



# MSPO CERTIFICATION SUMMARY REPORT

PARAGON HARVEST SDN. BHD.

SURVEILLANCE 01

Onsite Audit Date: 28/08/2020 – 29/08/2020

TUV NORD (Malaysia) Sdn Bhd  
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Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



## Table of Contents

1.	INTRODUCTION .....	4
1.1.	Objective	4
1.2.	Scope	4
1.3.	Appointment and qualification of team members	4
2.	METHODOLOGY.....	8
3.	ORGANISATION INFORMATION .....	10
3.1.	Production volume	10
3.2.	Planting Program	10
3.3.	Replanting program	11
3.4.	Maps of Company Location and Estate	11
	Figure 1: Gum Gum Divison	11
4.	CERTIFICATION ASSESSMENT .....	13
4.1.	Annual Surveillance 01	13
4.2.	Stakeholders' Consultation	13
4.3.	Summary of Assessment	15
4.4.	Status of Non-Conformities Previously Identified	34
4.5.	Detail of Audit Findings in last audit	34
4.6.	Detail of Audit Findings Identified During This Audit	36
5.	CONCLUSION	38
6.	RECOMMENDATION	39
7.	LIST OF STAKEHOLDERS	40
	Distribution / Confidentiality / Rights of ownership / Limitations / Responsibilities / Audit Objectives	41
	Annex / Enclosures	41

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



### Abbreviations

<b>CHRA</b>	Chemical Health Risk Assessment
<b>CPO</b>	Crude Palm Oil
<b>CSR</b>	Corporate Social Responsibility
<b>DOE</b>	Department of Environment
<b>EFB</b>	Empty Fruit Bunch
<b>EIA</b>	Environment Impact Assessment
<b>FFB</b>	Fresh Fruit Bunch
<b>GAP</b>	Good Agricultural Practice
<b>GPS</b>	Global Positioning System
<b>ISCC</b>	International Sustainability & Carbon Certification
<b>ISO</b>	International Standard Organisation
<b>MSPO</b>	Malaysia Sustainable Palm Oil
<b>NC</b>	Non Conformity
<b>OSH</b>	Occupational Safety and Health
<b>P&amp;C</b>	Principle and Criteria
<b>PK</b>	Palm Kernel
<b>POME</b>	Palm Oil Mill Effluent
<b>PPE</b>	Personal Protective Equipment
<b>RSPO</b>	Roundtable Sustainable Palm Oil
<b>RTE</b>	Rare, Threatened and Endangered Species
<b>SA8000</b>	Social Accountability 8000
<b>SIA</b>	Social Impact Assessment
<b>SOP</b>	Standard Operating Procedure
<b>WHO</b>	World Health Organization
<b>MPOB</b>	Malaysian Palm Oil Board
<b>MPOCC</b>	Malaysia Palm Oil Certification Council
<b>SDS</b>	Safety Data Sheet
<b>PHSB</b>	Paragon Harvest Sdn Bhd

# MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



## 1. INTRODUCTION

Paragon Harvest Sdn Bhd has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct an surveillance audit for its oil palm estates according to MS 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

### 1.1. Objective

The objective of this surveillance audit is to assess the Paragon Harvest Sdn Bhd with 1 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 Paragon Harvest Sdn Bhd.

The supporting documents are 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 MS 2530-3:2013 Part 3 General principles for Oil Palm Plantations 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.

The following references are 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 Oil Palm Plantations and Organised Smallholders audit guidance;
2. Palm Oil Supply Chain Traceability Requirements

### 1.3. Appointment and qualification of team members

The audit team appointed consists of 1 team leader and 2 team members. The audit team members contributed to the review of documents, the assessment of the project activity and to the preparation of this report.

#### Qualification of the Lead Auditor: Zul Hairi Bin Abu Hassan

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;	Graduate in Diploma in Plantation Industry Management.

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Requirement	Qualifications
vi) Business Management; or vii) Other relevant related fields	
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)	9 years working experience in oil palm plantations.
Successfully completed MS 2530 series of standards training	Successfully completed MS2530 series of standards training.
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 and appointed as lead auditor for MSPO scheme.
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia or any other local language.	Able to communicate in Bahasa Malaysia and English.
Field working experience in the palm oil sector, or demonstrable equivalent	9 years working experience in oil palm plantations
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	9 years working experience in oil palm plantations
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 18001 or Occupational, Health & Safety Assurance System	Successfully completed ISO 45001:2018 Lead Auditor course.
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Successfully completed Basic SA 8000 training.
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Successfully completed ISO 14001:2015 Lead auditor course for MSPO scheme.

### Qualification of Team Members

Requirement	Assessor	Qualification	Compliance
	Sheron Pui Ling Wui	Graduate in Bachelor's in Medical Science.	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Requirement	Assessor	Qualification	Compliance
<p>Post-secondary education, college or university diploma / degree in one of the following</p> <ul style="list-style-type: none"> <li>i) Agriculture;</li> <li>ii) Science &amp; Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,);</li> <li>iii) Engineering, Process Technology;</li> <li>iv) Energy Management, Quality Management;</li> <li>v) Social Sciences and/or Anthropology;</li> <li>vi) Business Management; or</li> <li>vii) Other relevant related fields</li> </ul>	Jasmandy Bin Syahrul (Trainee Auditor)	Graduate in B. Sc. (Hons) Plantation Technology and Management.	Yes
<p>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)</p>	Sheron Pui Ling Wui	4 years working experience in QA, QMS and internal audit, and 2 years working experience in MSPO audit experience.	Yes
	Jasmandy Bin Syahrul (Trainee Auditor)	9 years working experience in oil palm plantations.	Yes
<p>Successfully completed MS 2530 series of standards training</p>	Sheron Pui Ling Wui	Successfully completed MS2530 series of standards training.	Yes
	Jasmandy Bin Syahrul (Trainee Auditor)	Successfully completed MS2530 series of standards training.	Yes
<p>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.</p>	Sheron Pui Ling Wui	Qualified and appointed as auditor for MSPO scheme.	Yes
	Jasmandy Bin Syahrul (Trainee Auditor)	Auditor in training.	Yes
<p>A good knowledge in handling and evaluating sources of information and data. Able to communicate in</p>	Sheron Pui Ling Wui	Able to communicate in Bahasa Malaysia, English and Mandarin.	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Requirement	Assessor	Qualification	Compliance
Bahasa Malaysia or any other local language.	Jasmandy Bin Syahrul (Trainee Auditor)	Able to communicate in Bahasa Malaysia and English.	Yes
Field working experience in the palm oil sector, or demonstrable equivalent	Sheron Pui Ling Wui	Qualified and appointed as auditor for MSPO scheme.	Yes
	Jasmandy Bin Syahrul (Trainee Auditor)	9 years of working experience in oil palm plantations.	Yes
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	Sheron Pui Ling Wui	Qualified and appointed as auditor for MSPO scheme.	Yes
	Jasmandy Bin Syahrul (Trainee Auditor)	9 years of working experience in oil palm plantations.	Yes
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Sheron Pui Ling Wui	Successfully completed IMS ISO 45001:2018 Lead Auditor course.	Yes
	Jasmandy Bin Syahrul (Trainee Auditor)	Successfully completed IMS ISO 45001:2018 Lead Auditor course.	Yes
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Sheron Pui Ling Wui	Successfully completed Basic SA 8000 training.	Yes
	Jasmandy Bin Syahrul (Trainee Auditor)	Successfully completed Basic SA 8000 training.	Yes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Sheron Pui Ling Wui	Successfully completed IMS ISO 14001:2015 Lead auditor course.	Yes
	Jasmandy Bin Syahrul (Trainee Auditor)	Successfully completed IMS ISO 14001:2015 Lead Auditor course.	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



## 2. METHODOLOGY

The audit approach consists of the following steps:

- 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
- Final approval, certification decision and issuance of certificate.

### Annual Surveillance 01:

The audit is conducted on 28/08/2020 to 29/08/2020 covers the following activities but not limited to below:

#### Onsite:

- 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;
- Stakeholders consultation meeting;
- Review and closed out of non-conformance raised during previous audit;
- Assessment reporting;

#### On-site Assessment

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



## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



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 were used to guide the collection of information. The comments made by external stakeholders are taken into account in the assessment.

For the annual surveillance audit 01, Paragon Harvest Sdn Bhd has 1 estate consists of 2 divisions. Therefore, no selection required.

**Table 2-1: List of Division Selected**

Name of Division	Coordinates
Sg Lokan Division	N 5°26'55" E 117°47'01"
Gum Gum Division	N 5°53'55" E 117°54'46"

### 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, Minor and 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.

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



### 3. ORGANISATION INFORMATION

Paragon Harvest Sdn Bhd is an oil palm plantation company located at Lot, 37, Blok E, Tingkat 1, Utama Place, Bandar Utama, Batu 6, Jalan Utara 9000 Sandakan and the estate located at Sg Lokan and Gum Gum, Sabah, Malaysia.

The details of the estate as below:

Name of Division	Location	Coordinates
Sg Lokan	Bukit Garam, Off Km 76.5, Sandakan Lahad Datu highway, District of Kinabatangan.	N 5°26'55" E 117°47'01"
Gum Gum	Gum Gum Area, Off Km 28, Jalan Labuk	N 5°53'55" E 117°54'46"

#### 3.1. Production volume

Name of Division	Area (Ha)		Projected FFB Production (mt) (January 2020 to July /2020)
	Total*	Production**	
Sg Lokan	155.40	117.36	1,409.69
Gum Gum	42.64	42.64	323.25
<b>Total</b>	<b>198.04</b>	<b>160.00</b>	<b>1,732.94</b>

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

\*\*Immature + Mature Area

#### 3.2. Planting Program

Year / Division	Sg Lokan Division	Gum Gum Division
1995	-	7.01
1996	-	9.86
1997	-	6.20
1998/1999	97.68	-
2003	19.68	-
2007	-	6.32
2014	-	13.25
<b>Total Mature</b>	<b>117.36</b>	<b>42.64</b>
<b>Total Immature</b>	-	-
<b>Total</b>	<b>117.36</b>	<b>42.64</b>

# MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



### 3.3. Replanting program

Year of replanting	Planted area (ha) in each Division		Total area to be replanted (ha)
	Sg Lokan	Gum Gum	
2020	-	-	-
2021	-	9.862	9.862
2022	11.53	6.200	17.73
2023	14.29	-	14.29
<b>TOTAL</b>	<b>25.82</b>	<b>16.062</b>	<b>41.88</b>

### 3.4. Maps of Company Location and Estate

Figure 1: Gum Gum Divison

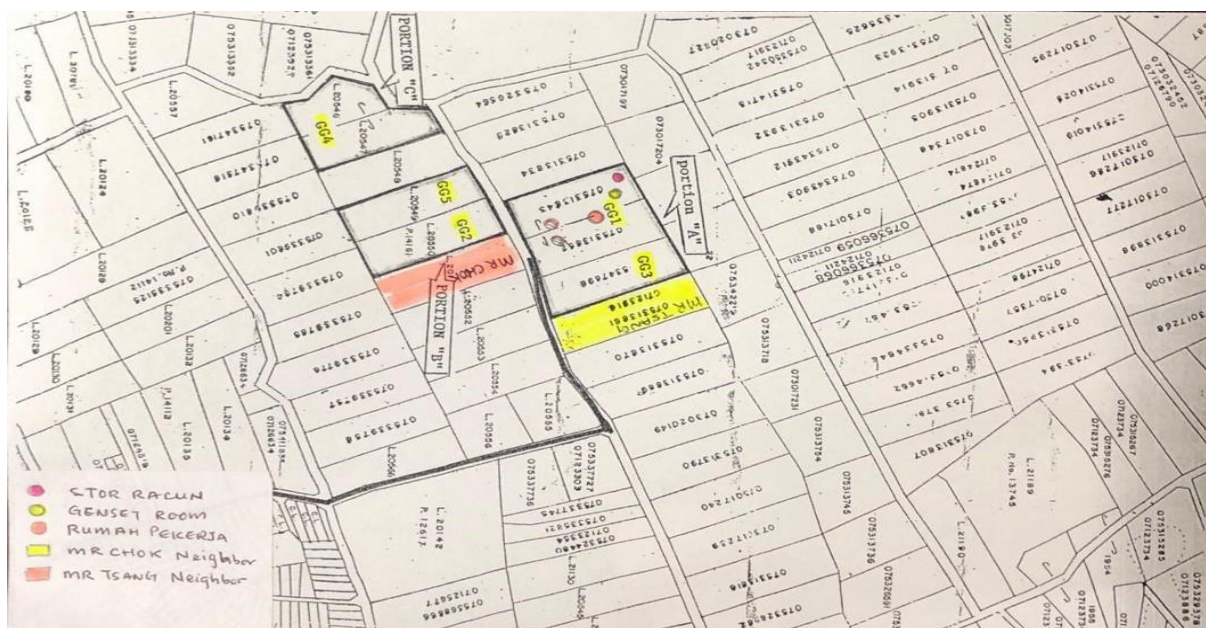


Figure 2: Sg Lokan Divison

# MSPO Certification Summary Report

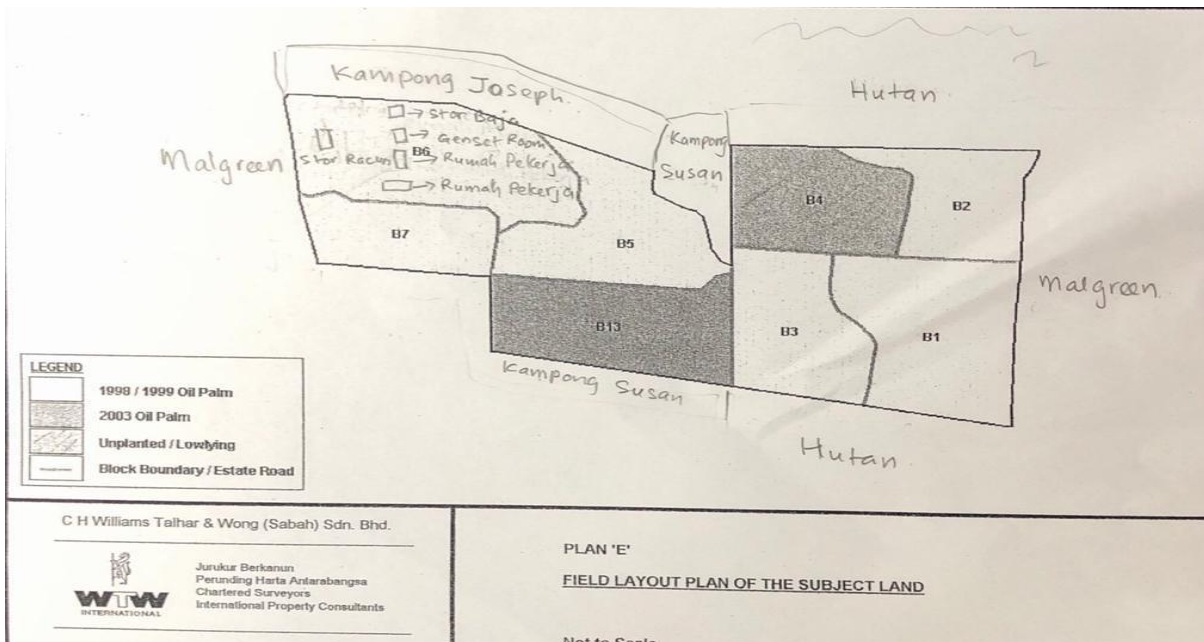
Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



### 4. CERTIFICATION ASSESSMENT

#### 4.1. Annual Surveillance 01

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

##### 4.1.1. Annual Surveillance 01:

The audit is conducted on 28/08/2020 to 29/08/2020 covering the Paragon Harvest Sdn Bhd.

During this surveillance audit, there is 1 Major, 0 Minor, 3 Opportunities for Improvement (OFI) are raised. The Major non-conformances raised during the audit are closed out by means of documents review that are establish, revised and implemented appropriately and preventive actions taken.

During this audit, the minor non-compliance raised in the last audit, the audit team has review by means of inspection of estates, conduct interviews, review and verify documents that are established, corrected and implemented appropriately by the estate management. 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 audit findings if any, raised in this audit refer to Section 4.6 of this report.

#### 4.2. Stakeholders' Consultation

TUV NORD (Malaysia) Sdn. Bhd has published the public notification on 29/07/2020 as to accommodate stakeholder's consultation meeting for Paragon Harvest Sdn Bhd to provide comments. As at audit date on 28/08/2020 there are no comments received.

Invitation letters are sent on 29/07/2020 to invite relevant stakeholders to attend a local stakeholders' consultation on 28/08/2020 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.

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



- 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.

- 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.

- 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 no issues raised during the stakeholder's consultation in terms of tenure and 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?	Stakeholders are aware regarding the MSPO awareness which is able to demonstrate in term of social, environment and safety & health	No action required
2	Social issues	There are no social issues or concern raised during stakeholders meeting.	No action required
3	Type of land title – Country Leased, Provisional Leased, Native title, Customary Land	Stakeholders are not local community, therefore no input for the topic	No action required
4	Economy / livelihood Is there any impact on livelihood after the introduction of MSPO?	Stakeholders are not local community, therefore no input for the topic.	No action required
5	Does MSPO largely benefits the local community?	Stakeholders are not local community, therefore no input for the topic.	No action required
6	Environmental understanding	Stakeholders commented, there have not encounter any	No action required

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Items	Subject discussed	Audit team findings	Company response and proposed action to be taken
		negative impacts from the estate operation	
7	Awareness towards species, habitats, and high conservation values	Stakeholders aware not to hunt or kill wildlife species and to conserve the riparian area.	No action required
8	Are there any plantation management practices that affect you?	Stakeholders confirmed there is no negative impact from the estate operation.	No action required
9	Do you consider any management is in conflict with the MSPO principles and criteria?	Stakeholders informed the management had taken effort to meet the MSPO requirements.	No action required
10	Do you have any suggestions for management?	No suggestion from the stakeholders.	No action required

### 4.3. Summary of Assessment

Principle and 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 MSPO 2530-3. 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	<p>Paragon Harvest Sdn Bhd (PHSB) established MSPO policy dated 02/01/2019 signed by the director.</p> <p>The copy of the policy displayed at the estate notice board.</p> <p>Briefing on the MSPO policy conducted on 08/05/2020 to all the workers.</p> <p>The site interview confirmed that the workers understand the policy established.</p>	Yes
4.1.1.2	The established MSPO policy with effective date 02/01/2019 states the company committed to MSPO Part 3 standard and responsible on the continuous improvement.	Yes
4.1.2.1	<p>An internal audit conducted once a year.</p> <p>PHSB has conducted an internal audit dated 17/08/2020.</p>	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	Internal audit conducted including assessment of labour quarters, fertilizer store, chemical and pesticide store as well as chemical mixing area. The internal audit identified both strong and weak points.	
4.1.2.2	PHSB established SOP Internal Audit dated 02/01/2019 and states the flow of the internal audit process. Stated in the SOP the frequency for internal audit is once a year Sighted summary of the internal audit states the strong and weak points.	Yes
4.1.2.3	The results of the internal audit are available and presented during the management review meeting on 15/08/2020.	Yes
4.1.3.1	Management review meeting conducted on 15/08/2020. Agenda includes: 1. Covid-19 disease 2. Internal audit results 3. Stakeholders meeting Management review conducted once a year after the internal audit.	Yes
4.1.4.1	PHSB established CIP dated 28/07/2020. Establishes CIP includes: 1. Living conditions 2. Pesticides 3. Environment 4. Safety and health 5. Legal compliance and transparency CIP consist of improvement action, expected outcome, time-frame, review and monitor, responsibility and status. Example: Living condition Activity: Repair labour quarters (door replacement) Status: Completed on 20/08/2020	Yes
4.1.4.2	PSHB established SOP for New Information and Technique procedure revision 1 dated 15/06/2019. The flowchart describes the company will get the information on the new technique before getting approval from the management before the implementation. As at the audit date, there are no new technique or technology used.	Yes



## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
4.1.4.3	The established SOP includes budget will be allocated and the training to be conducted before the implementation of any new technique.	Yes

Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.1	<p>PHSB established Consultation and Communication flow chart dated 15/04/2019. The procedure includes method of communication with stakeholders</p> <p>PHSB established stakeholders list dated 25/07/2019 updated 28/07/2020 includes government agencies, supplier, neighbor and palm oil mill, collecting center and NGOs.</p> <p>Latest stakeholders meeting conducted on 29/07/2020 includes agenda of MSPO, company policies, COVID-19 procedure and SOPs.</p> <p>There is no negative feedback or request recorded in the meeting minutes.</p> <p>Interview with workers they informed understand on the Consultation and Communication flow chart.</p>	Yes
4.2.1.2	<p>PHSB established list of documents publicly available dated 05/08/2019.</p> <p>The list includes transparency documents and confidential documents.</p> <p>Example of transparency documents:</p> <ul style="list-style-type: none"> <li>• MPOB license</li> <li>• Company policies</li> <li>• SOP</li> </ul> <p>Example of confidential documents:</p> <ul style="list-style-type: none"> <li>• Financial report</li> <li>• Bank statement</li> <li>• Company budget</li> </ul>	Yes
4.2.2.1	<p>PHSB established Consultation and Communication flow chart dated 15/04/2019.</p> <p>The flow chart includes</p> <ul style="list-style-type: none"> <li>• Method of communication</li> <li>• Complaint grievances</li> <li>• Information request</li> </ul> <p>Stakeholders meeting conducted on 29/07/2020 are briefed on flow chart above.</p> <p>Site interview with workers informed they understand on the flow chart.</p>	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



<b>Principle 2: Transparency</b>		
Indicator	Summary of Assessment	Compliance
4.2.2.2	The appointed person in charge is admin executive to handle communicate and consultation with stakeholders dated 02/01/2019.  Stakeholders meeting minutes states person in charge of communication is admin executive.	Yes
4.2.2.3	PHSB established list of stakeholders updated on 28/07/2020.  Stakeholders include NGOs, Government, Neighbor and Palm Oil Mill, Supplier and Collecting Centre.  Latest Stakeholders meeting conducted on 29/07/2020.  There is no request from stakeholders found as of audit date.	Yes
4.2.3.1	PHSB established SOP for Traceability dated 15/04/2019 for FFB delivery from field to mill.  The SOP describe the step to keep track of FFB from estate block to mill.  The records include FFB record from FFB checker, dispatch chit, and weighbridge ticket.	Yes
4.2.3.2	PHSB conducted Internal audit on 17/08/2020 that includes traceability system. There are no findings for traceability found in internal audit result.	Yes
4.2.3.3	PHSB appoints the admin executive as person in charge for traceability systems.	Yes
4.2.3.4	PHSB established monthly FFB yield production report.  Traceability SOP dated 15/04/2019 describe the records are kept for period of 5 years.  Example: <ul style="list-style-type: none"> <li>• FFB dispatch note</li> <li>• Weighbridge ticket</li> </ul> Review on the records such as dispatch note to mill weighbridge are available. Unique identification number is the dispatch note is stated in the mill weighbridge ticket.	Yes

<b>Principle 3: Compliance to legal requirements</b>		
Indicator	Summary of Assessment	Compliance
4.3.1.1	PHSB established lists of related laws and regulations and guidelines dated 25/03/2019 updated on 01/08/2020.  PHSB established list of permits and licenses updated on 01/08/2020.  Example of permits and licenses: <ul style="list-style-type: none"> <li>• MPOB licenses validity period 01/02/2020 till 31/01/2021</li> </ul> Example of legal and regulations:	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
	<ul style="list-style-type: none"> <li>Malaysia Palm Oil Board Act 1998</li> <li>Prevention and Control of Infectious Disease Act 1988</li> </ul>	
4.3.1.2	<p>PHSB established lists of related laws and regulations and guidelines dated 25/03/2019 updated on 01/08/2020.</p> <p>All applicable laws, regulations and guidelines kept as soft copies.</p> <p>Example:</p> <ul style="list-style-type: none"> <li>Malaysia Palm Oil Board Act 1998</li> <li>Occupational Safety and Health Act 1994</li> <li>Sabah Labour Ordinance Cap 67</li> <li>Prevention and Control of Infectious Disease Act 1988</li> </ul>	Yes
4.3.1.3	<p>PHSB established lists of related laws and regulations and guidelines dated 25/03/2019 updated on 01/08/2020.</p> <p>The latest update include Prevention and Control of Infectious Disease Act 1988.</p> <p>The list stated the updating frequency as when necessary.</p>	Yes
4.3.1.4	<p>Appointed person for updating legal documents, regulations and licenses is office admin executive dated 02/01/2019.</p>	Yes
4.3.2.1	<p>PHSB have country lease issue by Sabah Land Authority and native land title subleased.</p> <p>The country lease land titles with a tenure of 99 years and for agriculture crop of economic value.</p> <p>The subleased native land titles with agreement mutually agreed by owner sublease to PHSB and states the usage for agriculture purpose.</p> <p>Therefore, will not diminish land use rights of other users.</p>	Yes
4.3.2.2	<p>PHSB is the legal owner of the country lease land titles issued by Sabah Land Authority with tenure of the land is 99 years and for agriculture crop of economic value.</p> <p>The native land titles are subleased for 30 years with subleased agreement signed by owner and PHSB management.</p>	Yes
4.3.2.3	<p>Land title includes map stating the total area with boundary stone numbering.</p> <p>During site verification, boundary marker is marked with a boundary stone and wooden stick of red and white colour.</p>	Yes
4.3.2.4	<p>The land titles are country lease and native issued by Sabah Land Authority.</p> <p>The native land titles agreement between lessor and lessee signed on 23/01/2006.</p>	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
	No disputes observed during document review.	
4.3.3.1	The native land title issued by Sabah Land Authority and subleased to PHSB. The agreement between lessor and lessee attached with the land title. No disputes found during document review.	Yes
4.3.3.2	PHSB country lease titles and subleased native titles are issued by Sabah Land Authority. The land titles includes the maps.	Yes
4.3.3.3	PHSB country lease titles and subleased native titles are issued by Sabah Land Authority. Therefore, no FPIC or negotiated documents established.	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	PHSB established SIA report dated 15/04/2019. The assessment report includes summary of positive and negative impacts and the time-bound to monitor the completion period. Established SIA report includes: 1. Positive impacts 2. Negative impacts 3. Mitigation plan According to the management, the assessment will be conducted every 2 years or if there any changes.	Yes
4.4.2.1	PHSB established complaint and grievance procedure, doc. no. PH-4.4.2, dated 05/08/2019. The flowchart indicates the PIC and timeline to resolve any complaint received.	Yes
4.4.2.2	The established procedure indicates that mandore needs to resolve the complaint received within 3 days while the estate manager needs to resolve the complaint within 13 days.	Yes
4.4.2.3	The complaint and grievance book are available at the office and accessible by all workers and stakeholders.	Yes
4.4.2.4	Training on the procedure conducted on 08/05/2020 to all of the workers. Interviewed with workers indicates they are aware of the complaint procedure.	Yes
4.4.2.5	Review on complaint book, there is no complaint received from 2019 up to the audit date.	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 4: Social Responsibility, health, safety and employment conditions			
Indicator	Summary of Assessment	Compliance	
4.4.3.1	PHSB provides job opportunity to local communities for estate operation, office and general worker.	Yes	
4.4.4.1	PHSB established Safety and Health policy updated 15/05/2020 signed by Director.  The policy is available at the office notice boards.  Records of briefing on company policies and safety conducted on 11/05/2020 and 08/08/2020.	Yes	
4.4.4.2	a	The Safety and Health Policy is available at the notice boards.  Workers are briefed on the policy on 11/05/2020 and 08/08/2020.	Yes
	b	PHSB established HIRARC dated 15/06/2019 updated on 17/08/2020 including all estate operations.  The HIRARC table includes activity, hazard, risk and effect, existing control, risk assessment, risk control proposal, PIC, risk assessment after risk control and date review.  Example HIRARC: <ul style="list-style-type: none"> <li>• Harvesting</li> <li>• Infectious disease</li> <li>• Spraying</li> </ul>	Yes
	c i	Records of training on of safety SOPs and PPE usage conducted to workers on 11/05/2020 and 08/08/2020 is review.	Yes
	c ii	SDS is available at the chemical, fertilizer and diesel stores.  Example:  SDS Glyphosate IPA 41% dated 02/01/2017.  Chemicals and fertilizer are stored appropriately with sufficient ventilation. Sighted arrangement of liquid chemical placed in tray below and powder chemical placed on top.  Original labels are intact to the chemical containers and fertilisers.	Yes
	d	Records of PPEs issuance are maintained and review.  Example: <ul style="list-style-type: none"> <li>• Helmet</li> <li>• Chisel cover</li> <li>• Apron</li> <li>• Mask</li> </ul> During site visit all workers are provided with proper PPEs for the assigned task according to HIRARC and CHRA.  CHRA conducted on 12/04/2019.	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
e	PHSB has established SOP for Storage and Chemical Handlings dated 15/08/2019. The procedure describe the process of handling and proper storage of chemicals.	Yes
f	Appointed person for safety and health is mandore dated 02/01/2019.	Yes
g	PHSB has total of 17 workers which is below DOSH requirement to conduct a regular safety and health meeting. The PHSB management conduct estate meeting on 17/08/2020 includes agenda of safety and health.	Yes
h	PHSB established Emergency response plan dated 05/08/2019. The plan is displayed on the notice boards. The emergency contact person number is sighted at the notice board. During site interview with workers informed they understand the emergency plan and location of emergency assembly point.	Yes
i	First aid training conducted by Hospital Lahad Datu dated 02/03/2019 attended by 3 persons. Contact details for emergency is displayed at the notice boards. During site observation, first aid kit available at office, and operations site.	Yes
j	PHSB established form of any accidents reported. There is no accidents or injury recorded till audit date. Review the JKKP reported for year 2019 dated 18/08/2020 with no accident or injury.	Yes
4.4.5.1	PHSB established Social Policy dated 02/01/2019 signed by Director. The policy states Respect and protect the fundamental of Human Rights as stated in Universal Declaration of Human Rights of the United Nations. The policy available in English and Bahasa Malaysia language and displayed at estate notice boards. Training on policy conducted on 11/05/2020 and 08/08/2020 for all workers. External stakeholders are briefed on the company policies dated 27/07/2020. During site interview with workers they understand the policy.	Yes
4.4.5.2	PHSB has established Social policy, dated 02/01/2019 states company does not engage in or support discrimination practices and provide equal opportunity regardless race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>The policy is displayed at notice board.</p> <p>During interview workers confirmed equal opportunity is provided.</p>	
4.4.5.3	<p>PHSB established the working contract accordance to Sabah Labour Ordinance.</p> <p>The working contract states the pay rate of RM 42.31 per day in accordance to the Minimum Wages Order 2018. The working contracts are signed by workers and management.</p> <p>The pay slips review confirmed the workers pay with piece rate which is mutually agreed by worker and management.</p> <p><b>Major NC:</b></p> <p>According to Sabah Labour Ordinance and workers contract, they are entitle to public holidays pay. During review of May 2020 payroll, the Labour Day holiday on 01/05/2020 was not paid.</p>	No
4.4.5.4	PHSB does not engage any contractors. Therefore, no contractor worker wage monitor.	Yes
4.4.5.5	PHSB established list of workers that contain name, gender, date of birth, date joined, job description and others.	Yes
4.4.5.6	<p>PHSB established working contract for every worker recruited.</p> <p>The management provide fair contract signed by both parties.</p> <p>The workers are briefed on the working contract terms and conditions, wage, position and a copy is provided.</p> <p>During site interview with workers informed they are briefed on the contract terms and conditions and received a copy after signed.</p>	Yes
4.4.5.7	<p>PHSB used check roll to record workers attendance.</p> <p>The working hours is displayed at estate notice board.</p> <p>Working time recorded via morning muster check roll. The working hours and overtime stated in working contract.</p> <p>Overtime rate according to Sabah labour ordinance which is normal OT 1.5 times hourly rate and rest day OT 2.0 hourly rate.</p> <p>Interview with workers feedback they are aware on the working hour and overtime rate. However, no overtime is conducted.</p>	Yes
4.4.5.8	<p>PHSB displayed working hour at notice board. 6:00am to 2:30pm and breaks from 11:00am to 11:30am.</p> <p>The overtime is based on mutual basis.</p> <p>Interview with workers, they are aware of overtime rate.</p>	Yes
4.4.5.9	<p>PHSB established working hours and displayed at the notice boards.</p> <p>Reviewed on the pay slip, contract and check roll of workers for working hours confirmed no OT conducted by workers.</p>	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	Interview with workers informed their understanding of the wages and overtime paid.	
4.4.5.10	PHSB provides benefits to workers such as medical care, SOCSO and attendance allowance.	Yes
4.4.5.11	PHSB workers housing follow the industry best practices. Site observation on the worker living quarters has basic amenities such as water, electricity, toilet, and kitchen.	Yes
4.4.5.12	PHSB established Social policy dated 02/01/2019 sign by Director. The policy states: <ul style="list-style-type: none"> <li>To provide working environmental that is free from sexual, harassment and violence for both workers and visitors.</li> <li>To prevent sexual harassment and violence against women workers and other community.</li> </ul> The policy is displayed at notice boards. The policy briefing conduct to workers on 11/05/2020 and 08/08/2020. No complaint lodged for social issues.	Yes
4.4.5.13	PHSB established Social policy dated 02/01/2019. The policy states respect employee's right and freedom to form or join trade union. During the interview with workers there is no union form in the estate. However, worker meeting is conducted annually as communication tools between workers and management team. Estate meeting conducted on 17/08/2020 includes social, complaint, housing, COVID-19 and etc.	Yes
4.4.5.14	PHSB established Group Policy dated 02/01/2019. The policy states employment are aged 18 years old and above. It shall ensure that no child or young person are employed pursuant to children and young person's Employment Act 1966. Review on workers list 2020 all workers are above 18 years old. Onsite observation, no child labour or young person employed by estate. All workers are above 18 years prior joining the estates.	Yes
4.4.6.1	PHSB established training program dated 17/08/2020. Example of training record: Company policies, MSPO, safety and health, environment and social dated 11/05/2020 and 08/08/2020.	Yes
4.4.6.2	Training need analysis and training matrix established for staff, mandore and workers. The training need analysis is based on job description.	Yes



## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.6.3	PHSB established the Annual Training Programme dated 17/08/2020 for year 2020. The training program include topics of MSPO, environment, social, safety and health.	Yes

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.1.1	<p>PHSB established Environmental Policy dated 02/01/2019 sign by Director.</p> <p>PHSB commit minimized the environmental impact of its operations and understand the importance of conserving natural resources. We shall strive to promote environmental improvement whenever practical that will ensure a sustainable future.</p> <p>PHSB established Environmental Aspect Impact Assessment (EAIA) and Environmental Management Plan (EMP) updated 01/08/2020. EAIA includes for waste, environmental impacts, mitigation plans and continuous improvement plans. The plan has refer to related law and regulation</p> <p>The policy is displayed at estate notice boards in both divisions.</p> <p>PHSB conduct environmental policy training dated 11/05/2020 at Sg Lokan division and 08/05/2020 at Gum Gum division</p> <p>Interview with workers informed they aware on environmental policy and recycle awareness.</p>	Yes
4.5.1.2	<p>a PHSB established environmental policy dated 02/01/2019. Policy sign by Director.</p> <p>PHSB established Environmental Aspect Impact Assessment (EAIA) and Environmental Management Plan (EMP) updated 01/08/2020.</p> <p>Objective of environmental policy state:</p> <ul style="list-style-type: none"> <li>To commit minimized the environmental impact of its operations and understand the importance of conserving natural resources. We shall strive to promote environmental improvement whenever practical that will ensure a sustainable future.</li> </ul>	Yes
	<p>b PHSB established environment impact and aspect updated 01/08/2020 for waste, environmental impacts, mitigation plans and continuous improvement plans.</p> <p>Environment impact and aspect table analysis includes the activity, aspect, impacts, plan and monitoring program, CIP, responsibility, timeframe.</p> <p>Example:</p> <p>Empty pesticide containers</p>	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>Negative impact: Harm to human and animal if reused as storing water / food.</p> <p>Positive impact: Approved and licensed authority can recycle empty chemical container.</p> <p>Plans &amp; monitoring: All issued chemical recorded.</p> <p>CIP: Triple rinsing training to all worker.</p>	
4.5.1.3	<p>PHSB established environment impact and aspect updated 01/08/2020 for waste, environmental impacts, mitigation plans and continuous improvement plans.</p> <p>Negative impacts and how it is mitigated and monitored had been included in EIA.</p> <p>Example:</p> <p>Identification: Disposal of face mask</p> <p>Negative impacts: Additional of waste (Hygiene)</p> <p>Positive impacts: Prevention and protection of infectious disease</p> <p>Monitoring: Timely and responsible disposal of hygiene items at face mask bin.</p> <p>During site observation, separate facemask bin provided and face mask dispose at landfill.</p>	Yes
4.5.1.4	<p>PHSB established continue improvement plan updated 01/08/2020.</p> <p>The programme to promote positive is listed in the environmental table in CIP.</p> <p>Example:</p> <p>Positive impact: Recycled the empty chemical container.</p> <p>Monitoring: Conducted triple rinsing training and recycle the empty container.</p> <p>Site inspection sighted empty chemical containers are reused as below:</p> <ol style="list-style-type: none"> <li>1. Rubbish bin</li> <li>2. Container to store water for spraying activities.</li> </ol>	Yes
4.5.1.5	<p>PHSB established annual training programme year 2020 updated 17/08/2020.</p> <p>PHSB conducted policies briefing dated 11/05/2020 and 08/08/2020 for all workers.</p>	Yes
4.5.1.6	<p>PHSB conducted environmental protection meeting dated 08/05/2020.</p> <p>Example of topics discussed scheduled wastes, open burning, riparian, recycle, environmental policy, environmental impact training.</p>	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.2.1	<p>PHSB established the diesel usage record include diesel and electricity dated 17/08/2020.</p> <p>PHSB established 4 years baseline for fossil fuel usage for year 2016 to 2019.</p> <p>The diesel usage include the usage generator set for power, tractors and trucks.</p> <p>Latest fuel efficiency improvement plan dated 03/06/2020.</p> <p>The plan includes:</p> <ul style="list-style-type: none"> <li>Regular checking on vehicle to detect early sign of breakdown.</li> <li>Generator set operations must strictly follow the schedule of running hours.</li> </ul>	Yes
4.5.2.2	<p>PHSB established budget for diesel usage for year 2020 dated 05/01/2020 updated 03/06/2020</p> <p>Records of diesel consumption on monthly basis is reviewed that include estimate used and actual usage for operations and power generation.</p> <p>Actual diesel usage for the month of January until May 2020 lower than annual baseline.</p>	Yes
4.5.2.3	PHSB does not practice renewable energy for the estates.	Yes
4.5.3.1	PHSB established waste identification list and plan, dated 01/08/2020. The waste categorize by gaseous, solid and liquid.	Yes
4.5.3.2	<p>a PHSB established waste identification list and plan, dated 01/08/2020. The waste categorize by gaseous, solid and liquid.</p> <p>WMP describes waste identification, source and monitoring plan.</p> <p>Example:</p> <p>Domestic Waste: Recycling of plastic, paper and glass in the recycle bin.</p>	Yes
	<p>b PHSB established waste identification list and plan, dated 01/08/2020. The waste categorize by gaseous, solid and liquid.</p> <p>Waste management Plan has cover identification of wastes generated that could be reduced, reused &amp; recycled.</p> <p>Onsite visit observed PHSB has provide recycle bin at estate office and worker quarters.</p> <p>Example:</p> <p>Fertilizer bags</p> <p>Reduce: Rubbish bag</p> <p>Reuse: For loose fruit collection.</p>	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	Recycle: -	
4.5.3.3	<p>PHSB has established SOP for 'Penyimpanan dan Pengurusan Bahan Kimia' doc no PH 4.6.1-10, dated 15/08/2019.</p> <p>The procedure is for proper handling, storage and disposal of chemical to protect the environment.</p> <p>The procedure include the storage and safety handling of chemical in store.</p> <p>Chemical stock record is sighted.</p> <p>Pictorial signage on PPE and SDS was available at pre-mix, chemical &amp; fertilizer store area.</p> <p>Site inspection at scheduled waste store observed empty chemical containers stored in proper arrangement.</p> <p>Balance of chemical used keep at pre-mix area and locked.</p>	Yes
4.5.3.4	<p>PHSB established waste management plan / waste identification list dated 15/04/2019. The plan includes disposal empty pesticide containers.</p> <p>All rinsed water from premix chemical activities will be collected and reused for chemical spraying activity in field.</p> <p>The plan states the empty pesticide containers must be triple rinsed before disposed or keep in store. If the empty container is not reused for premix should be punctured and kept in store.</p> <p>Onsite observation all empty chemical containers are marked with red color for reuse in chemical spraying.</p>	Yes
4.5.3.5	<p>PHSB disposed domestic waste generate from workers' housing and office as follow;</p> <ul style="list-style-type: none"> <li>- Sg Lokan division: Designated landfill</li> <li>- Gum Gum division: Sandakan City Council</li> </ul> <p>Designated landfill location is 1.5 km away from housing area and 800 m from water sources during site observation at Sg Lokan division.</p>	Yes
4.5.4.1	<p>PPSB established waste management plan dated 01/08/2020. The plan identified the source of waste as solids, liquids and gases.</p> <p>Source of waste identified as following.</p> <p>Gaseous waste: Vehicle / generator set.</p> <p>Monitoring plan: Regular maintenance service.</p>	Yes
4.5.4.2	<p>Waste identification list and plan established on 01/08/2020 for waste, environmental impacts, mitigation plans and continuous improvement plans.</p> <p>Pollution generate from solid, liquid, and gaseous</p>	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>Example:</p> <p>Action plan established to reduce the waste at pre-mix area. Water sump constructed and water reused for chemical spraying activities.</p>	
4.5.5.1	<p>a Water management plan established updated 17/08/2020 describe the source and usage.</p> <p>Pond: For general application and chemical mixing.</p> <p>Rain: Domestic used.</p>	Yes
	<p>b PHSB have no river or waterway within the estate. Therefore, no monitoring established for in and outgoing water.</p>	
	<p>c Chemical container washing and rinsing water is recycle for pre-mix usage.</p> <p>Piping system are in good order during inspection at housing and facilities area.</p>	Yes
	<p>d Field observation and review of estate map, there is no river or stream within the estates.</p>	Yes
	<p>e Sg Lokan and Gum Gum divisions do not have river or stream passing through.</p>	Yes
	<p>f No bore wells sighted during site verification at housing area and other facilities.</p>	Yes
4.5.5.2	<p>Site inspection and interview with workers, confirm there are no river within Sg Lokan and Gum Gum divisions.</p>	Yes
4.5.5.3	<p>Water harvesting is practice throughout the facilities and housing.</p>	Yes
4.5.6.1	<p>a PHSB established the wildlife report updated 15/06/2020 to monitor any sighted wildlife in the estate.</p> <p>Type of wildlife found such as insects, birds and animals.</p> <p>During field visit there no wildlife sighted.</p>	Yes
	<p>b PHSB monitor wildlife in and surrounding of the Sg Lokan and Gum Gum divisions.</p> <p>The list is displayed at both divisions notice board.</p> <p>Example wildlife found: Monkeys, monitor lizards</p> <p>During interview with workers understand on wildlife conservation. They inform sighted any wildlife to feedback to estate management.</p>	Yes
4.5.6.2	<p>a PHSB established the plan 'Bersama – sama Memerangi Pemburuan Haram' dated 30/06/2019.</p> <p>During interview with workers informed, they understand on wildlife conservation.</p> <p>Wildlife signage available at estate entrance.</p>	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>b PHSB established Environment Policy dated 02/01/2019 state the company committed to minimizing the environmental impact of its operations and understands the importance of conserving natural resource.</p> <p>Point 8 in policy states educating and enhancing awareness to protection of environment and biodiversity of all related stakeholders through trainings and communication.</p> <p>Appropriate signage install as information to workers to discourage any illegal or inappropriate hunting, fishing or collecting activities.</p> <p>External stakeholder briefed on wildlife conservation during stakeholders meeting on 09/08/2019.</p> <p>Workers have been brief on wildlife on morning muster and training dated 08/05/2020 at Gum Gum and 11/05/2020 at Sg Lokan.</p> <p>Workers interviewed informed no hunting, fishing and capturing within and surrounding estate.</p>	Yes
4.5.6.3	<p>PHSB established records to monitor wildlife in and around the estate.</p> <p>Example: Wildlife records dated 15/06/2020 indicates there are monkeys sighted by the workers.</p>	Yes
4.5.7.1	<p>PHSB established Zero burning policy sign by Director dated 02/01/2019.</p> <p>The policy state PHSB shall be no open burning of any kind except where deemed necessary with the prior approval of the relevant authorities. This include domestic waste, agriculture waste, and or by products generated by the estate.</p> <p>During on site verification at field operation, buffer zone and labor quarters no open burning activities found.</p> <p>Briefing on zero burning policy to workers conducted on 15/08/2019 and 07/08/2019.</p>	Yes
4.5.7.2	<p>There are no serious palm diseases sighted during the field visits that require burning. Therefore, no special approval from the relevant authorities.</p>	Yes
4.5.7.3	<p>PHSB established Zero burning policy sign by Director dated 02/01/2019 specifies strictly no open burning.</p> <p>There are no application documents for approval of controlled burning sighted.</p>	Yes
4.5.7.4	<p>There is no replanting observed during site visit. Therefore, no sighting of palm felled, chipped and mulched.</p>	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	<p>PHSB established SOP for harvesting, manuring and chemical spraying dated 05/08/2020 and displayed at the estate notice board.</p> <p>In addition, PHSB adopted Field Handbook Oil Palm Series Volume 1, 2 &amp; 3 which includes Nursery, Immature and Mature activities.</p> <p>Training on the SOPs conducted on 08/05/2020 and record of the training are reviewed.</p> <p>During site inspection, it was observed the estate maintain the soft grasses along the harvesting path and beneficial fern like <i>Nephrolepis biserrata</i> to retain moisture.</p> <p>Visit to harvesting area found, only ripe bunches harvested and all loose fruit are collected to avoid sprout of VOPS.</p>	Yes
4.6.1.2	<p>PHSB adopt Field Handbook Oil Palm Series Volume 2 Immature as guidelines for planting at the slopes.</p> <p>During site visit, it was found the estate has hilly and flat topography. The estate has taken action as below to reduce soil erosion where palm are planted on the hilly area:</p> <ul style="list-style-type: none"> <li>• Construction of terrace platform</li> <li>• Legumes cover crop planted on the terrace edge</li> <li>• Beneficial fern type <i>Nephrolepis biserrata</i> maintain at the inter terrace to slow water flow</li> <li>• Drain constructed to allow water flow to avoid erosion</li> </ul>	Yes
4.6.1.3	<p>PHSB established permanent block markers with information includes of block number, size, year of planting and number of trees.</p>	Yes
4.6.2.1	<p>PHSB has established 3 years business plan from 2020 to 2022.</p> <p>The plan includes the FFB production, expected FFB price, operation and administration expenditure as well as production cost.</p>	Yes
4.6.2.2	<p>PHSB established planting statement that include replanting program from 2019 to 2023 updated on 15/07/2020. Replanting for both divisions as below:</p> <p>Gum Gum division – 2020 to 2022</p> <p>Sg. Lokan division – 2022 to 2023</p>	Yes
4.6.2.3	<p>PHSB has established 3 years business plan from 2020 to 2023.</p> <p>Sighted in the business plan are:</p> <ol style="list-style-type: none"> <li>1. FFB sales</li> <li>2. Expected FFB price</li> <li>3. Operation expenses</li> <li>4. Fixed asset to construct</li> </ol>	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
	<p>5. Net profit</p> <p>6. Production cost</p>	
4.6.2.4	PHSB established monthly report to record and monitor the operation, FFB production and profit and loss expenses.	Yes
4.6.3.1	<p>PHSB purchase chemical and fertilizer or any products from the supplier where the price are verbally obtain.</p> <p>The cash bill describes type of product purchased and amount to pay.</p>	
4.6.3.2	<p>PHSB purchase chemical and fertilizer where the prices are obtain verbally from the supplier.</p> <p>PHSB why documented invoice during the purchasing of the product.</p> <p>Sighted in the invoice type of product purchased, date of purchased and amount to be paid.</p> <p>Example:</p> <p>Purchase of lubricant oil</p> <p>Date of purchase: 14/02/2020</p> <p>Cash bill no.: EIN0084780</p>	Yes
4.6.4.1	PHSB group does not engage contractors. Therefore, no documents established.	Yes
4.6.4.2	PHSB group does not engage contractors. Thus, no contract agreement available for review.	Yes
4.6.4.3	PHSB group does not engage contractors. Therefore, no agreement established.	Yes
4.6.4.4	PHSB group does not engage contractors. Therefore, no documents established.	Yes



## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Principle 7: Development of new planting		
Indicator	Summary of Assessment	Compliance
4.7.1.1	<p>Planting statements for both division are reviewed.</p> <p>The first planting at Sg Lokan division in 1998 and last planting in 2003. Plan for replanting will be on 2023 &amp; 2024.</p> <p>The first planting at Gum Gum division in year 1995 and last planting in 2007. First replanting in 2014. Plan for replanting will be on 2021 &amp; 2022.</p> <p>Therefore, no new planting and replanting at high biodiversity value area in both divisions.</p>	Yes
4.7.1.2	<p>Planting statement for both divisions are reviewed.</p> <p>The first planting at Sg Lokan division in 1998 and last planting in 2003. Plan for replanting will be on 2023 &amp; 2024.</p> <p>The first planting at Gum Gum division in year 1995 and last planting in 2007. First replanting in 2014. Plan for replanting will be on 2021 &amp; 2022</p> <p>Therefore, no PMM or EIA established.</p>	Yes
4.7.2.1	PHSB soil map are review and field observation there are no peat land in all estates.	Yes
4.7.3.1	Planting statement for both divisions are reviewed. There is no new planting in PHSB. Therefore, no SEIA conducted.	Yes
4.7.3.2	Review of planting statement and from field observations no new planting. Therefore, no SEIA establish.	Yes
4.7.3.3	Review of planting statement and from field observations no new planting. Therefore, no SEIA establish.	Yes
4.7.3.4	There are no smallholders' scheme in PHSB certification. Therefore, not applicable.	Yes
4.7.4.1	<p>Review of planting statement and from field observations there is no new planting.</p> <p>Therefore, no soil and topographic map establish.</p>	Yes
4.7.4.2	<p>Review of planting statement and from field observations there is no new planting.</p> <p>Therefore, no soil and topographic map establish.</p>	Yes
4.7.5.1	The planting statement for both divisions are reviewed. There are no new plantings, therefore, no topography map establish.	Yes
4.7.5.2	The planting statement for both divisions are reviewed. There are no new plantings, therefore, no SOP established.	Yes
4.7.5.3	The planting statement for both divisions are reviewed. There are no new plantings, therefore, no soil map established.	Yes
4.7.6.1	Planting statement for both divisions are reviewed. There are no new plantings, therefore no FPIC conducted.	Yes

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



4.7.6.2	Planting statement for both divisions are reviewed. There are no new plantings, therefore no management plan establish to maintain scared sites.	Yes
4.7.6.3	Planting statement for both divisions are reviewed. There are no new plantings, therefore, no compensation establish.	Yes
4.7.6.4	Planting statement for both divisions are reviewed. There are no new plantings, therefore, no compensation establish.	Yes
4.7.6.5	Planting statement for both divisions are reviewed. There are no new planting, therefore, no mechanism establish.	Yes
4.7.6.6	Planting statement for both divisions are reviewed. There are no new plantings, therefore, no compensation establish.	Yes
4.7.6.7	Planting statement for both divisions are reviewed. There are no new plantings, therefore, no compensation plan established.	Yes
4.7.6.8	Planting statement for both divisions are reviewed and there are no new planting. Therefore, no impact to local communities.	Yes

#### 4.4. Status of Non-Conformities Previously Identified

	The stage 1 audit findings have been reviewed, in particular to assure appropriate corrective actions implemented to address the identified audit findings.
<b>x</b>	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.
	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.
	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	0	MAJOR Non-Conformities
	1	MINOR Non-Conformities

Non Conformity Number 1	
<b>Indicator # and Description</b>	4.4.1.1: Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Non Conformity Number 1			
<b>Location:</b>	Office		
<b>Description of Finding / Objective Evidence:</b>			
The survey is not comprehensive that the surrounding communities and workers are not included in the assessment.			
<b>Classification</b>	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	
<b>Raise by:</b>	Muhammad Khairul Anuar bin Azizul Hasan	<b>Date Raise:</b>	27/08/2019
<b>Deadline for implementation</b>		Next surveillance audit	
<b>Root Cause Analysis (by company):</b>			
Unable to contact the neighbouring stakeholders and inadequate information delivered to the workers.			
<b>Correction (by company):</b>			
Writing to Malgreen Progress Sdn Bhd, Mile 16 Gum Gum and surrounding communities a survey and feedback form to gain the information on social aspect required.			
<b>Corrective / Preventive Action (by company)</b>			
To conduct annual survey and feedback from neighbouring stakeholders, local communities and workers to fulfil the social requirements.			
<b>Review of Correction &amp; Corrective / Preventive Action</b>			
Letter of survey and feedback form to neighbouring estate sent on 19/09/2019 with the feedback are reviewed.			
Monitoring plan established to promote and mitigate the negative impact from the survey conducted. It includes identified positive and negative impact, plan to mitigate the negative impact and time frame. The evidence provided is sufficient to close the NC.			
Further verification will be review in next surveillance audit.			
<b>Closed:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<b>Site verification :</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Name of Auditor:</b> Muhammad Khairul Anuar bin Azizul Hasan		<b>Date of Closure:</b> 20/09/2019	
<b>Review of Implementation</b>			
Review on SIA action plan state positive and negative impact updated 28/07/2020. The action plan has covered the improvement action, expected outcome, period and status.			
Letter of survey and feedback received from external stakeholders dated 29/07/2020 and feedback dated 04/08/2020 have been review. Interview with workers inform assessment conducted with no negative feedback.			
The implementation could be consider as appropriate.			
<b>Name of Lead Auditor:</b> Zul Hairi Bin Abu Hassan		<b>Date of Review:</b> 29/08/2020	

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



### 4.6. Detail of Audit Findings Identified During This Audit

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

ONSITE AUDIT OUTCOME		
During this onsite audit,	1	MAJOR Non-Conformities
	0	MINOR Non-Conformities

Non Conformity Number 01			
<b>Indicator # and Description</b>	4.4.5.3 Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage. (MAJOR)		
<b>Location:</b>	Office / Gum Gum Division		
<b>Description of Finding / Objective Evidence:</b>			
According to Sabah Labour Ordinance and workers contract, they are entitle to public holidays pay. During review of May 2020 payroll, the Labour Day holiday on 01/05/2020 was not paid.			
<b>Classification</b>	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	
<b>Raise by:</b>	Sheron Pui Wui Ling	<b>Date Raise:</b>	29/08/2020
<b>Deadline for implementation</b>	28/10/2020		
<b>Root Cause Analysis (by company):</b>			
Missed calculation by estate Payroll In-Charge			
<b>Correction (by company):</b>			
Company pay cash to workers by payment voucher dated 02/09/2020			
<b>Corrective / Preventive Action (by company)</b>			
Give reminder to estate payroll in charge for all the pay public holidays. Display of public holiday entitle at notice board.			
<b>Review of Correction &amp; Corrective / Preventive Action</b>			
Review on the payment voucher to workers dated 02/09/2020 for public holiday 01/05/2020 with workers signature. Briefing to payroll in charge person and workers conducted on 02/09/2020 with payroll issue, public holiday and SOP complaint and grievance. The evidence is sufficient to close the non-conformity. The implementation will be review during next surveillance audit.			
<b>Closed:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Site verification :</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



Non Conformity Number 01	
<b>Name of Auditor:</b> Sheron Pui Ling Wui	<b>Date of Closure:</b> 09/10/2020
Review of Implementation	
<b>Name of Lead Auditor / Auditor:</b>	<b>Date of Review:</b>

Nr.	Indicator	Description	Location	Opportunity for Improvement
1.	4.4.4.2	The occupational safety and health plan shall cover the following:  b) The risks of all operations shall be assessed and documented  g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly.	Office	b) PHSB could consider improve HIRARC format includes the risk control.  g) PHSB may consider improve the safety and health meeting discussion topic includes more workers.
2.	4.4.2.1	A system for dealing with complaints and grievances shall be established and documented.  (MAJOR)	Sg Lokan / Gum Gum	PHSB may consider display the complaints and grievances SOP at estate notice board
3.	4.5.1.6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.  (MAJOR)	Office	PHSB may consider improve the topics in the environmental meeting.

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



### 5. CONCLUSION

Paragon Harvest Sdn Bhd has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct annual surveillance audit for its estate according to MSPO 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

There is 1 Major NC raise and closed out successfully.

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 2530-3 2013: Part-3 for Plantation and Organized Smallholders.

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 estate:	1
Total certified production area:	160.00 Ha
Certified FFBs January to July 2020:	1,732.94 Mt
Project FFBs August to December 2020:	1,073.52 Mt

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



### 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, 21/10/2020

Zul Hairi Bin Abu Hassan  
TUV NORD (Malaysia) Sdn Bhd  
Audit Team Leader

Puchong, 21/10/2020

Cheong, Chun Yuen (Robert)  
TUV NORD (Malaysia) Sdn Bhd  
Certifier / Approver

## MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd

Certifying Unit: Paragon Harvest Sdn Bhd

Client Number: 92-107

Audit Type: ASA 01

Mode of Audit: Onsite



### 7. LIST OF STAKEHOLDERS

**Table 7-1: List of Interviewed Stakeholders**

No.	Organisation
1.	Team Parts Machinery Sdn. Bhd
2.	Neighbouring smallholder



# MSPO Certification Summary Report

Company Name: Paragon Harvest Sdn Bhd  
Certifying Unit: Paragon Harvest Sdn Bhd  
Client Number: 92-107  
Audit Type: ASA 01  
Mode of Audit: Onsite



## 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 of 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 / Checklists
- Audit Plan