

MSPO CERTIFICATION SUMMARY REPORT

HAP SENG PLANTATIONS (KOTA MARUDU)
SDN BHD – PELIPIKAN ESTATE

SURVEILLANCE AUDIT (ASA 02)

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MSPO Certification Summary Report

Company Name: Hap Seng Plantations (Kota Marudu) Sdn. Bhd.

Certifying Unit: Pelipikan Estate

Client Number: 92-020

Audit Type: ASA 02



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Abbreviations

CHRA	Chemical Health Risk Assessment
DOE	Department of Environment
EFB	Empty Fruit Bunch
EIA	Environment Impact Assessment
FFB	Fresh Fruit Bunch
GAP	Good Agricultural Practice
GPS	Global Positioning System
MSPO	Malaysia Sustainable Palm Oil
NC	Non Conformity
OSH	Occupational Safety and Health
P&C	Principle and Criteria
PPE	Personal Protective Equipment
RTE	Rare, Threatened and Endangered Species
SA8000	Social Accountability 8000
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
MPOB	Malaysian Palm Oil Board
MPOCC	Malaysia Palm Oil Certification Council
SDS	Safety Data Sheet

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1. INTRODUCTION

Hap Seng Plantations (Kota Marudu) Sdn. Bhd. has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct surveillance audit for Pelipikan estate according to MS 2530-3:2013 Part 3 General principles for Plantations and Organised Smallholders.

1.1. Objective

The objective of this surveillance audit is to assess the Pelipikan estate by an independent certification body with the aim for compliance of the standards.

1.2. Scope

The certification is based on the documentation developed by the estate.

The supporting documents provided to the audit team as well as information received by means of interviews and background investigation.

The documents and information are reviewed against the requirements and criteria based on MSPO 2530-3:2013 Part 3 General principles for Plantation and Organised Smallholders.

TUV NORD Malaysia has employed a risk-based approach in the audit, focusing on the identification of significant risks and reliability of the assessment and reporting.

In addition, the following reference is used as part of the assessment; the compliance of the requirements out of the guidelines applied was checked.

1. Malaysian Sustainable Palm Oil Part 3: General Principles for Plantation and Organised Smallholders audit guidance;

1.3. Appointment and qualification of team members

A certification team consisting of one team leader and two team members are appointed. The team members contributed to the review of documents, the assessment of the project activity and to the preparation of this report.

Qualification of the Trainee Lead Auditor: Muhammad Khairul Anuar bin Azizul Hasan

Requirement	Qualifications
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences.); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Graduate in Applied Science (Major in Plantation Industry and management)

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Requirement	Qualifications
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	7 years working experience in oil palm plantations.
Successfully completed MS 2530 series of standards training	Successfully completed MS2530: 2013 LA Course.
Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	Qualified as auditor base on audit log.
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia, English and/ or any other local language.	Able to communicate in Bahasa Malaysia and English.
Field working experience in the palm oil sector, or demonstrable equivalent	7 years working experience in oil palm plantation.
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	7 years working experience in oil palm plantation.
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Successfully completed IMS ISO 9001, 14001 and 45001 LA course.
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Successfully completed SA 8000 Basic training and Auditor MSPO and Auditor in training for RSPO scheme.
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Successfully completed IMS 9001, 14001 and 45001 LA course, Auditor for MSPO and Auditor in training for RSPO scheme.

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Qualification of Team Members

Requirement	Assessor	Qualification	Compliance
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Zul Hairi bin Abu Hassan	Graduate in Applied Science (Major in Plantation Industry and Management)	Yes
	Khairul Anwar bin Ismail	Graduate in Agricultural Science	
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	Zul Hairi bin Abu Hassan	9 years working experience in oil palm plantation.	Yes
	Khairul Anwar bin Ismail	5 years working experience in oil palm plantation.	
Attended the MS 2530 series of standards training	Zul Hairi bin Abu Hassan	Successfully completed MS2530 series training,	Yes
	Khairul Anwar bin Ismail	Successfully completed MS2530 series training,	
Conducted a minimum six (6) on-site audits for a total of at least 20 man-days of audit experience as an auditor-in-training under the direction and guidance of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes.	Zul Hairi bin Abu Hassan	Qualified as auditor base on audit log.	Yes
	Khairul Anwar bin Ismail	Auditor in training	
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia or any other local language.	Zul Hairi bin Abu Hassan	Bahasa Malaysia and English.	Yes
	Khairul Anwar bin Ismail	Bahasa Malaysia and English.	

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Requirement	Assessor	Qualification	Compliance
Field working experience in the palm oil sector, or demonstrable equivalent	Zul Hairi bin Abu Hassan	9 years working experience in oil palm plantation.	Yes
	Khairul Anwar bin Ismail	5 years working experience in oil palm plantation.	
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	Zul Hairi bin Abu Hassan	9 years working experience in oil palm plantation.	Yes
	Khairul Anwar bin Ismail	5 years working experience in oil palm plantation.	
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Zul Hairi bin Abu Hassan	Successfully completed ISO 45001:2018 Lead Auditor course.	Yes
	Khairul Anwar bin Ismail	Successfully completed IMS ISO 9001, 14001 and 45001 LA course.	
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Zul Hairi bin Abu Hassan	Successfully completed SA 8000 Basic training and auditor for RSPO and MSPO schemes	Yes
	Khairul Anwar bin Ismail	Successfully completed SA 8000 Basic training and auditor for RSPO and MSPO schemes	
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Zul Hairi bin Abu Hassan	Successfully completed ISO 14001 LA course and auditor for RSPO and MSPO scheme.	Yes
	Khairul Anwar bin Ismail	Successfully completed IMS ISO 9001, 14001, 45001 LA course	

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2. METHODOLOGY

The audit approach consists of the following steps:

- Contract review;
- Appointment of team members and technical reviewer;
- Contact client for relevant documentation according to the applicable MSPO standards;
- Audit planning;
- Background investigation, desk review of submitted documents;
- On-Site assessment, inspections, interviews with operational personnel, stakeholders and its contractors; review of documentation;
- On-site reporting
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Final audit reporting
- Peer review
- Address Peer Review Comments (if any)
- Final approval and issuance of certificate.

Surveillance 02 Audit

ASA 02 audit was conducted on 23/05/2019 to 24/05/2019 covers the following activities but not limited to below:

- Onsite visit, observations and inspections of estate facilities and field activities;
- Interview operation personnel and field workers for understanding for the work assigned;
- Reviewed revised and updated documentation established and implemented;
- Operating records;
- Training records;
- Reports established;
- Work plans established;
- Stakeholders consultation meeting;
- Review and closed out of non-conformance raised during stage 1 audit;
- Assessment reporting;

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On-site Assessment

The audit of the estate is conducted according to the MS 2530-3:2013 Part 3 General Principle for Oil Palm Plantation and Organised Smallholders.

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

Pelipikan estate is a single estate therefore no sampling required.

Table 2-1: List of Estate Selected

Name of Estate	Coordinates
Pelipikan Estate	116°48'04"E; 06°21'37"N

Non-conformance:

On the basis of the desk review, evidences presented during the audits as well as from the onsite visits non-conformance (NC) Major or Minor as well as Opportunity for Improvement (OFI) may be raised during the audit.

Major non-conformance shall be addressed and responded with 60 days from closing date of audit. For minor non-conformances raised and action plan to be submitted within 30 days from closing date of audit for review and acceptance. Implementation of Minor NC will be review and verify in the next audit.

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3. ORGANISATION INFORMATION

Pelipikan Estate is a subsidiary of Hap Seng Plantations (Kota Marudu) Sdn. Bhd.

The details of the Pelipikan estate as below:

Name of Estate	Location	Coordinates
Pelipikan Estate	Jalan Marak Parak, Simpang Kampung Sunsui, Kota Marudu, Sabah	116°48'04"E; 06°21'37"N

3.1. Production volume

Name of Estate	Area (Ha)		Projected FFB Production (mt) (05/ 2019 to 04/ 2020)
	Total*	Production**	
Pelipikan estate	2,091.61	1,488.40	21,673
Total FFB			21,673

*includes productive and non-productive area (infrastructures, conservation, HCV, housing & office compound use, set aside area etc.)

**Immature + Mature Area

3.2. Planting Program for Each Estate

Year / estate	1999	2000	2001	2003	2005	2006	2010	2011
Pelipikan Estate	101.80	314.10	91.80	56.20	208.50	21.50	372.00	322.50
Total Mature	101.80	314.10	91.80	56.20	208.50	21.50	372.00	322.50
Total Immature	-	-	-	-	-	-	-	-
Total Oil Palm	101.80	314.10	91.80	56.20	208.50	21.50	372.00	322.50

3.3. Replanting program for each estate

Year of replanting	Planted area (ha) in each estate								Total area to be replanted (ha)
No planned replanting for the next five years. The palms are below 20 years old. Refer 3.2									
TOTAL									

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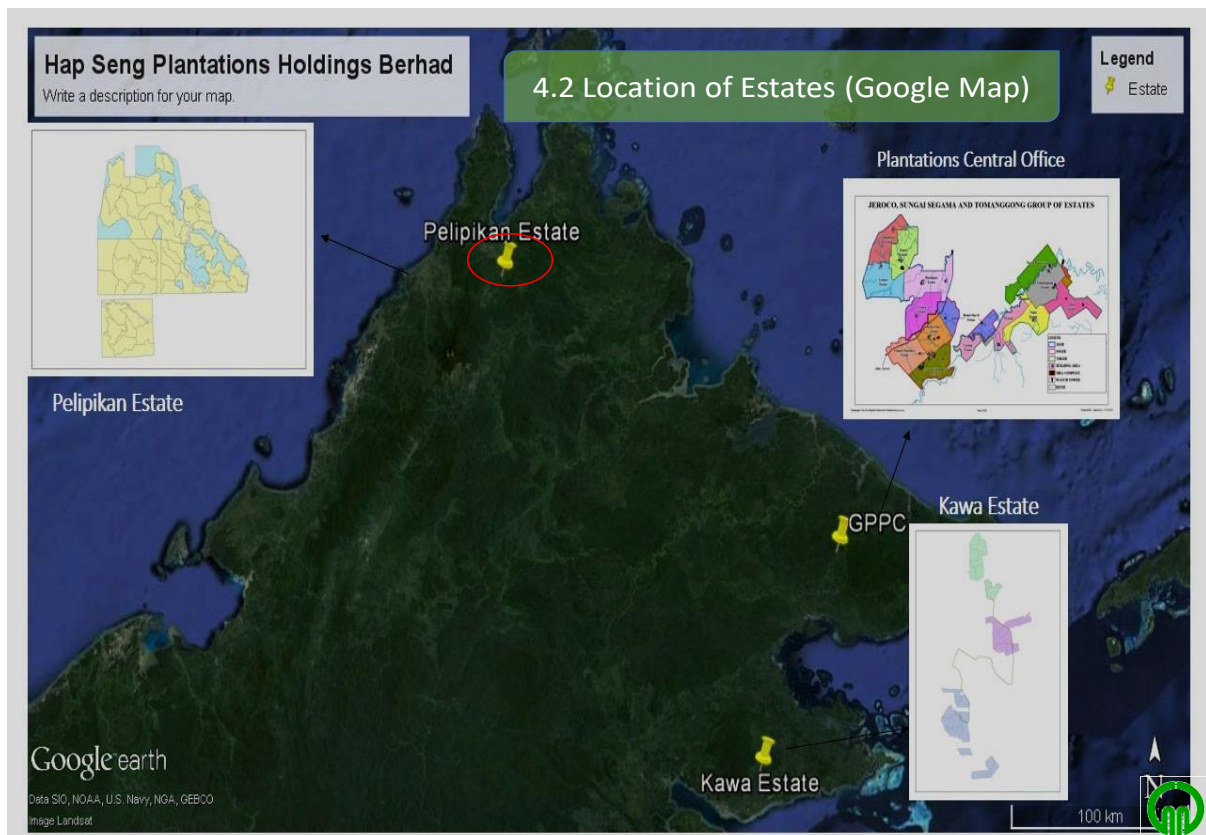
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3.4. Maps of Company Location and Plantations



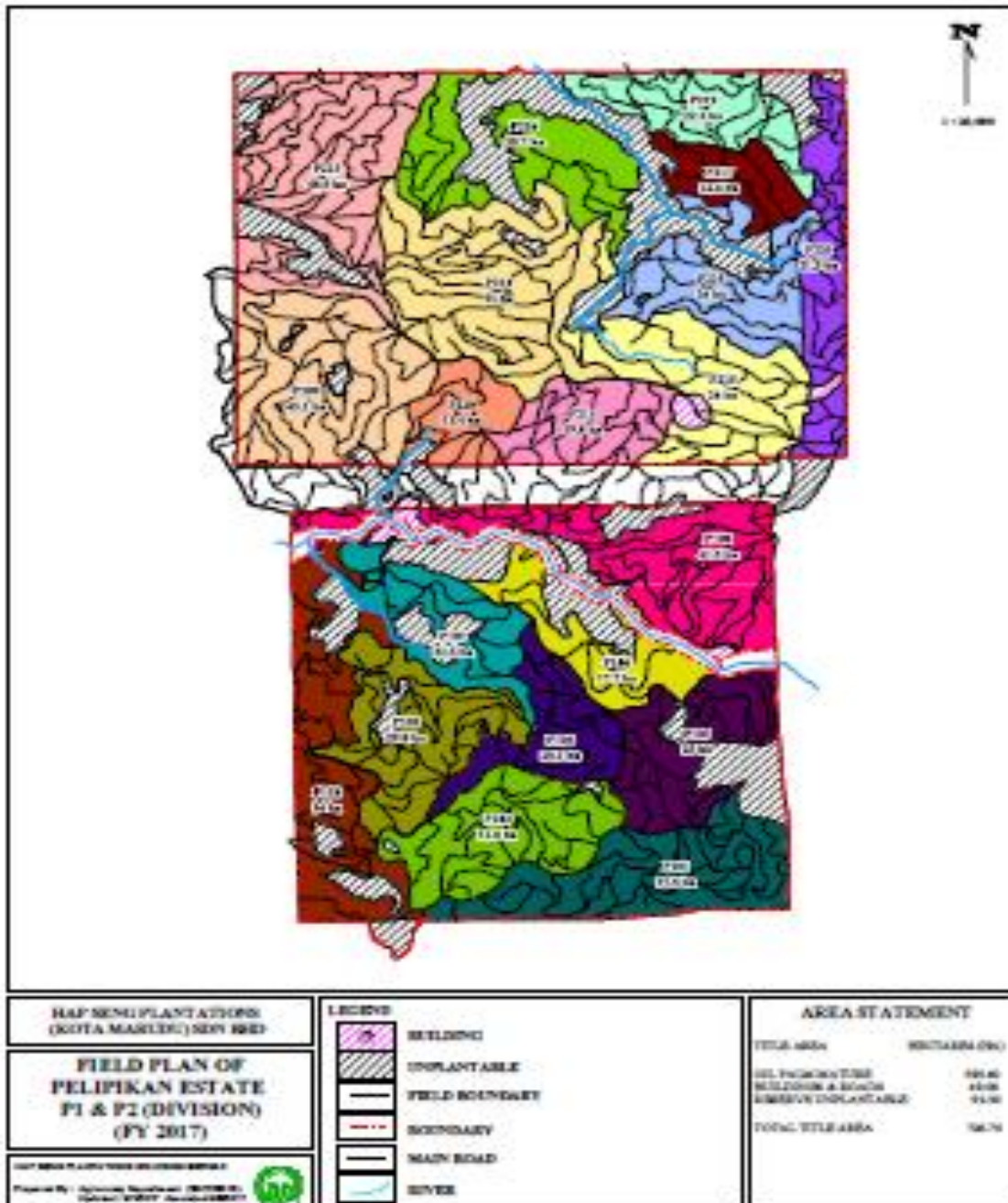
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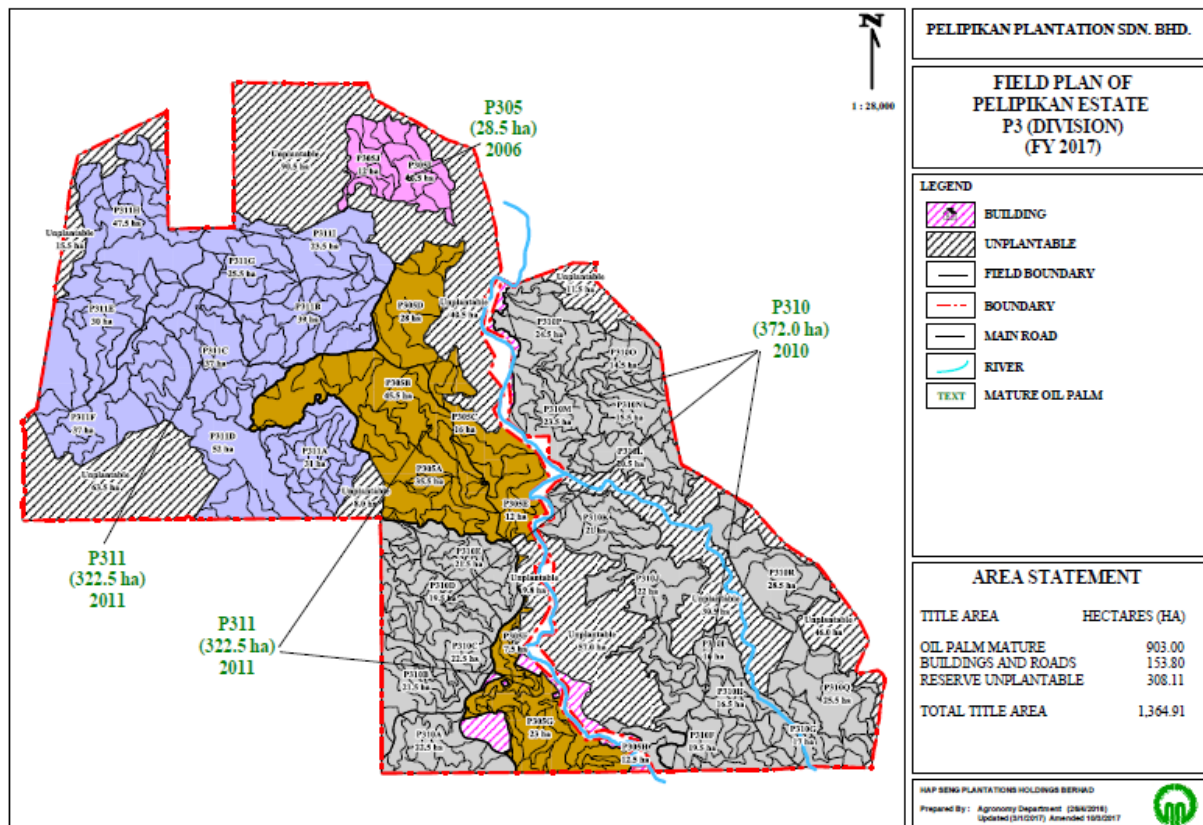
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4. CERTIFICATION ASSESSMENT

4.1. Surveillance 02 Audit

The objective of the audit is to assess the activities of the Pelipikan estate are in compliance with MS 2530-3:2013 Part 3 General principles for Plantations and Organised Smallholders.

4.1.1. Surveillance 02:

The Surveillance 02 audit is conducted on to 23/05/2019 to 24/05/2019 covering Pelipikan estate.

During this audit, the major non-compliance, minor non-compliance and observations raised in the last audit, the audit team has review by means of inspection of smallholders' farms, conduct interviews, review and verify documents that are established, corrected and implemented appropriately by the estate. The corrective measures implemented could be verified as appropriate.

For details of the assessment, refer summary of assessment for each indicator in section 4.3 of this report.

The number of audit findings raised in this audit refer to Section 4.5 of this audit report.

4.2. Stakeholders' Consultation

TUV NORD (Malaysia) Sdn. Bhd has published the public notification on 18/04/2019 as to accommodate stakeholder's consultation meeting for Pelipikan estate to provide comments. As at audit date on 23/05/2019 there are no comments received.

Invitation letters are sent on 18/04/2019 to invite relevant stakeholders to attend a local stakeholders' consultation on 23/05/2019 to gather information from the local communities in accordance to §7, 3.2 of the Certification Procedure requirements.

The topics of discussion are as below:

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

The following relevant Principles & Criteria of the applied standard are discussed during the stakeholders' consultation:

1. Principle 2 Criteria 2 Indicator 1: Consultation and Communication with stakeholders:
The stakeholders could confirm they have attended meetings with the company on MSPO certification.

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2. Principle 4 Criteria 2 Indicator 3 & 4: A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint

The stakeholders' advice they are informed a logbook and form is available at the office to lodge any complaints or suggestions.

3. Principle 4 Criteria 3 Indicator 1: Contribute to local development in consultation with the local communities.

The local communities could confirm the company has provide assistance and support to communities.

4. Principle 6 Criteria 4 Indicator 1: Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information

The contractors who provides maintenance and service could confirm they are briefing on MSPO requirements.

There are no issues raised during the stakeholder's consultation in terms of tenure and/or use rights, social or environmental aspects of management and operations that need to be addressed by the certified unit. It can be concluded the relevant Principles and Criteria clauses of the applied standard are in compliance.

The list of stakeholders who attended the meeting refer to Table 7-1

Items	Subject discussed	Audit team findings	Company response and proposed action to be taken
1	Any information from Company as regards to the MSPO audit?	During interview with stakeholder, are aware of MSPO audit to be conducted at the estate.	Positive comments towards Pelipikan estate management.
2	Social issues	There are no social issues or concern raised during stakeholder meeting.	Positive comments towards Pelipikan estate management.
3	Type of land title – Country Leased, Provisional Leased, Native title	Land title of Pelipikan estate is Country Leased and Title. No issues raised by the stakeholder.	Positive comments towards Pelipikan estate management.
4	Economy / livelihood Is there any impact on livelihood after the introduction of MSPO?	Stakeholder aware on advantages given such as providing job opportunities to local communities. No negative impact raised by the stakeholder.	Positive comments towards Pelipikan estate management.
5	Does MSPO largely benefits the local community?	Local communities acknowledge there is improvement in income since working with the estate.	Positive comments towards Pelipikan estate management.

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Items	Subject discussed	Audit team findings	Company response and proposed action to be taken
6	Environmental understanding	There are increase in knowledge of environmental to the stakeholders provided during stakeholder meeting conducted.	Positive comments towards Pelipikan estate management.
7	Awareness towards species, habitats, and high conservation values	Stakeholder aware not to hunting or killed wildlife species and to conserve the riparian area.. Thus, it is against the law.	Positive comments towards Pelipikan estate management.
8	Support to smallholders	Estate has maintain the access road for FFB evacuation.	Positive comments towards Pelipikan estate management.
9	Are there any plantation management practices that affect you?	Stakeholder have confirmed there is no negative impact from the estate operation.	Positive comments towards Pelipikan estate management.
10	Do you consider any management is in conflict with the MSPO principles and criteria?	Stakeholder have confirmed, there is no breach of MSPO Principle and Criteria. Management is committed with MSPO requirements.	Positive comments towards Pelipikan estate management.
11	Do you have any suggestions for management?	No suggestion from the stakeholder since only positive comments been given during the stakeholders meeting.	Positive comments towards Pelipikan estate management.

4.3. Summary of Assessment

MSPO Principle and sample of the Criteria Assessment Summary
<p>The assessment team conduct a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits with all criterions will be assessed. Evidences are sought for conformity with the standard applied. The summary of the assessment as below, where the "Findings/Comments" column reflects the findings in accordance with each criteria and indicator or evidences and when non conformity is found. Summary of the non-conformity can be found below</p>

Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
4.1.1.1	Pelipikan estate adopted Hap Seng Plantations Holdings Berhad MSPO policy dated 24/03/2018 approved by Chief Executive – Group Plantation.	Yes

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Principle 1: Management Commitment & responsibility						
Indicator	Summary of Assessment	Compliance				
	<p>The policy stated “HSPHB shall adhere to the following key principle of MSPO:”</p> <ol style="list-style-type: none">1. Management Commitment and Responsibility2. Transparency3. Compliance to legal requirement4. Social Responsibility, Health, Safety and Employment condition5. Environment, Natural Resources, Biodiversity and Ecosystem Services6. Best Practices7. Development of New Planting <p>The policy is in both English and Bahasa Malaysia.</p> <p>Interview with workers confirmed that they are aware of the policy.</p>					
4.1.1.2	<p>The policy dated 24/03/2017 includes a statement on commitment to continuous improvement.</p> <p>“HSPHB is committed for continual improvement practice by harnessing its resources of people, process and technology in order to ensure the continuous production of oil palm products in a sustainable manner.”</p>	Yes				
4.1.2.1	<p>Pelipikan estate establish Flowchart for Internal Audit system dated 01/03/2019. The frequency for internal audit is yearly basis.</p> <p>The latest internal audit was conducted from 7/01/2019 - 10/01/2019.</p> <p>The internal audit form include a section to check for positive observation (strong point) and potential area for improvement (weak point).</p> <p>Positive Observation: Pelipikan Estate management team are fully aware on the importance of complying all legal requirements including safety and health & environment</p> <p>Potential area for improvement: The pelipikan estate worker still require nurturing and awareness continuously on the safety measure especially in wearing PPE during working</p>	Yes				
4.1.2.2	<p>Internal audit procedure dated 20/08/2015 is established</p> <p>Internal audit is conducted from 07/01/2019 - 10/01/2019 identified the major and minor non conformities.</p> <p>All findings have determined the root cause, corrections and corrective actions.</p> <p>For example:</p> <table><tr><td>Indicator</td><td>4.4.4.2</td></tr><tr><td>Findings</td><td>Safety committee organization chart was not updated for 2019</td></tr></table>	Indicator	4.4.4.2	Findings	Safety committee organization chart was not updated for 2019	Yes
Indicator	4.4.4.2					
Findings	Safety committee organization chart was not updated for 2019					

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Principle 1: Management Commitment & responsibility											
Indicator	Summary of Assessment		Compliance								
	Root Cause	Due to missed out during updating the new safety committee member									
	Correction	To update the Gender committee member accordingly									
	Corrective action plan	To update at yearly basis the safety chart whenever there are new member									
	Remark & date of completion	Completed (28/02/2019)									
4.1.2.3	Management review conducted on 09/01/2019. k Findings of the internal audit are included in the management review.		Yes								
4.1.3.1	Management review conducted on 09/01/2019 for period: July 2018 - June 2019 The agenda of the meeting Follow -up actions from earlier management review <div><div>i.</div>Sustainability and adequacy of All SOP's</div> <div><div>ii.</div>Sustainable Agriculture policy</div> <div><div>iii.</div>Result of Audit</div> <div><div>iv.</div>Change in legal requirement of any compliance</div> <div><div>v.</div>Complaint's (Internal & External)</div> <div><div>vi.</div>Accidents & Injury (LTA)</div> <div><div>vii.</div>Environmental Quality</div> <div><div>viii.</div>Waste management</div> <div><div>ix.</div>Energy usage performances</div> <div><div>x.</div>Status of corrective actions</div> <div><div>xi.</div>Recommendation for improvement</div>		Yes								
4.1.4.1	Continuous Improvement Plan dated 06/05/2018 is established. The continual improvement plan covered both social and environmental impact. Social Impact <table><tr><td>Issue</td><td>Muslim & Non Muslim worships place</td></tr><tr><td>Impact</td><td>There is no place of worship to workers (Muslim & Non Muslim)</td></tr><tr><td>Action plan</td><td>Top management had approved the requisition to construct mosque and Chapel and proposed to commence in year 2017 (Capex)</td></tr><tr><td>CIP</td><td>Top management will continuously improve the welfare of workers whenever necessary</td></tr></table>		Issue	Muslim & Non Muslim worships place	Impact	There is no place of worship to workers (Muslim & Non Muslim)	Action plan	Top management had approved the requisition to construct mosque and Chapel and proposed to commence in year 2017 (Capex)	CIP	Top management will continuously improve the welfare of workers whenever necessary	Yes
Issue	Muslim & Non Muslim worships place										
Impact	There is no place of worship to workers (Muslim & Non Muslim)										
Action plan	Top management had approved the requisition to construct mosque and Chapel and proposed to commence in year 2017 (Capex)										
CIP	Top management will continuously improve the welfare of workers whenever necessary										

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Principle 1: Management Commitment & responsibility			
Indicator	Summary of Assessment		Compliance
	Responsibility	Building committee & Sr. Estate Manager	
	Time frame	2017 -2019	
	Environment Impact		
	Type of waste	Scheduled waste	
	Source generated	Workshop, chemical store, general store, fertilizer store and other store that generating schedule wastes	
	Environmental Impact	Schedule waste may affect the environmental. For instance leaking of oil to the ground may affect the groundwater	
	Mitigation measure	New schedule waste store at Pelipikan estate	
	Responsibility	Assistant Manger	
	Time frame	Completed in 2019	
	4.1.4.2	Estate had establish a flowchart to improve practices in line with new information and techniques or new industry standards and technology, The flowchart for evaluating new product for agr-chemical” dated May 2018 is established to determine the suitability of new agrochemical. The flow chart as below. New Product Introduced to Estate -> Product sent to Agronomy Department -> Evaluation: Safety towards human and environment -> evaluation: Efficacy of product -> Evaluation: Suitability in relation to climate, logistic & practicality -> Availability of product on commercial scale -> (if successful) -> Recommend to plantation management committee -> Adopt in OPAP.	
4.1.4.3	There is no new techniques or new technology implemented during the certification period. The current practices continue and remain unchanged.		Yes

Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.1	<p>Meeting with stakeholder has been established as a method to communicate with stakeholders. Meeting minutes dated 09/04/2019 was reviewed. Topic discussed are:</p> <ol style="list-style-type: none"> 1. Introduction of HSPHB and company's MSPO status 2. Brief introduction about the Joint Consultation Committee (JCC) and HSPHB Company policy 3. Question and answer session with HPHB representatives 4. Others 	Yes

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Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
	The MSPO policy, complaint and grievance, sustainability report and workers welfare is made available at HSPSB website (www.hapseng.com.my)	
4.2.1.2	<p>OSH, environment, human rights, MSPO and equal opportunity policies, RTE species, complaint & grievances flowchart, SOPs, organization chart are available at guardhouse and office notice boards.</p> <p>MSPO policy, complaint and grievance, sustainability report and workers welfare in available at HSPSB website (www. hapseng.com.my)</p> <p>Document “List of publicly available document management document” dated 01/03/2017 with ref: MSPO/P2/4.2.1 is established. Documents stated in the list are:</p> <ol style="list-style-type: none"> 1. Record of request 2. Code of conduct policy 3. Grievance book 4. Human right policy 5. MSPO policy 6. Land title 7. Sustainability agriculture policy <p>The document displayed at the estate notice board.</p>	Yes
4.2.2.1	<p>SOP “Procedure Memohon Maklumat Syarikat” ref: MSPO/P2/4.2.1 dated 01/03/2017 is established.</p> <p>The SOP states that any request of information which falls under manager authority, the manager is allowed to provide the information requested.</p> <p>Interviewed with the stakeholder, show that there are aware regarding the above procedure.</p>	Yes
4.2.2.2	The General Manager- Plantation Advisor and Deputy Manager of Pelipikan Estate are the nominated management representatives responsible for issues related to communication and consultation.	Yes
4.2.2.3	<p>List of stakeholder 2019 dated 31/03/2019 is reviewed.</p> <p>The list includes various group such as</p> <ol style="list-style-type: none"> 1. Government agencies 2. Neighboring estates 3. Suppliers 4. Contractors 5. Environmental NGO 	Yes

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Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
	<p>Stakeholder's consultation divided into two sections.</p> <ol style="list-style-type: none"> 1. Joint Consultation Committee (JCC) for internal & external stakeholders dated 09/04/2019 2. SIA included as part of consultation date 09/04/2017. (Conducted once every 2 years.) <p>All issues raised has been responded by management during the stakeholders meeting on 9/04/2019.</p>	
4.2.3.1	<p>SOP for Supply Chain and Traceability Title: Harvesting, Loading and Unloading of Fresh Fruit Bunch" no: SCS/Pelipikan/001 dated April 2017 is established.</p> <p>A flowchart included in the procedure.</p> <p>Harvester are to harvest ripe fruit only -> checker will fill in the FFB Q1-a form and the form will be submitted to field conductor -> Checker will fill in the FFB quality form and the form will be submitted to field conductor -> The CSFFB will be loaded into tractor at weighbridge station -> mill will provide receiving slip to lorry driver to return to estate for recording -> lorry return to mill.</p>	Yes
4.2.3.2	<p>Internal audit conducted on 07/01/2019 - 10/01/2019 include inspection of the traceability system by checking the weighbridge ticket randomly..</p> <p>Example;</p> <p>Random check conducted on weighbridge tickets dated 22/12/2018 for FFB from block no. P305.. No issue found</p>	Yes
4.2.3.3	<p>The Deputy Manager is appointed as the responsible person for traceability.</p> <p>Roles and responsibilities as below:</p> <ol style="list-style-type: none"> 1. To establish, implement and maintain a standard operating procedure to comply with the requirement for traceability of the relevant product. 2. To conduct regular inspection on compliance with the established traceability system. 	Yes
4.2.3.4	<p>Records of deliveries are assessed to ensure the traceability system is implemented.</p> <p>Weighbridge tickets from Pelipikan Estate crosschecked against the weighbridge tickets from Palm Oil Mill.</p>	Yes

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.1.1	<p>Sighted Pelipikan estate list of licenses and permits dated 15/01/2019. All the permits are up-to-date</p> <p>Example:</p> <p>MPOB license</p> <p>Diesel tank license</p> <p>Scheduled wastes contractor license.</p>	Yes
4.3.1.2	<p>The "List of Legal Register – Estate" states all the applicable laws updated on 01/01/2019 is reviewed. Total 43 legal documents listed in the register.</p> <p>Example as below</p> <ol style="list-style-type: none"> 1. Employee Provident Fund Act 1991 2. Environmental Quality Act 1974 3. Immigration Act 1959/1963 4. Land Acquisition Act 1960 5. Passport act 1966 6. Pesticide act 1974 7. Sabah Labour ordinance Cap67 8. Sabah Wildlife Conservation Enactment 1997 9. Poison Act and regulation 1952 10. Social security Organization Act 11. MPOB Act 1998. (Act 582) 	Yes
4.3.1.3	<p>Legal documents updated as and when new legislation introduced.</p> <p>Memo dated 02/01/2019 title "SOCSO Employment Injury Scheme for foreign workers" effective from 01/01/2019</p> <p>for compensation under foreign workers compensation scheme (FWCS) is now from SOCSO according to the Employees Social security Act 1969 for employment injury.</p> <p>Memo dated 01/11/2018 title MPOA Circular: 30/2018 for Minimum wages order 2018 - effective 01/01/2019).</p> <p>Latest List of Legal register updated on 01/01/2019.</p>	Yes
4.3.1.4	The Deputy Manager is the appointed person in charge of compliance and legal requirement.	Yes
4.3.2.1	Pelipikan PI and P2 and P3 divisions land titles are reviewed.	Yes

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
	<p>Pelipikan P1 and P2 is country leased land titles.</p> <p>Pelipikan P3 consist of 251 parcels are sub-leased from Native Titles issued by Sabah Land Authority.</p> <p>For sub -leased under native land, Pelipikan estate had established agreements with the land owners.</p>	
4.3.2.2	<p>Land titles document reviewed</p> <p>Pelipikan estate had establish proper record for all legal ownership for country leased and subleased land. History of land tenure is review with lease start from year 2009 for 30 years. .</p>	Yes
4.3.2.3	<p>Boundary markers are either wood peg or stone are sighted during field inspection and crosschecked with the estate map and matching</p> <p>Boundary marker maps prepared by licensed land surveyor dated October 2016.</p> <p>.</p> <p>Estate had established the Boundary stone Peg and Bellian Peg Inventory Checklist with objective to survey the boundary marker condition and availability. The latest inspection is on 22/01/2019.</p>	Yes
4.3.2.4	There are no disputes occur found during the audit.	Yes
4.3.3.1	The estate land is country leased and Sub-leased land title approved by Sabah Land Authority. Sub-leased agreements signed between land owners and company was sighted.	Yes
4.3.3.2	Map available for review with scale of 1: 20,000. Sub-leased land titles include maps and area of the land.	Yes
4.3.3.3	<p>Pelipikan estate adopt Hap Send Plantation Holdings Behadr (HSPHB) Land Dispute Management procedure with objective to provide guidance on managing and dispute encountered by HSPHB or its subsidiary with any third party such as native or any person interest on the land or part thereof dated on 10/03/2016.</p> <p>There is no issue of land use right and no grievance records.</p>	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	Pelipikan estate has established Social Impact Assessment reviewed on 06/05/2019..	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>Latest stakeholders consultation conducted on 09/04/2019 include government agencies, suppliers, contractors, NGOs, consultant and internal workers Example:</p> <p>Social impact: Company has good relationships with local villagers providing free transportation service to students.</p> <p>Action plan: continue to provide good cooperation with local villagers and school</p> <p>Promote positive: continue to provide good cooperation with school management.</p>	
4.4.2.1	<p>Pelipikan estate has established SOP Melapor Aduan Dan Permasalahan Pihak Berkepentingan Luar dan Dalaman (Carta Aliran Aduan), Ref number HSPSB P1 1120, revision date 31/03/2018.</p> <p>The SOP describes:</p> <ul style="list-style-type: none"> The complaint should be resolved within timeline of 30 days –from the date the complaint is accepted. If the management cannot resolved it will forward to Management committee for support. 	Yes
4.4.2.2	<p>Pelipikan estate has established complaint form for external and internal party to submit the complaint.</p> <p>The complaint should resolved within timeline of 30 days after submit the complaint</p> <p>There is no complaint lodged as at audit date.</p>	Yes
4.4.2.3	<p>Complaint forms are available at the main gate and office.</p> <p>Interview with workers they are aware of the complaints and grievances procedure and fill form to make a complaint.</p>	Yes
4.4.2.4	<p>Estate has conducted Taklimat Cara-Cara membuat aduan & permohonan maklumat dated 06/05/2019 on the procedure including filling grievance form, person in charge and respond time.</p>	Yes
4.4.2.5	<p>Grievance and complaint records are maintain for year 2017 and 2018.</p> <p>The grievance and complaint procedure availble at the notice board Pelipikan estate.</p>	Yes
4.4.3.1	<p>Estate hired local people for estate operation such as drivers and security guards.</p> <p>Based on list of workers provided, there are local people hired.</p> <p>Pelipikan contributes to local communities and may consider to improve in consultation for further local development.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.4.1	<p>Pelipikan estate adopted the group Safety and Health Policy dated 01/04/2015 signed by Chief Executive – Group Plantations</p> <p>Interviews with workers indicates they are aware of company policy in term of safety and health and environment.</p> <p>Pelipikan Estate has conducted OSH policy training for all workers on 10/01/2019.</p> <p>Safety and Health awareness training for security guards conducted on 11/03/2019.</p>	Yes
4.4.4.2	<p>Occupational safety & health plans 2019 established include safety and health activities, workplace inspections, training and health programme.</p> <p>Pelipikan estate has established HIRARC includes hazard Identification, Risk Analysis and Risk Control for all operations such as manuring, harvesting and spraying</p> <p>The latest HIRARC assessment conducted on 19/04/2019 and next review will be on 19/04/2020.</p> <p>Morning briefing on safety and PPE usage conducted on 06/03/2019..</p> <p>Interview of workers they are able to demonstrate the importance of safety and health at workplace such as wearing PPE.</p> <p>Pelipikan Estate has established OSH training programme 2019.</p> <p>Training for safety work practice conducted;</p> <ol style="list-style-type: none"> 1) Chemical mixing training for sprayer dated 19/06/2018 2) Fire safety training for all workers dated 10/04/2019 3) PPE handling training for all workers dated 24/04/2019 4) First aid training for mandore, security guards and weighbridge operator dated 21/05/2019. <p>Observation at chemical store, workshop and fertilizer stores all applicable SDS are available.</p> <p>An interview with workers they understand the safety precaution whenever they are handling chemicals or fertilizers.</p> <p>Site visit workers wearing applicable PPE such as; rubber glove, apron, goggle, rubber boots and mask.</p> <p>PPE issuance record book sighted and well maintained.</p> <p>Morning briefing on Safety aspect and PPE usage was conducted on 06/03/2019.</p> <p>Pelipikan Estate has established SOP for chemical handling (HSPSB/SSOP/14-19), SOP Chemical Spraying (HSPSB/SSOP/5-19), SOP for Transportation of premix chemical to Spraying Area</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>(HSPSB/SSOP/7-19), SOP on triple rinsing of empty chemicals containers (HSPSB/SSOP/6-19), SOP on premixing of herbicides (HSPSB/SSOP/9-19) and SOP on scheduled wastes (HSPSB/SSOP/15-19)</p> <p>Observation on spraying gang they carry out the activity as per SOP.</p> <p>The Deputy Manager is appointed as chairman of Safety and Health Committee.</p> <p>Pelipikan Estate has established Organization Chart for Safety and Health committee dated 18/04/2019 consists of representative from management and workers.</p> <p>Latest medical surveillance report was conducted on 10/03/2019 and next medical surveillance will be on 10/03/2020.</p> <p>The estate has conducted safety and health committee meeting dated 17/04/2019.</p> <p>Previous meetings conducted on 22/01/2019 and 25/10/2018 respectively.</p> <p>The records of agenda and meeting minutes are available in the training file.</p> <p>Pelipikan Estate has established Emergency Respond Plan, revision date 08/04/2019. The ERP is publicly displayed at office notice board, housing area and muster ground.</p> <p>Training on ERP conducted on 26/02/2019.</p> <p>Interview of workers they are aware of assembly point in cases of fire and earthquake occurs.</p> <p>First aid kit inspection conducted on monthly basis by clinic nurse. First aid training was conducted on 21/05/2019 for Mandore, security guards and weighbridge operator.</p> <p>First aid kits are available in the field, workshop, stores, labour quarters and crèche.</p> <p>Pelipikan estate has conducted monthly accident key performance indicator (KPI). Latest report updated on 07/05/2019 that cover cases until April 2019. The report is a part of monitoring process by the estate.</p> <p>Accident report dated 26/02/2019 sighted for an accident with medical leave.</p>	
4.4.5.1	<p>Pelipikan estate adopted the group Sustainable Agricultural Policy dated 21/02/2017 signed by Chief Executive – Group Plantations</p> <p>The policy state two points:</p> <ul style="list-style-type: none"> a) Respect and support the Universal Declaration of Human Rights b) Respect and recognize the Rights of all Workers. <p>Policy training conducted on 20/05/2019.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.5.2	<p>Pelipikan estate adopted the group Sustainable Agricultural Policy dated 21/02/2017 signed by Chief Executive – Group Plantations</p> <ul style="list-style-type: none"> Clause 3.2 – Respect and recognize the Right of All Workers (Equal Employment Opportunities) <p>Interview with workers and staff indicates no discriminatory practices occur. There are no grievances records on discrimination. .</p>	Yes
4.4.5.3	<p>Pelipikan estate has established contract agreement for workers in accordance with Sabah Labour Ordinance and Minimum Wages Order (revised) 2018.</p> <p>Both local and foreign workers are provided with contract agreement signed by both management and workers.</p> <p>Pay slip for workers is established and well maintained.</p> <p>Interviews with workers they understand their pay and receive copy of pay slip.</p>	Yes
4.4.5.4	<p>Sighted wage paid by FFB transporter to worker for month January 2019 according to Minimum Wage Order (revised) 2018.</p>	Yes
4.4.5.5	<p>Pelipikan estate has established list of workers which include name of worker, date of birth, date joined, nationality, identity card number or passport number and type of work.</p>	Yes
4.4.5.6	<p>Contract employment for all workers are established and well maintained. . The contract includes worker particulars, worker job, wage rate and type of allowances duly signed by both the management and worker. .</p>	Yes
4.4.5.7	<p>Pelipikan Estate has established workers checklist / check role to record workers attendance during muster call.</p> <p>Working hours displayed at the office notice board and muster ground</p> <p>5.30am – 10.30 am</p> <p>10.30 am – 11.00 am (rest)</p> <p>11.00 am – 1.30 pm</p>	Yes
4.4.5.8	<p>Estate has established working hours as per Legal requirement from 5.30 am to 1.30 pm including rest time of 30 minutes according to Sabah Labour Ordinance.</p> <p>Overtime are paid according to the Sabah Labour Ordinance which is 1.5 times of hourly rate. This is sighted in the worker pay slip.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	Interviews with workers they are aware of overtime rate and mutually agreed by both management and workers. No forced of overtime reported by the workers. Working hours are display at muster ground, office and guard house. Workers interviewed understand and able to explain the working hours.	
4.4.5.9	Overtime rate stated in the work contract: <ol style="list-style-type: none"> 1. Weekdays rate 1.5 times of hourly rate. 2. Weekends rate 2.0 times of hourly rate. 3. Public holiday rate 3.0 times of hourly rate. Overtime form used to input the total overtime hours of workers. Sighted overtime rate for worker, comply with the above stated rate.	Yes
4.4.5.10	Pelipikan estate provides benefits such as housing, free medical, crèche for children, harvesting incentive, medical , free water supply, free electricity, religious worship place, sport amenities, bonus and contribution for festive season.	Yes
4.4.5.11	Pelipikan estate housing follow the industry best practice for living quarters. Site verification the living quarters has basic amenities with sufficient space for a family or those unmarried. Water, electricity, sports and recreational area, clinic, crèche are provided.	Yes
4.4.5.12	Pelipikan estate adopted the group Sexual Harassment, Violent and Abuse policy signed by Chief Executive – Group Plantations dated 20/11/2017. The policy define sexual harassment, violent and abuse and company commitment to resolve such problems. Sexual harassment training conducted on 16/05/2019 and attendance record sighted.. Review on grievance documents and Interviews with workers indicates no sexual abused occurs within the estate.	Yes
4.4.5.13	Policy on freedom of association and right to collective bargaining established dated 01/03/2019 approved by Chief Exucutive Group Plantation. The policy describes; HSPSB shall recognize and respect the right of employees to join trade unions of their choice and to bargain collectively subject to the provisions of relevant national legislation. Training on policy conducted on 17/05/2019	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>Pelipikan estate has established Joint Consultation committee comprise of representatives from management and workers.</p> <p>Latest JCC meeting conducted on 09/04/2019</p> <p>Example of topics discussed:</p> <ul style="list-style-type: none"> - Introduction of HSPHB and company's MSPO status. 	
4.4.5.14	<p>Pelipikan estate has established sustainable agricultural policy dated 21/02/2017.</p> <p>The policy state the company does not employ and promote the use of child labour and measure to prevent use of such labour.</p> <p>Sighted list summary of workers with the youngest worker date of birth 01/11/1991 and join the estate on 25/09/2012</p> <p>During field observation, there are no evidences of child labour at the site.</p>	Yes
4.4.6.1	<p>Pelipikan estate has established training programme for year 2019.</p> <p>Sighted training documents and attendance list. Training conducted based on job description and area of work.</p> <p>Example of training conducted;</p> <p>Chemical mixing</p> <p>Date: 08/02/2019</p> <p>Fire safety</p> <p>Date: 10/04/2019</p> <p>SOP training for vehicle drivers for contractor conducted on 21/03/2019..</p> <p>Training conducted includes procedure and safe work conditions.</p>	Yes
4.4.6.2	<p>Pelipikan estate provides induction training for new workers on company policies and SOP of estate operations.</p> <p>Occupational safety and health training program 2019 sighted and training conducted as per schedule. .</p> <p>Training provided are based on work description.</p> <p>Example;</p> <p>Training: SOP training for driver</p> <p>Target team: Driver</p> <p>Date conducted: 18/01/2019</p> <p>Training: Harvesting</p> <p>Target team: Harvester</p> <p>Expected date: 26/06/2019</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.6.3	<p>Training plan for year 2019 was established. Training conducted from January 2019 to May 2019 based on job specification of workers as well as others related topics such as safety and health.</p> <p>Example of training to be conducted;</p> <ul style="list-style-type: none">- Manuring for Manurer- Chemical spraying for sprayer- Scheduled wastes for mandore- First aid for mandore, security guards and weighbridge operator- Fire safety for all workers	Yes

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.1.1	<p>Pelipikan estate has established environmental impact assessment, management action plans and continual improvement plans dated 25/05/2018 and reviewed on 06/05/2019.</p> <p>Environmental policy dated 15/11/2018 is displayed at various notice boards at security guard house, office notice boards, and workers quarters. Interview with the workers indicate they understand of environmental policy.</p> <p>Signage sighted at riparian area near the river.</p>	Yes
4.5.1.2	<p>The environmental management plan established dated 06/05/2019 include policy of environmental and objective of the environmental.</p> <p>Pelipikan estate adopted Hap Seng Group environmental policy dated 15/11/2018 signed by Chief Executive – Group Plantations.</p> <p>Example of objective: To ensure conformation to all activities are within the Laws/Acts and legislation of State and Nation.</p> <p>The aspect and impacts analysis of operation in regards to environmental related issue has been incorporated in the EIA dated 06/05/2019 for all operations and areas.</p> <p>Example: Positive impacts (Workshop)</p> <p>Accidental spillage or leakages from vehicles affect the ecosystem.</p> <p>Negative impacts:</p> <p>Containment trays used to contain any leaking oil during vehicle repair or services.</p> <p>Policy environmental training conducted on 17/05/2019.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.1.3	<p>Pelipikan estate has established Continuous Improvement Plan dated 06/05/2019.</p> <p>CIP describe mitigate negative impacts and promote to positive</p> <p>Example:</p> <p>Negative impacts – environmental impact at landfill area.</p> <p>Promote to positive - to continue regular collection of domestic wastes.</p> <p>Landfill has proper fencing, proper safety signage, open and closed signage.</p> <p>Domestic collected twice a week records sighted.</p> <p>Observation on housing compounds wastes are segregated into domestic and recyclable wastes.</p>	Yes
4.5.1.4	<p>Continuous Improvement Plan dated 06/05/2019 include positive point raised was to continue regular collection of domestic wastes.</p>	Yes
4.5.1.5	<p>Pelipikan estate has established annual training program include environmental awareness. .</p> <p>Training was conducted to workers for awareness of environmental to achieve the objective</p> <p>Example:</p> <ul style="list-style-type: none"> a) Chemical spray training dated 21/01/2019 b) Landfill training dated 02/05/2019 c) Environmental policy training 20/05/2019 <p>Interview with workers indicates that they understand the policy and objective of environmental aspect and improvement plan.</p>	Yes
4.5.1.6	<p>Pelipikan has conducts environmental meeting quarterly and the latest meeting held on 22/01/2019 involved representatives from management and workers. The meeting agenda includes</p> <p>scheduled wastes, open burning, riparian zone and recycle program.</p>	Yes
4.5.2.1	<p>Pelipikan estate has established 5 years records for diesel consumption for vehicles and genset from 2014 to 2018.</p> <p>Baseline values established to monitor diesel used.</p> <p>Sighted the diesel consumption is high in 2018 due to additional genset used at the weighbridge.</p>	Yes
4.5.2.2	<p>Pelipikan estate has established records of contractor's diesel consumption for 2014 to 2018. Reduce usage of diesel from 2017 to 2018 due to estate used own transportation.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.2.3	Continuous Improvement Plan conducted on second review 06/05/2019. No of renewable energy plan other than control less usage of diesel. Observation at field and interview with Pelipikan Estate management s there are no renewable energy used.	Yes
4.5.3.1	List of wastes sighted in EIA report dated 06/05/2019: Sighted waste identified assolid waste, liquid waste, gasses waste Example: Organic wastes from frond stacking, domestic from housing, , maintenance oil from workshop, empty chemical containers from chemical store, electrical wastes from housing/office, paper and cartridge ink from office, clinical wastes from clinic and scheduled wastes from scheduled waste store.	Yes
4.5.3.2	List of wastes sighted in EIA report dated 06/05/2019: Source of waste from solid waste, liquid waste and gasses waste. Example empty container from chemical applicaiton, used oil from workshop and smoke from tractor Organic wastes, domestic, Digestive wastes, maintenance oil, empty chemical containesr, electrical wastes, clinical wastes, paper and cartridge ink, scheduled waste. Pruned fronds stackeas part of nutrient recycle.	Yes
4.5.3.3	Pelipikan estate has established Safe and Standard Operation Procedure (SOP). The SOP HSPSB/SSOP/15-18 (Bahan Buangan Terpakai) updated 31/01/2018. The SOP states to comply with Environmental Quality Act 1974 and Environmental Quality Regulations (Scheduled Waste) 2005. SOP Empty Containers HSPSB/SSOP/6-18 describe used empty chemicals must be triple rinsed, puncture and store for disposal or reused. Training on environmental to sprayer dated 17/05/2019. SOP Chemical store HSPSB/SOP/20-17 describe only authorise person allow to enter the store. Chemical store has proper signage and chemicals are arranged according to best practice which liquid chemical below and powder chemical put at the rack above the liquid chemical.	Yes
4.5.3.4	Pelipikan estate adopted HSSPHB SOP doc no: HSPSB/SSOP/6-19 Triple rinse of used chemical container. SOP stated triple rinse before used to fill the pre-mix chemical and safety issue. Empty containers are re-used for pre mixing of chemicals for spraying in the field. Observation at scheduled waste stores arrangement of empty chemical containers are properly punctured.	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	Consignment note from third party for scheduled waste collected dated 07/03/2019 is reviewed.	
4.5.3.5	The waste management plan dated 06/05/2019 includes domestic waste management and disposal. Domestic waste disposed at landfill area. Landfill location selected is far from the housing area around 1km and 4km from river area.	Yes
4.5.4.1	The EIA conducted dated 06/05/2019 including scheduled and office wastes. Assessment of all polluting activities recorded in EIA. Example: smoke from vehicle and genset, domestic, liquid and office wastes.	Yes
4.5.4.2	Action Plan recorded in EIA dated 06/05/2019 describe how to reduce the pollution and emissions. Generator house: smoke emission / diesel spillage Action plan: Construction proper drain with oil trap at the generator set house and regular cleaning conducted Weekly check to monitor the oil trap function.	Yes
4.5.5.1	Pelipikan Estate has established water management plan dated 06/05/2019. water management plan has included the map that shows location of water sources, sighted map dated September 2016 domestic used from rain water Water analysis conducted in 6 monthly intervals by third party, updated sample on 22/12/2019. The sampling takes for out going water. Rainwater collection implemented at workers housing. Riparian buffer zones implemented near water courses (. Pelipikan Estate maintain 1 to 2 palms near the river about 20 meters and marking with red colour. No fertilizer application and chemical spraying observed at riparian area during the visit. No natural vegetation removed from riparian area. No bore well water source used for the estate	Yes
4.5.5.2	There is no construction of bunds, weirs and dams across main river observed during site verification.	Yes
4.5.5.3	Rainwater harvesting is implemented in the estate housing. Silt pit at terrace area for collect water and proper frond stacking at field to maintain soil moisture.	Yes
4.5.6.1	HCV report assessment dated 06/05/2019 is verified. HSPHB has established Rare, Threatened and Endangered Species Policy dated 20/11/2017 sign by Chief executive-Group Plantations.	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>Report in appendix 4 provide the list of protected species in Sabah. No RTE have been detected. CV recorded include one under precautionary approach listed.</p> <p>Example:</p> <ul style="list-style-type: none"> The riparian reserve provides basic services of nature in critical situation. The “Hutan Simpan Lingkabau” is important in improving the population of threatened and endangered species. <p>Internal records on any animals sighted.</p> <p>Record book “RTE Record Book reviewed.</p> <p>Example: Burung Murai, Murai Batu, Squirrel.</p>	
4.5.6.2	<p>Legal requirement has been established:</p> <ul style="list-style-type: none"> Protection of Wildlife Act 1972 Sabah Biodiversity Enactment 2000 Sabah Wildlife Conservation Enactment 1997 <p>Training provided on 20/02/2019 on legal protection and prohibition based on Sabah wildlife enactment 1997.</p> <p>Signage of animals and no hunting installed at entrance gate, office notice boards.</p>	Yes
4.5.6.3	<p>Point no 5 in HCV report describe the action and improvement plan is required.</p> <p>Example action plan:</p> <p>Estate continue to educate workers about RTEs, to ensure there shall be no illegal hunting.</p> <p>Interview with workers they understand no illegal hunting.</p>	Yes
4.5.7.1	<p>Pelipikan estate adopted the group Sustainable Agricultural Policy dated 21/02/2017. Stated in the policy no deforestation strictly zero burning is practice to all new plantings, replanting or other developments.</p> <p>OPAP no 2 revised on October 2014, title: land clearing, preparation and planting, point 2.1 specify no burning.</p> <p>No open burning sighted during field visit</p>	Yes
4.5.7.2	<p>Pelipikan estate adopted the group Sustainable Agricultural Policy Zero burning dated 21/02/2017 approved by Chief Executive – Group Plantations.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services

Indicator	Summary of Assessment	Compliance
	<p>Policy title “sustainable agriculture policy” under point one specifies strictly no burning policy.</p> <p>Sighted OPAP no 10 revised in Jan 2016 under the title pest and diseases, where the control measure does not include fire as part of solution and in accordance with the policy as above.</p> <p>No open burning sighted during field visit.</p>	
4.5.7.3	<p>Pelipikan Estate adopted the group Sustainable Agricultural Policy Zero burning dated 21/02/2017 approved by Chief Executive – Group Plantations.</p> <p>Policy title “sustainable agriculture policy” under point one specifies strictly on no burning policy.</p> <p>Sighted OPAP no 10 revised in Jan 2016 under the title pest and diseases, where the control measure does not include fire as part of solution and in accordance with the policy as above.</p> <p>No open burning sighted during field observation.</p>	Yes
4.5.7.4	<p>There is no new planting and replanting programme in Pelipikan Estate as per the budget.</p> <p>Open burning is not part of company procedure in replanting as stated in sustainable agriculture policy zero burning.</p>	Yes

Principle 6: Best Practices

Indicator	Summary of Assessment	Compliance
4.6.1.1	<p>Pelipikan Estate has established SOPs for the best practices, Oil Palm Agriculture Policy (OPAP).</p> <p>The OPAP contains OPAP 1- OPAP 15 established in August 2009 and updated as and when required..</p> <p>Example: OPAP 01 updated on 08/02/2018.</p> <p>Field visit and interviews conducted indicate workers understand the requirements of the SOPs.</p>	Yes
4.6.1.2	<p>Pelipikan Estate has established OPAP 03 Soil Conservation and terracing.</p> <p>The SOP describes the classification of degrees of terrace slope:</p> <p>For slope areas and terrace planting cover crops such as legume and fronds stacking for soil erosion control. <i>Nephrolepis Biserrata</i>, soft grass is planted to control erosion.</p>	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
	<p>The estate applies 3 methods for soil organic matter preservation for the upkeep of mature oil palms. Ref no HSPHB OPAP No 9 date: 01/04/1994 and revised: Jan 2016</p> <ol style="list-style-type: none"> 1. Vegetation maintain in inter-row to minimise soil erosion, improve soil physical properties and organic status example legume cover crop (LCC), <i>Nephrolepis bisserata</i> and <i>paspalum conjugatum</i>) and other soft grasses. 2. Palm Platforms for soil erosion, fertilizer wash-off and facilitate harvesting and fruit collection. 3. EFB application to maintain the moisture for the soil and erosion. 	
4.6.1.3	During site visit sighted visual identification for each field or block implemented.	Yes
4.6.2.1	<p>Estate has established Budget 2019 that includes area statement, income, expenses and crop statement.</p> <p>The c established budget is 5 years from 2019 – 2023.</p>	Yes
4.6.2.2	Pelipikan Estate area statement is reviewed. Replanting will start from 2024 onwards.	Yes
4.6.2.3	<p>The management has established a 5 years business plan for 2019 to 2023 that includes following:</p> <ol style="list-style-type: none"> a. Replanting programme b. Crop projection c. Production cost actual and budget. d. FFB forecast. 	Yes
4.6.2.4	<p>Monthly estate progress report and account was sighted. Progress report includes the expenses and the monitoring base on the monthly budget and actual expenditure.</p> <p>The estate established the profit & lost account for was sighted base on the operation expenditure.</p>	Yes
4.6.3.1	<p>Pelipikan estate engaged transport contractors to deliver FFBs to designated mill...</p> <p>The transport agreement was sighted and reviewed. Contract is signed by both parties for the agreed terms and conditions.</p>	Yes
4.6.3.2	The FFB transport agreement is dully agreed and signed by both parties.	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
	Payment for the transport service sighted and reviewed. The payment is made according to the agreed rates stated in the agreement.	
4.6.4.1	Management conduct briefing with contractor and contractor workers on 10/04/2019. List of contractors attended the brief sighted. Slide presentation implementation of MSPO requirement was brief to contractor.	Yes
4.6.4.2	The management has standard contract agreement with contractors. Minor Job Contract (FFB Transportation) sighted and reviewed.	Yes
4.6.4.3	The contract agreement with the FFB transporter is reviewed. The agreement includes a statement the contractor is subject to be audited by the MSPO approved CB auditor.	Yes
4.6.4.4	Pelipikan estate monitored the task conducted by FFB transport contractor The FFBs records for transporting to designated mill for number of trips and weighbridge tickets sighted. Job task completed verified by Assistant Manager and approved by Deputy Estate Manager.	Yes
Principle 7: Development of new planting		
Indicator	Summary of Assessment	Compliance
4.7.1.1	There is no new planting in the estate. First planting was in year 1999 and the last planting in year 2011. There is no assessment conducted since no new planting.	Yes
4.7.1.2	Estate planting statement and site verification indicates no new planting or replanting conducted in the estate. The age of all oil palm are below 20 years.	Yes
4.7.2.1	Pelipikan estate soil map is review and shows no peat land in all divisions. Therefore, not applicable.	Yes
4.7.3.1	Estate planting statement and site verification indicates no new planting . Therefore, no SEIA established.	Yes
4.7.3.2	Estate planting statement and site verification indicates no new planting . Therefore, no SEIA established.	Yes
4.7.3.3	Estate planting statement and site verification indicates no new planting . Therefore, no SEIA established.	Yes
4.7.3.4	There are no scheme smallholders in Pelipikan estate certification. Therefore, not applicable.	Yes
4.7.4.1	There is no new planting in Pelipikan estate. Therefore, no soil map established.	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.7.4.2	There is no new planting in Pelipikan estate. Therefore, no topographic information established.	Yes
4.7.5.1	Planting statement, estate map and land title are reviewed. There is no new planting. Therefore, not applicable.	Yes
4.7.5.2	Planting statement, estate map and land title are reviewed. There is no new planting. Therefore, no plans established.	Yes
4.7.5.3	Planting statement, estate maps and land title are reviewed. There is no new planting. Therefore, no documents established.	Yes
4.7.6.1	Planting statement, estate map and land title are reviewed. There is no new planting. Therefore, no FPIC conducted.	Yes
4.7.6.2	Planting statement, estate maps and land title are reviewed. There is no new planting. Therefore, no management plan established to maintain sacred sites.	Yes
4.7.6.3	Planting statement, estate maps and land title are reviewed. There is no new planting. Therefore, no documentary proof of the transfer of right and payment or provision of agreed compensation establish.	Yes
4.7.6.4	Planting statement, estate map and land title are reviewed. There is no new planting. Therefore, no compensation land acquisitions and relinquishment of right establish.	Yes
4.7.6.5	Planting statement, estate maps and land title are reviewed. There is no new planting. Therefore, no assessment of legal and recognised customary right establish.	Yes
4.7.6.6	Planting statement, estate maps and land title are reviewed. There is no new planting. Therefore, no system for identifying people entitle to compensation for calculating and distributing fair compensation establish.	Yes
4.7.6.7	Planting statement, estate maps and land title are reviewed. There is no new planting. Therefore, no compensation claims documented and made publicly available.	Yes
4.7.6.8	Planting statement, estate maps and land title are reviewed. There is no new planting. Therefore, no impact to local communities.	Yes

4.4. Status of Non-Conformities Previously Identified

	The stage 1 audit findings of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have implemented to address the identified audit findings. Details of the follow up action taken on stage 1 audit findings were recorded in the Stage 1 audit report.
X	The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have implemented to address any nonconformity identified.

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	The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have not been implemented effectively. The non-conformity will be re-raised.
	Not applicable. No non-conformity raised in previous audit.
<p><i>Note 1: If a minor non-conformity raised in last audit, is not closed out, then this finding will be re-raised to a Major non-conformity.</i></p> <p><i>Note 2: All minor NCs raise in last audit are required to capture in this report together with the closing of the non-compliance.</i></p>	

4.5. Detail of Audit Findings in last audit

AUDIT OUTCOME		
During last Audit	1	MAJOR Non-Conformities
	1	MINOR Non-Conformities
	1	Observation

Non Conformity Number < 1 >			
Indicator and Description:	Indicator: 4.1.1.1 A policy for the implementation of MSPO shall be established		
Location:	Pelipikan estate		
Description of Finding / Objective Evidence:			
The policy is available, however during interview with both internal and external stakeholders, interviewees were not able to demonstrate the understanding on MSPO policy and practices.			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	
Raise by:	Terence Ang	Date Raise:	27/06/2018
Deadline for implementation		27/08/2018	
Root Cause Analysis (by company):			
Lack of understanding by Manuring Workers / Spraying Workers / Harvesters and External Stakeholders regarding the MSPO Policy and practices.			
Correction (by company):			
Pelipikan Estate has immediately briefed and explained the MSPO Policy and practices to the Manuring Workers/Spraying Workers/Harvesters via training on 4 & 6/07/2018 (Attachment 1.1a) and to the External Stakeholders via JCC meeting on 17/07/2018 (Attachment 1.1b). Stakeholders who did not attend the JCC Meeting have acknowledged receipt the invitation and are aware of the MSPO Certification in Pelipikan Estate (Attachment 1.1c). JCC Meeting program for 2019 were planned as per schedule (Attachment 1.1d)			
Corrective / Preventive Action (by company)			
The independent Sustainability Team to yearly cross-check whether the understanding of the MSPO Policy and practices has been effectively conducted by Pelipikan Estate to the Manuring Workers/Spraying Workers/ Harvesters and External Stakeholders via training/JCC meeting.			

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Non Conformity Number < 1 >	
Review of Correction & Corrective / Preventive Action	
<p>Pelipikan Estate has conducted MSPO awareness training for internal and external stakeholders.</p> <p>Sighted MSPO awareness training for harvesters dated 04/07/2018, for manurers and sprayers dated 05/07/2018 (refer to attachment 1.1 a).</p> <p>Sighted summary of MSPO awareness training for external stakeholders dated 04/07/2018 (refer to attachment 1.1b) and attendance signed by stakeholders who attend the training (refer to attachment 1.1c).</p> <p>Pelipikan Estate has established MSPO meeting programme 2019 which included Joint Consultation Committee for Internal and External Stakeholders. Meeting for internal stakeholders will be held on March and August 2019 whilst for external stakeholder will be held on April 2019.(refer to attachment 1.1d).</p> <p>Documented evidences provided by Pelipikan Estate are consider sufficient to close the major non-conformity.</p>	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Lead Auditor / Auditor: Terence Ang	Date of Closure: 08/08/2018
Review of Implementation	
Interviews conducted and site verification interviewees aware of MSPO policy since training on MSPO policy, through stakeholder meeting and SIA meeting.	
Name of Trainee Lead Auditor: Muhammad Khairul Anuar bin Azizul Hasan	Date of Review: 23/04/2019

Non Conformity Number < 2 >	
Indicator and Description:	Indicator: 4.5.4.2 An action plan to reduce identified significant pollutants and emissions shall be established and implemented.
Location:	Workshop, Pelipikan estate
Description of Finding / Objective Evidence:	
During the inspection of the oil trap at workshop, oil was found at the last compartment that indicates that the oil trap was not functioning.	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor
Raise by:	Zul Hairi bin Abu Hassan
Date Raise:	27/06/2018
Deadline for implementation	Next Surveillance Audit
Root Cause Analysis (by company):	
Lack of monitoring to ensure the oil trap is in a good working condition.	
Correction (by company):	
To immediately repair leaking compartment of the not well functioning oil trap (Attachment 2.1a).	

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Non Conformity Number < 2 >	
Corrective / Preventive Action (by company)	
Pelipikan Estate to monitoring the condition of oil trap and maintenance at least once a month (Attachment 2.1b) using a standardized monitoring template (Attachment 2.1c).	
Review of Correction & Corrective / Preventive Action	
Sighted corrective action been made (picture) by repairing and ensuring no leaking of oil trap. (Refer to attachment 2.1 a). Pelipikan estate has established weekly monitoring on oil trap at three different areas; Workshop, genset room and diesel tank, example for the month of July 2018 (refer to attachment 2.1b).	
Oil trap monitoring template which include three crucial indicators such as no oil at third compartment, water level higher than elbow outlet, and no leakage on each of partition has been sighted. (Refer to attachment 2.1 c).	
Thus, the action plan established is acceptable. Implementation will be verify in next surveillance audit.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Lead Auditor / Auditor: Zul Hairi bin Abu Hassan	Date of Closure: 08/08/2018
Review of Implementation	
Site verification at workshop oil trap, there is no oil observed at the last compartment of the oil trap. Estate has conduct regular inspection on oil trap and the records are documented. Records of daily oil trap inspections are sighted and well maintained.	
Example; Daily oil trap inspection for the month of May 2019.	
Name of Trainee Lead Auditor: Muhammad Khairul Anuar bin Azizul Hasan	Date of Review: 23/04/2019

Observation < NO 1 >	
Indicator: 4.1.2.1	
Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement	
Location	Pelipikan Estate
Description of Finding / Objective Evidence:	
The company have determined the area of weakness and area which required improvement. However, the area which have been improved and strong point have been lump as one. It would have been a clearer indication for the company to focus on activity especially of concern to have the points more well defined..	
Review of Correction & Corrective / Preventive Action	

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Observation < NO 1 >

Internal audit for Pelipikan estate had determine and separated the positive observation and potential area for improvement;

Positive observation (strong point): Pelipikan management team are fully aware on the importance of complying all legal requirements especially in safety & health and environment.

Potential area for improvement: Pelipikan estate workers still require nurturing and awareness continuously on the safety measure especially in wearing PPE during working.

Closed: ☒ Yes ☐ No

Site verification : ☒ Yes ☐ No

Name of Trainee Lead Auditor:

Muhammad Khairul Anuar bin Azizul Hasan

Date of Review Action Plan:

23/05/2019

4.6. Detail of Audit Findings Identified During This Audit

This section gives an overview of the non-conformities raised during this audit.

AUDIT OUTCOME		
During this audit	0	MAJOR Non-Conformities
	0	MINOR Non-Conformities

No.	Indicator	Location	Opportunity for Improvement
1	4.4.4.2	Landfill	Pepilikan Estate may consider improve the existing risk control to avoid any occurrence of falling object.
2	4.4.3.1	Pelipikan estate	Pelipikan Estate may consider improve in consultation with local for further local development.

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5. CONCLUSION

Hap Seng Plantations (Kota Marudu) has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct surveillance audit for Pelipikan estate according to MSPO 2530-3:2013 Part 3 General principles for Plantations and Organised Smallholders.

There are 2 OFI raised during the audit.

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

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

Any audit is based on sampling within an organization's management system and therefore is not a guarantee of 100 % conformity with requirements.

As a result of this audit, the audit team confirms that:

Total certified number of estates:	1	Estate
Total certified production area:	2,091.61	Ha
Certified FFBs May 2018 to April 2019:	17,133.06	Mt

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6. RECOMMENDATION

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

The structure of the audit is in accordance with the audit plan included in this summary report as annex.

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

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

	Recommended for Certification
x	Recommended for Continuity of Certification
	Recommended for Suspension of Certification

Puchong, 24/07/2019

Muhammad Khairul Anuar Bin Azizul
Hasan
TUV NORD (Malaysia) Sdn Bhd
Audit Team Leader

Puchong, 24/07/2019

Nor'adhlin Sofia Binti Razali
TUV NORD (Malaysia) Sdn Bhd
Certifier / Approver

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7. REFERENCES

Table 7-1: List of Interviewed Persons and Stakeholders

No.	Name	Organisation / Function
1	Mogulimpas Koyondo	Shopkeeper / Shop owner

Distribution / Confidentiality / Rights of ownership / Limitations / Responsibilities / Audit Objectives

This report is sent to the certification body or bodies, the members of the audit team and the audit representative of the organisation. All documents (such as this report) regarding the certification procedure are treated confidentially by the audit team and the certification body. This audit report remains the property of the certification body.

An audit is a procedure based on the principle of random sampling and cannot cover each detail of the management system. Therefore nonconformities or weaknesses may still exist which were not expressly mentioned by the auditors in the final meeting or in the audit report.

The responsibility for continuous effective operation of the management system always rests solely with the audited and certified organisation.

Salvo clause:

The audit report will be left to the organisation at the end of the audit - subject to approval by the certification body. The independent release process may cause modifications or additions. In these cases a modified revision will be sent to the audited organisation.

The objective (goal) of the audit is to establish compliance of the management system of the aforementioned organization with the requirements of the aforementioned standard in order to achieve or maintain certification through an independent and accredited certification body.

Identification of possibilities to improve the management system can also be a component of the audit and is considered simply to be an enhancement; it does not constitute consultancy or advice with regard to the management system.

Annex / Enclosures

Annex /
corresponding audit documentation

- ☐ P&C Audit Report / Checklist(s)
- ☐ Audit Plan
- ☐ Additional annexes, number