



Malaysian Sustainable Palm Oil (MSPO) Audit Summary Report

Organization:	Hormat Pasifik Sdn. Bhd.		
Address:	Headquarters (HQ) Crown Towers, 7th Floor, 88, Jalan Pending, 93450 Kuching, Sarawak. Contact Person: Mr. Theodore Joanis Phone No: 082-345 033 / 016 867 4256 Estate Address Hormat Estate, Lot 3, 4 & 5 Blk 9, Lot 3, 5 & 6 BLK 14; Lot 5 Blk 16 Buan Land District 97000 Bintulu, Sarawak.		
Standard(s):	MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders	Accreditation Body(s): DEPARTMENT STANDARDS MALAYSIA	
Representative:	Ms Adeline Lau (Director) Contact Person: Mr. Theodore Joanis		
Site(s) audited:	Hormat Pasifik Sdn. Bhd.	Date(s) of audit(s):	12th June 2019
Lead auditor:	Dickens Mambu (DM)	Additional team member(s):	Abdul Khalik Bin Arbi (AKA)

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

The audit covered one site performing certification scope:

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: 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

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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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MPOB License No.:	523724002000	Expiry date:	15/01/2019 – 31/09/2020
		Proposed Surveillance Audit	April 2020
Visit Number:	02 (Stage 2)	Actual Visit Date:	12th June 2019
Visit Due by Date:	Nil	For auditor information only	
Lead Auditor :	Dickens Mambu (DM)		
Audit Member	Abdul Khalik Bin Arbi (AKA)		
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		
Audit Scope:	1. The audit covered Three (3) site performing the following scope: Operations, comprising of management systems, process of Fresh Fruit bunches (FFB), documentation and site assessment.		

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Audit Plan

Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
12 th June 2019	7.00 am	DM & AKA	Depart from Kuching Airport to Bintulu Airport	Estate Personnel
	8.00 am	DM & AKA	Depart to Hormat Pasifik Sdn. Bhd. (Estate) Arrive at Estate Opening Meeting Audit Process (Site Visit) <ul style="list-style-type: none"> • Principal 1: Management commitment and responsibility • Principle 2: Transparency • Principle 3: Compliance to legal requirements • Principal 4: Social responsibility, health, safety and employment condition • Principal 5: Environment, natural resources, biodiversity and ecosystem services • Principal 6: Best Practice • Principal 7: New Development of New Planting 	Estate Personnel
	12.30pm		Lunch	
	1.00pm		Continue Audit Process (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
	5.00pm		Preparation for closing	
	6.00pm		Closing Meeting Depart to Bintulu Town	

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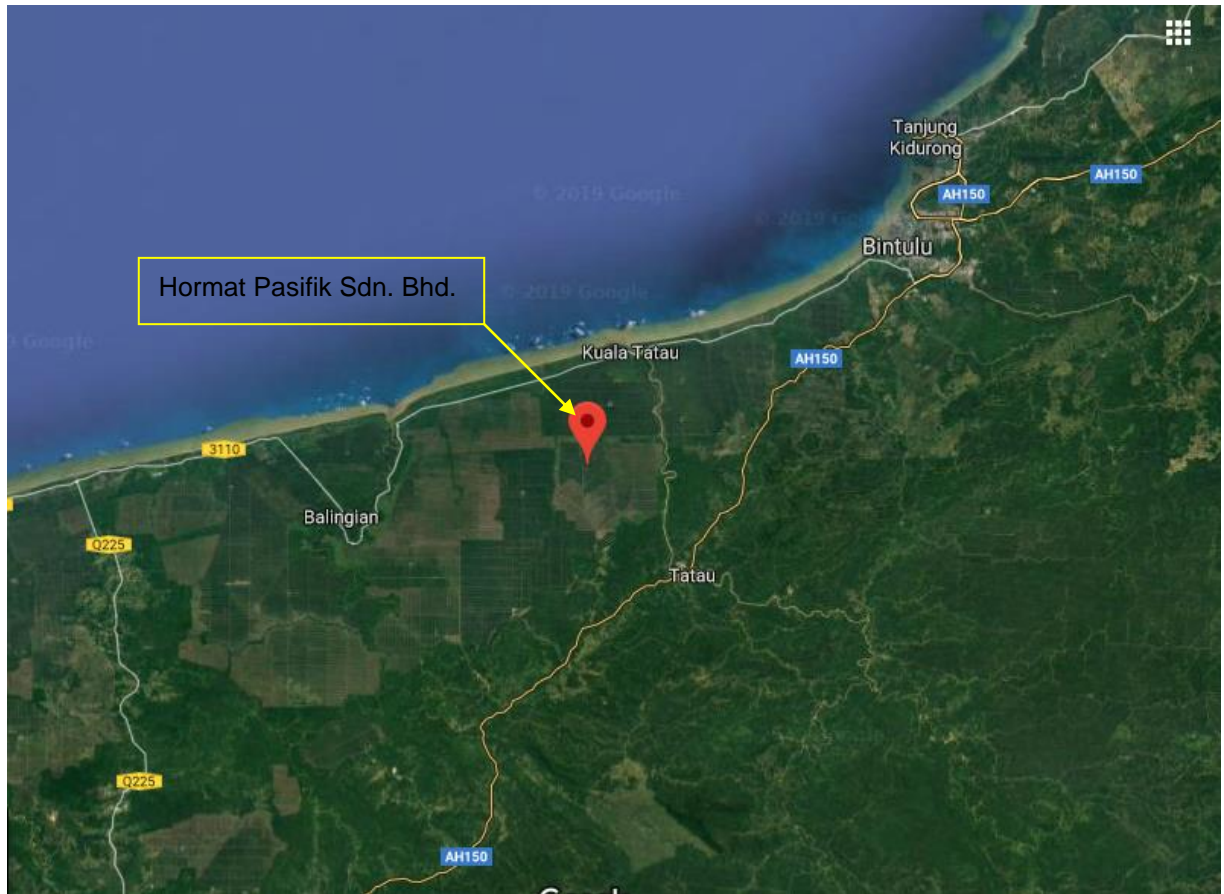
Location and Maps

The GPS locations of the state are shown in Table 1.

Table 1: GPS Location

Supply Base / Estates:	Location Address:	GPS Coordinate(s):	Area Certified (HA):
Hormat Pasifik Sdn. Bhd.	Lot 3, 4 & 5 Blk 9, Lot 3, 5 & 6 BLK 14; Lot 5 Blk 16 Buan Land District 97000 Bintulu, Sarawak.	2°25'50.57" N 111°47'43.30" E	6,756.10

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Description of Estate Production

The FFB are sourced from the estate which are individually managed by Hormat Pasifik Sdn. Bhd.. The crop yield from these estate is mention in **Table 2** below.

Table 1: FFB Production

Month	Hormat Pasifik Sdn. Bhd.	
	2018 (Actual)	2019 (Projection)
Total	90,767.96 ha	102,712 ha

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/hormat-pasifik-sdn-bhd>

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

Detail can be referred to **Appendix 2:**

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Comment on MS2530-3 Compliance Status:

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO –</u> The MSPO Policy for Hormat Pasifik Sdn. Bhd. was sighted dated 6th November 2018 and signed by Mr Jimmy Ak Bujang, Senior Plantation Manager and Mr Tsen Thau Tet, Senior Executive Officer. The policy contain commitment on MSPO requirement and also mention on continual improvement.</p> <p>Based interviewed with workers during site visit, they aware regarding the policies.</p> <p>Based on the MSPO Policy Statement referred, the organization does highlight their commitment thriving for continual improvement their resources and technology to operate in sustainability manners.</p> <p>The policy is communicated to the workers during the first time of employment. The policy is displayed at the notice board in the office and made accessible to all employees.</p> <p><u>Internal Audit</u> Internal Audit Procedure available as per Doc no. HP 4.1.2 dated 6th November 2018. Internal audit for Hormat Pasifik Sdn. Bhd. was conducted from 7th - 10th January 2019.</p> <p>From estate internal audit, 3 findings were raised from Principle 3, 4 and 5. The internal audit report was signed by different auditor based on Principles in the standard.</p> <p>Three issues raised in the internal audit. (1) <u>Findings</u>: Principle 3 - Compliance to legal requirements. Report No: MSPOIA/HP/2019/01/P3 <u>Auditor</u>: Erang <u>NC</u>: Legal perimeter boundary markers have yet to be visibly maintained on the ground and indicated on the estate map. (2) <u>Findings</u>: Principle 4 - Report no: MSPOIA/HP/2019/01/P4 <u>Auditor</u> : Jimmy Entan & Patrick Liva <u>NC</u>: safety measures found to be lacking. (3) <u>Findings</u> : Principle 5 - Report No.: MSPOIA/HP/2019/01/P5 <u>Auditor</u> : Baling <u>NC</u>: Domestic wastes & Appropriate signages at Buffer zone.</p> <p><u>Management Review –</u> The management review was conducted on 15th February 2019 (Ref : MSPO/HP/MRC1) and among others discussed on the internal audit report under agenda 4 where the findings were raised and issues closed. The action taken on the findings have to be referred back to the Summary of HPMSPO Internal audit Internal Audit No. 1 Findings & Corrective Actions taken (7 to 9 Jan 2019).</p> <p><u>Continual Improvement -</u> The continuous improvement plan (CIP) are shown as follows: (1) Use of palm Cutter for harvesting - Best practices.</p>
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	<p>(2) Use of crawler for crop transportation - Best practices.</p> <p>(3) New scheduled waste store for more storage space - Environment.</p>
Comment on Principle 2	<p><u>Transparency of information and documents relevant to MSPO requirements</u> The Complaint and Grievance Procedure is available. Refer to Doc Ref HP4.4.2.1 dated 6th November 2018.</p> <p>The flowchart for Complaints and Grievances Procedure is available with timeline (3 months) for issues to be resolved. The grievance and complaints box & forms are available at 4 locations including at the estate office.</p> <p>Complaint forms received in the box are recorded and action taken on them. No complaints received yet.</p> <p>Annual report for Hormat Pasifik Sdn. Bhd. was available. For any details information need to be requested to the head office or the estate office with consultation with HQ. No website available.</p> <p><u>Transparent method of communication and consultation</u> The Stakeholder Consultation and Communication Procedure available as per Doc No HP 4.2.2.1 dated 6th November 2018.</p> <p>The stakeholders meeting was held on 11th (Estate) & 12th (Bintulu office) December 2018. The meeting was on MSPO awareness and to seek feedback. Attendance and pictures of meeting seen. No minutes of meeting as there was no feedback received.</p> <p>The personnel appointed as Social & Welfare Officer is Mr Jimmy Entan, Plantation Manager.</p> <p>Appointment letter signed by Senior Executive Officer, Mr Tsen Thau Tet dated 6th November 2018 can be referred to File No.6 - Stakeholder Consultation & Communication.</p> <p><u>Traceability</u> Procedure for Traceability had been established dated 6th November 2018 Ref No. HP/TRA-001(2).</p> <p>The flow chart for traceability is attached.</p> <p>The person in charge of Ttraceability is Mr Jimmy Entan, Plantation Manager. Appointment letter signed by Senior Executive Officer, Mr Tsen Thau Tet dated 6th November 2018.</p> <p>During audit, evidence to show that the procedure has been follow accordingly :</p> <p>(1) Direct from field to mill. Driver Bunch Chit No. 57929 dated 4/01/19. FFB bunches = 3569 Tractor Delivery Note No. 47528 dated 4/01/19 FFB bunches = 3569 FFB Delivery Note No. 21411 dated 4/1/2019 FFB Bunches = 3569</p>

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	<p>Wawasan Sedar Sdn Bhd Palm Oil Mill Weighbridge Ticket No. 665547 dated 4/01/19 Transporter: Kunciraya Sdn Bhd Vehicle No: QTH 5250 Nett weight : 32,120 Kg</p> <p>Record will be kept by Estate Admin Office.</p> <p>Person in Charge for Division A (hormat Pasifik) is Mr Nawawi B. Jalaluddin</p>																											
<p>Comment on Principle 3</p>	<p><u>Regulatory requirements</u></p> <p>The estate is operating in compliance with the applicable local, state, national and ratified international laws and regulations. Compliance to Legal requirements for Hormat Pasifik Sdn. Bhd. can be referred to MSPO Legal Register File no. 8. Highlighted here some of the compliance with laws and regulations as follow:</p> <p>i. MPOB Licence No. Licence: 523724002000 Period: 15/01/2019 till 31/09/2019 Activities: 1) Menjual dan Mengalih FFB Estate hectarage: 6,756.10 Ha</p> <p>ii. Land Title Buan Land District, 97000 Bintulu, Sarawak</p> <table border="1" data-bbox="536 1084 1206 1373"> <thead> <tr> <th>No.</th> <th>Lot No.</th> <th>Ha</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Lot 3 Blk 9</td> <td>13.20</td> </tr> <tr> <td>2</td> <td>Lot 4 Blk 9</td> <td>10.40</td> </tr> <tr> <td>3</td> <td>Lot 5 Blk 9</td> <td>786.20</td> </tr> <tr> <td>4</td> <td>Lot3 Blk 14</td> <td>5,328.30</td> </tr> <tr> <td>5</td> <td>Lot5 Blk14</td> <td>249.0</td> </tr> <tr> <td>6</td> <td>Lot6 Blk14</td> <td>188.0</td> </tr> <tr> <td>7</td> <td>Lot5 Blk16</td> <td>181.00</td> </tr> <tr> <td>Total</td> <td></td> <td>6,756.10</td> </tr> </tbody> </table> <p>iii. Storage of Petroleum Licence under BDA Application for licence. Refer to Surat Sokongan Perlesenan from BOMBA dated 30/5/2018. Ref JBPM/SK/ZBU:700-5/1/20()JLD for 40,000 Litres of diesel.</p> <p>iv. KPDNKK - Permohonan bekalan bahan bahan "Diesel". Pembaharuan Ref No. BTU.P01/2008 (D) dated 7/5/2018.</p> <p>v. Permit Barang Kawalan Berjadual No. Siri: Q007472 Petrol - 200 Litres/day No storage. Validity: 10/4/2018 - 9/4/2019.</p> <p><u>Customary Rights</u></p> <p>Not Available, due to no land issue</p>	No.	Lot No.	Ha	1	Lot 3 Blk 9	13.20	2	Lot 4 Blk 9	10.40	3	Lot 5 Blk 9	786.20	4	Lot3 Blk 14	5,328.30	5	Lot5 Blk14	249.0	6	Lot6 Blk14	188.0	7	Lot5 Blk16	181.00	Total		6,756.10
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<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment (SIA)</u> It was observed the Social Impact Assessment (SIA) report was available during the document assessment.</p> <p>The SIA report was carried out by the estate management itself and can be verified in SIA Report File.</p> <p>Based on the SIA report assessment it was found out, it was discuss on mitigating the negative impacts of the surrounding community. List of stakeholders was available example sighted Hormat Pasifik Sdn. Bhd., Aneka Trading and Kunciraya Sdn Bhd.</p> <p>The stakeholders meeting was conduct 2 days dated 11th (21 attendees) and 12th (16 attendees) December 2019.</p> <p>Invitation was via invitation letter. Example of letters list as below:</p> <ul style="list-style-type: none"> a. Aneka Trading (Man power supply). b. Kunciraya Sdn Bhd (Transporter) c. Sunny Crop Sdn Bhd (Construction and transporter) <p>All of the letters can be verified in Stakeholders Communication and Consultation.</p> <p><u>Complaints and grievances</u> 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, Complaints and Grievances 10 File. Currently there was no complaints from relevant stakeholders. It was sighted, the SOP mentioned timelines to resolve the issue raised among them. Total days as sighted : 10-14 days for issues to be resolved</p> <p>Currently, there was no complaint was sighted in the complaint form.</p> <p>Major 1 (4.4.2.5) However, based on requested by SK Kuala Annau was sighted (road repair to & road maintenance on 23rd May 2019 was sighted during the audit and it was not documented in the request form by estate management. To date, there is no action taken or reply to the school regarding the matter.</p> <p><u>Commitment to contribute to local sustainable development</u> Record of the CSR with the local communities was file in Complaints and Grievances 10 File. Part of evidence of CSR list as below:</p> <p>Sekolah Kebangsaan Kuala Annau</p> <ul style="list-style-type: none"> a. Pemohonan menggunakan JCB b. Menghantar bekalan air ke sekolah c. Sumbangan untuk sukan tahunan Sk Annau <p>Community</p> <ul style="list-style-type: none"> d. Membuat penghadang jalan dikawasan Rh. Chendang e. Penghantar bekalan air ke SK Sg. Annau
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	<p><u>Employees safety and health</u> Safety policy (Occupational Safety & Health) was available in the estate office and display, which is sign by Mr. Jimmy anak Bujang, dated 6th November 2018.</p> <p>Safety and health policy was documented, communicated via display at the notice board and implemented at this estate. Policy was provided in English and Bahasa Melayu languages. It was observed the safety policy was display at the site office, workshop and chemical store. Besides that, based on interview with sprayer name Irnawati (TKI), she was aware regarding the safety and health issue on site.</p> <p>Major 2 (4.4.4.1) An occupational safety and health policy and plan was found not effectively communicated and implemented. Due to, during OSH meeting for Budi Nasib Estate dated 18th April 2019, from 10 committee members elected, none attended the meeting. There is no reason for the absentees.</p> <p>Safety policy (Occupational Safety & Health) was available in the estate office and display, which is sign by Mr. Jimmy anak Bujang, dated 6th November 2018.</p> <p>Safety and health policy was documented, communicated via display at the notice board and implemented at this estate. Policy was provided in English and Bahasa Melayu languages. It was observed the safety policy was display at the site office, workshop and chemical store. Besides that, based on interview with sprayer name Irnawati (TKI), she was aware regarding the safety and health issue on site.</p> <p>It was sighted, HIRARC was made available in the estate management. The current review was done 21.12.2018, based on interview with Mr Lim Hong Choy (Safety & Health Officer) the HIRARC done by yearly basis or based on accident occur. He is Diploma in Occupational Safety and Health (I-system Kuching). Annual training programme on safety and health training program 2019 was made available. Based on the training record, it was observed the Safety Operation was conduct in the estate which focus with workers operation. The training list as below:</p> <ol style="list-style-type: none"> i. PPE inspection ii. Medical Surveillance iii. Safety Practices Training iv. Fire drill v. First Aid vi. Safety Committee Meeting vii. HIRARC Review viii. JKPP 8 Submission ix. Fire Extinguisher Inspection x. Site Inspection xi. First Aid Kit Inspection xii. Safe Chemical Handling xiii. CHRA xiv. Emergency Preparedness Training xv. OSH Policy Briefing.
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As evidence, there was several trainings was conducted on March 2019, and list as below:

- a. Training PPE for Harvester, 11th March 2019, 8 attendees (1 gang), conduct by Mr Andrew/ Mr Lim Hong Choy, 7.30 am.
- b. Training PPE for Manuring, 23rd March 2019, 7 attendees (1 gang), conduct by Mr Michael Anak Mathew/ Mr Lim Hong Choy, 7.30 am.
- c. Briefing on SOP for Manuring, 23rd March 2019, 7 attendees (1 gang), conduct by Mr Michael Anak Mathew/ Mr Lim Hong Choy, 8.00 am.

Appropriate Personal Protective Equipment (PPE)

PPE issuance and replacement record, it was observed the Management had issuance of Personnel Protective Equipment (PPE) to the workers, it can be verified in File 13 Personnel Protective Equipment (PPE). Based on the record, it was sighted sprayer was acknowledge received of PPE such as vest, apron, safety goggles, rubber gloves, N95 Mask and Yellow PVC Boots.

The management had established SOP for handling of chemicals to ensure proper and safe handling of chemicals to ensure proper and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. It can be verified in File no.2 MSPO SOP. Based on interview, Mr Simon Peter Luha (Store assistant), he aware regarding the empty chemical handling.

The management had appointed responsible person (s) for workers safety and health. As evidence, it can be verified in File No. 11 OSH Management Plan Based on interview with Mr Lim Hong Choy (Secretary of Safety and Health Committee). He aware regarding the safety and health aspect. Appointment letter for OSH committee secretary was sighted dated 22nd November 2018.

It was sighted OSH Committee meeting for year 2019 was conducted on 9.01.2019 for 1st Quarter 2019. Venue of meeting: HPHP Conference Room, time 3.00 pm. In the agenda meeting, it discusses on

- a. Pemilihan carta organisasi yang baru untuk safety and health committee 2019.
- b. Menukarkan perangkap nyamuk yang telah rosak di kesemua rumah kediaman.
- c. Menggantikan lantai rumah kediaman yang buruk.
- d. Meletakkan kesemua tindakan plan kecemasan disemua unit yang berkaitan.

It can be verified in file File No. 11 OSH Management Plan.

Accident reporting and investigation procedures was made available in the estate record with Document No.: HP 4.4.4.2. Based on the implementation on SOP for accident occur, it was properly implemented. As it JKPP 6 or 7 form submitted to Department Occupational Safety and Health (DOSH) as accident occurred.

First aider was made available at all field operation. List of First aider list as

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below:

- a. Jimmy Bujang
- b. Dirkensky Ak Dix
- c. Nawawi Bin Jalaludin
- d. Martin Ak Gurang
- e. Suel Ak Baau
- f. Jarau ak Rentap
- g. Peter Ak Unggang
- h. Banying Ak Chendong
- i. Patrick Liva Ak Berain
- j. Bangi Akn Lasu

All of expiry date for first aider 25th March 2021.

It was sighted OSH Committee meeting for year 2019 was conducted on 9.01.2019 for 1st Quarter 2019. Venue of meeting: HPHP Conference Room, time 3.00 pm. In the agenda meeting, it discusses on

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- c. Menggantikan lantai rumah kediaman yang buruk.
- d. Meletakkan kesemua tindakan plan kecemasan disemua unit yang berkaitan.

It can be verified in file File No. 11 OSH Management Plan.

Employment Conditions

The management had established Social Policy, to providing work environment that is free from all forms of discrimination and conduct that can be considered harassing, coercing or disruptive, including sexual harassment. The policy was signed by the top management (Mr Jimmy Anak Bujang), he Senior Plantation Manager and communicated to the employees by display at the site office, line site and workshop area.

The Budi Nasib Sdn Bhd housing is wooden.

Total 2 bedrooms was sighted at each house. There also fire extinguisher available at each block.

It was recorded that grass cutting was done every two weeks and house repair will be done upon request.

Major 3 (4.4.5.12)

It was sighted, there was no assessment of water quality (safe consuming) done by estate management. From three-month clinic record (March-May 2019), it was identified that total sickness related to water consumption as per provided by Estate clinic were 31 cases.

Training and Competency

Annual training programme on safety and health training program 2019 was made available. Based on the training record, it was observed the

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	<p>Safety Operation was conduct in the estate which focus with workers operation. The training list as below:</p> <ol style="list-style-type: none"> i. PPE inspection ii. Medical Surveillance iii. Safety Practices Training iv. Fire drill v. First Aid vi. Safety Committee Meeting vii. HIRARC Review viii. JKKP 8 Submission ix. Fire Extinguisher Inspection x. Site Inspection xi. First Aid Kit Inspection xii. Safe Chemical Handling xiii. CHRA xiv. Emergency Preparedness Training xv. OSH Policy Briefing. <p>As evidence, there was several trainings was conducted on March 2019, and list as below:</p> <ol style="list-style-type: none"> d. Training PPE for Harvester, 11th March 2019, 8 attendees (1 gang), conduct by Mr Andrew/ Mr Lim Hong Choy, 7.30 am. e. Training PPE for Manuring, 23rd March 2019, 7 attendees (1 gang), conduct by Mr Michael Anak Mathew/ Mr Lim Hong Choy, 7.30 am. f. Briefing on SOP for Manuring, 23rd March 2019, 7 attendees (1 gang), conduct by Mr Michael Anak Mathew/ Mr Lim Hong Choy, 8.00 am.
<p>Comment on Principle 5</p>	<p><u>Waste Management and Disposal</u></p> <p>Environment and Biodiversity Policy was sighted and display at the site office, workers camp and estate facilities, which commit by Senior Plantation Manager, Mr Jimmy Anak Bujang and Senior Executive Officer, Mr Tsen Thau Tet, sign 6th November 2018. In the policy the estate committed to:</p> <ul style="list-style-type: none"> • Zero open burning for the operations. • Compliance with all relevant statutory and regulatory requirements. • The Company will work closely in consultation with government agencies, local communities and other stakeholders concerned. • Identification of aspects of estate management that has environmental impacts and implements environment management plans for continual improvement. • Applying the best practices to reduce any potential adverse impacts on environment and biodiversity arising from our operations. • Communicate and educate all employees, workers, contractors and local communities on the awareness and importance of the benefits of the environment, wildlife and biodiversity protection and conservation. • Incorporate environmental factors into business decisions. <p>It was observed Hormat Pasifik Sdn. Bhd. and Budi Nasib Sdn Bhd was approved in one Environmental Impact Assessment (EIA) approval, with name of the project "The Proposed Tatau Oil Palm Plantation Between</p>

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Batang Tatau and Sg. Sarupai on Lot 1, Block 13 and Lot 2, Block 14 of Buan Land District, Bintulu Division, Sarawak. With Date approval 4th July 2006, with reference No.: (15)NREB/6-1/2G/36. Which sign by Controller of Environmental Quality Mr Chong Ted Tsiung.

In line with that, the monitoring was conducted to monitor plantation activities on site by provide analyses on pesticides/ weedicides every 6 months in the Environmental Monitoring Report (EMR). The latest report for year 2019, 1st Quarter 2019 was available, the site visit was done on 20th January 2019.

It was observed the Training plan for year 2019 related with environment available. It can be verified in File 30 Training and Competency.

Efficiency of energy use and use of renewable energy

Record and usage of Non-renewable Energy (Diesel Consumption). As we can see at the table below, the consumption of diesel waste increased from 2017 to 2019 due to increasing of operation in the estate.

	2017	2018	2019
	Litre		
Actual usage	1,238,896	1,262,284	714,643*
Estimated Budget	1,904,970	1,983,203	2,315,682

*latest as May

Usage of Diesel VS FFB 2018

Lowest FFB 16,004.46 mt, diesel 89,859 L
 Highest FFB 23,681.53 mt, diesel 101,395 L

The electricity for estates was supply from estate genset (2 genset).
 Running Hr 7.00 am – 1.00 pm / 1.00 pm-7.00 am

Waste management and disposal

Based on interview with Plantation Manager Hormat Pasifik (Tn Muhamad Taha, Tn Nawawi Jalaluddin & Tungku Ganyon and Dirkensky) and Budi Nasib (Tn Jimmy Entan & Tn Tungku), the estate environment meeting was done normally after OSH meeting

He managed to identify the sources of pollution in the estate. List of the sources of pollution list as below:

- a. Unloading FFB at Ramp
- b. Transport, (FFB, road maintenance)
- c. Unloading FFB at Mill
- d. Genset
- e. Genset
- f. Workshop
- g. Water Treatment Plant
- h. Chemical Store
- i. Fertilizer store
- j. Lubricant Oil Store
- k. Scheduled waste store
- l. Canteen
- m. Clinic

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	<p>n. Diesel Tank o. Dumping Site p. Harvesting/ Pruning q. Spraying r. Manuring s. Building Upkeep t. Labour line</p> <p>For Hormat Pasifik & Budi Nasib, it was sighted list of waste produce and inventory.</p> <p>It was sighted the waste management plan to avoid or reduce pollution was developed and implemented. For example:</p> <p>Transport (FFB, Road maintenance), dust from moving vehicle near housing and office area. The action taken by estate management The estate management put the speed limit signage and speed bump to avoid vehicle reduce the speed.</p> <p>It was observed record disposing for empty containers was made available in estate management records. It was disposed to recycle center (Mega Progain Sdn Bhd), Bintulu, Sarawak, with purchase Bill No. 94441 dated 26.2.2019. All of empty containers was do triple rinse before it sent to recycle center.</p> <p>Based on interview with Mr Awang Mohamad Saiful Izzudin (Weeding staf). He aware regarding the triple rinse procedure.</p> <p>Major 4 (4.5.3.2) A waste management plan to avoid or reduce pollution has been developed but the implementation was found lacking.</p> <p>Evidence sighted as follows:</p> <ol style="list-style-type: none"> 1. It was observed that used oil (M-Oil) was dump in the estate dumping site. 2. Used tyre was sighted near the ramp site which served as breeding ground for mosquitos, while plastic bottles were indiscriminately thrown. <p>The domestic waste for this estate was disposed in dumping site which can be determine in the Waste Management E03 File. It was observed the dumping site was away from habitation and water surface runoff.</p> <p><u>Reduction of pollution and emission</u> It was observed the assessment of all polluting activities was available in continuous improvement on pollution prevention and environment plan.</p> <p><u>Natural water resources</u> It was observed there was water management plan was available in the both estates. The document ref. No: HP2-03-EN06REV0. Currently Environmental Monitoring Report for estate was available.</p> <p>It was observed Hormat Pasifik Sdn. Bhd. and Budi Nasib Sdn Bhd was approved in one Environmental Impact Assessment (EIA) approval, with name of the project "The Proposed Tatau Oil Palm Plantation Between Batang Tatau and Sg. Sarupai on Lot 1, Block 13 and Lot 2, Block 14 of Buan Land District, Bintulu Division, Sarawak. With Date approval 4th July</p>
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	<p>2006, with reference No.: (15)NREB/6-1/2G/36. Which sign by Controller of Environmental Quality Mr Chong Ted Tsiung.</p> <p>In line with that, the monitoring was conducted to monitor plantation activities on site by provide analyses on pesticides/ weedicides every 6 months in the Environmental Monitoring Report (EMR). The latest report was made available on Fourth Quarter 2018 (4th quarter 2018). Based on the report the estate was comply with mitigating measures required by EIA Approval. The latest report for year 2019, 2nd Quarter was still progress, the site visit was done on 20th May 2019.</p> <p><u>Status of rare, threatened, or endangered species and high biodiversity value area.</u></p> <p>The estate management was conduct Report on Assessment of Rare, Threatened or Endangered (RTE) Biodiversity and Ecosystem for Budi Nasib Sdn Bhd in Budi Nasib Oil Palm Plantation, Dated 15th March 2019. Content of the report list as below:</p> <ul style="list-style-type: none"> a. Introduction b. Assessment Team Team Members Biodata c. Assessment Methodology Mammal Avifauna Herpetofauna Flora/ Plants Rare, Threatened or Endangered Ecosystem d. Results RTE Species e. Summary <p><u>Zero Burning Practices</u></p> <p>It was observed the estate was practice zero burning policy in the estate. The SOP for planting and replanting was available and practice on site.</p>
<p>Comment on Principle 6</p>	<p><u>Site Management</u></p> <p>Standard Operating Procedures on best practices for Hormat Pasifik Sdn. Bhd. as per Work Instruction, Field Instruction & Reference Standard (Plantation Manual)</p> <p>Content of the Manual:</p> <ul style="list-style-type: none"> (1) List of Work Instructions (Level 3) (2) List of Reference standards (Level 4) (3) List of Field Instructions (Sub-Level 3) <p>Example inside content:</p> <ul style="list-style-type: none"> (1) Water management - Doc No. HP/PLT-001(3): To maintain water level at 1.0 - 1.5 feet from soil surface. (2) Specification for Fresh Fruit bunch (FFB) - Doc No. HP/HAR-001(4) : Bunch category - Ripe > 90% (3) Field Instruction - Path & circle spray -Doc No. HP/PLT-059(3): To control weed growth and woodies around the palm with usage of herbicide. <p><u>Economic and Financial Viability Plan</u></p> <p>The Budget is done annually, and crop forecast made for 3 years.</p>

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	2019	2020	2021
Ha	6387.14	6387.14	6387.14
MT	102,712	109,623	117,511
YPH	16.08	17.16	18.40
RM/MT	331.14	325.78	319.11

Transparent and fair price dealing
The pricing mechanism is set by Head Office.

Contractor
Hormat Pasifik Sdn. Bhd. has the following contractor:
1. Kunciraya Sdn Bhd, Contract for the transporting of FFB.
A Contract Form (Doc No. HP/BTU-026(4).Rev1) awarded to Kunciraya Sdn Bhd
A Contract Form No. 05449
Name of Contractor: Kunciraya Sdn Bhd
Date of contract: 16 February 2019 till 28 Feb 2019.
Under Terms & Conditions: item no. 2 states that the company shall ensure compliance to the Malaysian Sustainable Palm Oil (MSPO) principles and criteria.

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7. Nonconformities

Corrective Action Request and Observation MS2530-3 Part 3: General Principles for Oil Palm Plantations and Organised Smallholders

Non Conformity	N° 1 of 4		Major 1				
	Date Recorded>	13 th June 2019	Due Date>	13 th Aug 2019	Date Closed>	13 th July 2019	
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.2.5		
Document Ref.:	MSPO Part 3		Issue / Rev. Status:		Closed		
Details of Nonconformity:	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.						
Objective Evidence:	A request by SK Kuala Annau was sighted (road repair to & road maintenance on 23rd May 2019. However, it was not documented in the request form by estate management. To date, there is no action taken or reply to the school regarding the matter.						
Close-out evidence:	Complaints and Grievance form completed for the request from SKM Annau, Action has been taken and SK Annau has verified that the request has been completed satisfactory on 17 th June 2019.						
Non-Conformity	N° 2 of 4		Major 2				
	Date Recorded>	13 th June 2019	Due Date>	13 th Aug 2019	Date Closed>	13 th July 2019	
Department / Function:	Safety & Health		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.4.1		
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Document Ref.:	MSPO Part 3 Criterion 4	Issue / Rev. Status:	Closed
Details of Nonconformity:	An occupational safety and health policy and plan was found not effectively communicated and implemented.		
Objective Evidence:	1. Horvat Pasifik Estate, OSH meeting dated 18 th April 2019, from 10 committee members elected, none attended the meeting. There is no reason for the absentees.		
Close-out evidence:	OSH Committee Meeting was conducted on 20 th June 2019 with the full participation of all members. Kindly refer to Organization Chart, Attendance Sheet and Minutes of Meeting.		

Non Conformity	N° 3 of 4		Major 3			
	Date Recorded>	13 th June 2019	Due Date>	13 th Aug 2019	Date Closed>	13 th July 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.4.5.11	
Document Ref.:	MSPO Part 3 Criterion 5		Issue / Rev. Status:		Closed	
Details of Nonconformity:	In cases where on-site living quarters are provided, these quarters were found habitable and have basic amenities however, it was unsure on the status of water quality for domestic consumption.					
Objective Evidence:	It was sighted, there was no assessment of water quality (safe consuming) done by estate management. From three-month clinic record (March-May 2019), it was identified that total sickness related to water consumption as per provided by Estate clinic were 31 cases.					
Close-out evidence:	Water Sampling on 20 th June 2019 for 3 points as the Water Treatment Plant, Office and Quarters, test results on 28 th June 2019 shows samples comply within the regulatory limits of the 25 th (A) Schedule Food Act Regulation 1983 & Regulations. Kindly refer to the rest results lab accreditation and test schedule.					

Non Conformity	N° 4 of 4		Major 4			
	Date Recorded>	13 th June 2019	Due Date>	13 th Aug 2019	Date Closed>	13 th July 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 3 4.5.3.2	
Document Ref.:	MSPO Part 3 Criterion 3		Issue / Rev. Status:		Closed	
Details of Nonconformity:	A waste management plan to avoid or reduce pollution has been developed but the implementation was found lacking.					
Objective Evidence:	1. It was observed that used oil (M-Oil) was dump in the estate dumping site. 2. Used tyre was sighted near the ramp site which served as breeding ground for mosquitos, while plastic bottles were indiscriminately thrown.					
Close-out evidence:	Awareness in the form of memo dated 15 th June 2019 and briefing sessions from 17, 18 th and 19 th June 2019 were conducted to personnel on proper disposal of used oil, used tyre and plastic bottles. Kindly refer to the memo, the briefing sessions, before and after photos and attendance.					

8. General Observations & Opportunities for Improvement

Positive Observations:

- The support from Estates 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,

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knowledgeable and hospitality are commendable

- Organised documentation & highly commitment towards certification

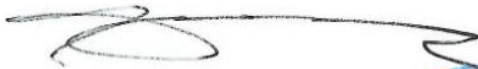


Important Observations and Opportunities for Improvements:

- The root causes of nonconformities should be clearly identified and tackle in appropriate method.
- The management should appoint suitable person to implement and maintain the traceability system to ensure all document recorded.
- Action taken on complaints and grievance by stakeholders should be highlight and discuss.
- Safety and health practices should be fully implemented.
- All waste products and sources of pollution are been identified and documented accordingly.

Appendix 1: List of Stakeholders Interviewed

Stakeholder	Issue Raised	Remarks
<u>Kunciraya Sdn Bhd</u> External Transporter Manager	No issue raised	No Issue raised
<u>Sunny Crop Sdn Bhd</u> External Contractor and Transporter Manager	No issue raised	No Issue raised
WWF <u>Interview via phone call</u> WWF-Malaysia (Sarawak Office) Tel: 082-247420/ 257420 Interview via phone (time call: 1 st Call: 2.00 pm)	No issue raised	No issue raised
Worker A Internal	No issue raised	No issue raised

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Signed on behalf Hormat Pasifik Sdn Bhd	Signed on behalf SGS Malaysia Sdn Bhd
 <p data-bbox="379 555 646 645">Mr Jimmy Bujang (Senior Estate Manager) 12th June 2019</p> 	 <p data-bbox="975 555 1198 645">Mr. Dickens Mambu Lead Auditor 12th June 2019</p>

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