Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	12 of 18	

<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.</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>Major 4 (4.6.1.1) It was observed best practices implementation were found lacking in several areas</p> <p>1. Improper usage of chemical material -It was sighted that improper equipment use by workers to ensure correct amount of chemical to be use for spraying activities. It is unsure either dosage use are correct or not for field operations</p> <p>2. Peat land Management (Piezometer &amp; subsidence pole) was available. However, it was observe the improper recording from the equipment.</p>
<p>Comment on Principle 7</p>	<p>There is no new planting for Zion Resources Berhad</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 1<sup>st</sup> October 2018.</p> <p>It was observed the Environmental Management Plan 2019 for Zion Resources Bhd which state the main objective, specific objective, scope and legal requirement. The Environment Improvement &amp; Management Plan - Sources, negative impact, improvement/mitigation plan and person in charge.</p>

Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>		Document:	GP 7003A	Issue n°:	10	Page n°:	13 of 18

## 7. Nonconformity

### MS2530-3:2013 Part 3

#### MSPO MS2530-3: 2013 Part 3: General Principles for Plantations & Organized Smallholders

Non Conformity	N° 1 of 4		Major 1			
	<b>Date Recorded&gt;</b>	25 <sup>th</sup> April 2019	<b>Due Date&gt;</b>	25 <sup>th</sup> June 2019	<b>Date Closed&gt;</b>	20 <sup>th</sup> 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:		Close	
Details of Nonconformity:	Occupational Safety & Health Implementation was found inadequate					
Objective Evidence:	It was observed, the implementation of safety component still lacking 1. PPE usage for workers applying chemical was found inadequate. 2. Clean water was not available for workers on site for emergency purpose 3. Training for safety & health (handling chemical / Safe operating Procedure) was found lacking. Interview with two sprayer on site was done at Block 3a and it was observed that the workers unsure on safety / proper chemical handling.					
Close-out evidence:	The management has provided references via documented evidence to support their close out evidence: 1) Record on Employees were provided with full PPE (record of PPE issuance record updated 3rd May 2019) was sighted in close out evidence submitted. 2) Evidence of Clean water and emergency eyes wash provided to employees before they proceed to site for spraying job. 3) Evidence of Chemical handling training conducted on 3rd May 2019. (As in Appendix II-Training record & Appendix III - SOP chemical handling submitted to the auditor which was verified and accepted)					

Non Conformity	N° 2 of 4		Major 2			
	<b>Date Recorded&gt;</b>	24 <sup>th</sup> April 2019	<b>Due Date&gt;</b>	24 <sup>th</sup> June 2019	<b>Date Closed&gt;</b>	20 <sup>th</sup> 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:		Close	
Details of Nonconformity:	Domestic waste was disposed with the risk of contamination to the environment and water courses.					

Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	14 of 18	

Objective Evidence:	Dumping site was found located near to water flow (drainage) observed that it was filled with water.
Close-out evidence:	From evidence submission, it was sighted document that shown new dumping site was open on 26th April 2019, which is far from the water flow (drainage) and do not filled with water. The evidence was sighted and accepted by auditors.

Non Conformity	N° 3 of 4		Major 3			
	<b>Date Recorded&gt;</b>	24 <sup>th</sup> April 2019	<b>Due Date&gt;</b>	24 <sup>th</sup> June 2019	<b>Date Closed&gt;</b>	20 <sup>th</sup> June 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MS2530-Part 3 4.5.3.4	
Document Ref.:	Criterion : 4.5.3 Waste Management & Disposal		Issue / Rev. Status:		Close	
Details of Nonconformity:	Schedule waste disposal was found lacking					
Objective Evidence:	Schedule waste (filter, empty chemical container & lubricants) was found in the dumping pit and scrap iron area.					
Close-out evidence:	<p>The operating units has submitted evidence on completed Segregation of domestic waste and Scheduled waste store which was completed on 3rd May 2019.</p> <p>From the evidence, the previous dumping pit were closed and scheduled waste found during stage 2 audit ( filter, empty chemical container &amp; lubricants) already removed to the new designated store.</p>					

Non Conformity	N° 4 of 4		Major 4			
	<b>Date Recorded&gt;</b>	24 <sup>th</sup> April 2019	<b>Due Date&gt;</b>	24 <sup>th</sup> June 2019	<b>Date Closed&gt;</b>	20 <sup>th</sup> June 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MS2530-Part 3 4.6.1.1	
Document Ref.:	Criterion : 4.6 Best Practices		Issue / Rev. Status:		Close	
Details of Nonconformity:	Best Practices was not implemented in all estate operations					
Objective Evidence:	<p>It was observed best practices implementation were found lacking in several areas</p> <p>1. Improper usage of chemical material</p>					

Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	15 of 18	

	<p>-It was sighted that improper equipment use by workers to ensure correct amount of chemical to be use for spraying activities. It is unsure either dosage use are correct or not for field operations</p> <p>xi. Peat land Management (Piezometer &amp; subsidence pole) was available. However, it was observe the improper recording from the equipment.</p>
Close-out evidence:	<p>Corrective action taken as sighted in the evidence submitted by the operating units:</p> <p>1) The new equipment for proper calibration is supplied to the workers.</p> <p>2) Markings on the subsidence pole, dry pole of water table and water level</p> <p>The operating units also provided information on training provided to person in charge to do reading record on water table, water level and peat subsidence.</p>

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 60 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.

Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	16 of 18	



## 8. General Observations & Opportunities for Improvement



### Positive Observations:

- The support from Zion Resources Berhad personnel, especially the ground staff contribute to the smoothness and successful of the audit process.

## Appendix 1: List of Stakeholders Contacted

Stakeholder	Type of Stakeholder	Issues raised	Comments/Action Taken
Tiong Ging King Landowner	External	NIL	NIL
Ting Moi Khing Landowner	External	NIL	NIL
Kong Mei lee Contractor (General)	External 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

Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	17 of 18	

Signed on behalf of <b>Zion Resources Berhad</b>	Signed on behalf of <b>SGS Malaysia Sdn Bhd</b>
 <p data-bbox="331 786 536 857"><b>Mr. Jimmy Hii</b> Estate Manager</p>	 <p data-bbox="874 797 1362 869"><b>Mr. Dickens Mambu</b> Regional Head Certification (Sarawak)</p>

Job n°:	MY05292	Report date:	25 <sup>th</sup> April 2019	Visit Type:	Main Assessment	Visit n°:	2
<b>CONFIDENTIAL</b>	Document:	GP 7003A	Issue n°:	10	Page n°:	18 of 18	