

MSPO CERTIFICATION

PUBLIC SUMMARY REPORT (Initial Certification)

KEMPAS TENGGARA SDN BHD & LAKSANA PASIFIK SDN BHD

NO 7A, Jalan Damai, Taman Jelita, 83700, Yong Peng, Johor

MSPO NO: MSPO/2019/23



REHPRO CERTIFICATION SDN BHD

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1.1 Detail of Certification Assessment

Audit date(s)	09/12/2019
Type of audit	Initial Certification
Standard	Malaysian Sustainable Palm Oil MS 2530-3:2013 General principles for oil palm plantations and organized smallholders MS 2530-4:2013 General principles for palm oil mills
Scope	Production of Sustainable Fresh Fruit Bunches

1.2 Organisation Information/ Contact Person

Name	Ronlie Ronney
Position	MSPO Coordinator
Address	Sandakan Sabah
Phone	019-6310070
Fax No	-
Email	Ronlie.ronney@gmail.com

2.1 Audit Methodology

The assessment was conducted in 2 mandays, **9 December 2019** involving 1 estate of **KEMPAS TENGGARA SDN BHD & LAKSANA PASIFIK SDN BHD**. The audit focused mainly on the conformance of the organization against the requirements of certification standard i.e. **MS 2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders**.

During the audit, audit team has checked and evaluated the records as well as related documentation to verify the implementation of the **MSPO MS2530-3**. Apart from the above, interviews with the team management, employees, contractors and other relevant stakeholders has been conducted accordingly. It is important to note that the finding from this audit is based on samples taken from the organization activities, procedures, records and interview. Statistically, there is always a possibility that one or more issues/areas will remain unidentified during the course of this audit. The absence of non-compliance in any area or activity does not necessarily imply that no lapses or non-compliance exist

2.2 Audit objective

The audit objectives are as follows:

- a) To evaluate the organization conformance against the MSPO standards requirements.
- b) To determine the ability of the management system to ensure that the organization meets applicable statutory, regulatory and contractual requirements
- c) To determine the effectiveness of the management system to ensure that the organization can reasonably expect to achieving its specified objectives
- d) To identify areas for potential improvement of the organization management system (if applicable)
- e) To make appropriate recommendations based on the assessment findings.

2.3 Audit Team

Lead Auditor	SURIANSYAH B NANANG
Co- Auditor	WILLTON BICHIN
Auditor in- training	-
Technical Expert	-
Observer	-

2.4 Stakeholder Consultation

Stakeholder consultation was initiated with the announcement in the REHPRO web site. This was then followed with sending letters to relevant stakeholders requesting for input (if any) regarding the company. There were no comments received during this process.

During the on-site audit, the audit team had also consulted Suppliers, contractors, sundry shop, canteen, contractors, workers' representative and field workers.

The agenda of discussion including legal compliance, environmental protection, biodiversity conservation, safety & social responsibility and development of community. There is no issue been raised up during stakeholder consultation. However, good finding and request recorded as following below:

- Good relationship stakeholder between management
- Good communication and cooperation between management
- Good understanding from stakeholder regarding of implementation MSPO

Stakeholder:

NAME	ORGANISATION	STAKEHOLDER
Abdul Rajak	Pekebun Kecil	External
Mahajir Ojek	Pekebun Kecil	External

2.5 Hectarage/ Mill Capacity Statement

Estate	Total Area (ha)	Planted (Ha)
KEMPAS TENGGARA SDN BHD	526.6	519.4
LAKSANA PASIFIK SDN BHD	242.8	237.3

2.6 Location

Estate/Mill /Smallholder/SPOC	GPS Location	Location
KEMPAS TENGGARA SDN BHD	5° 44'29439" N,118°4'90778" E	KM 79, JALAN LAHAD DATU - SANDAKAN HIGHWAY
LAKSANA PASIFIK SDN BHD	5° 29'00813" N, 118° 4'59068" E	KM 79, JALAN LAHAD DATU - SANDAKAN HIGHWAY

3.1 Certification Details

Date of certificate Issued	21/02/2020
Certificate Validity	13/02/2020- 12/02/2020
Other Sustainability Certification	NIL

3.2 Audit Finding

Finding Grading	Total	Status
Minor	5	Open/Closed
Major	1	Open/Closed
Observation	5	-

3.3 Summary of Audit Finding

Based on the results of this audit, it is concluded that the certified organization has established, implemented and maintained its management system in line with the requirement of the standard of **MS 2530:3 2013 General Principle for Oil Palm Plantation and Organised Smallholders**.

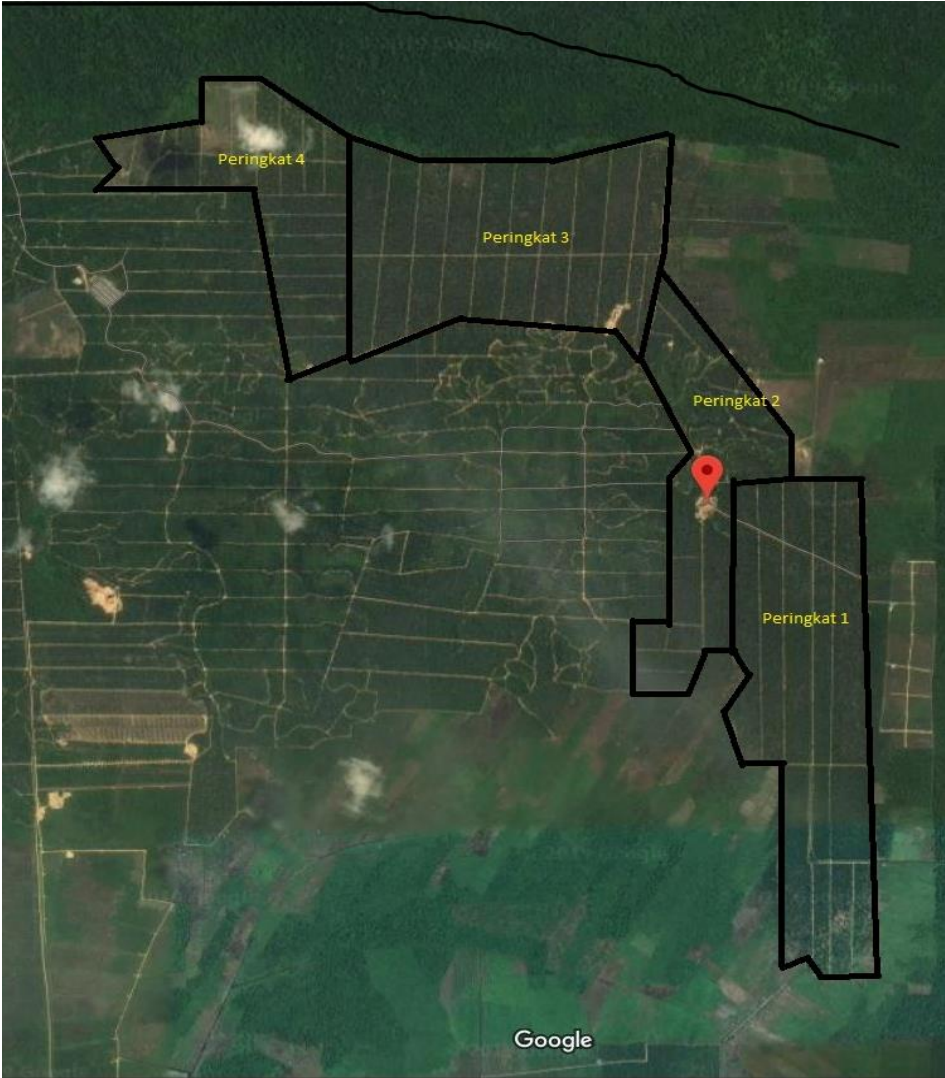
This Audit is based on interviews, observation and sampling of activities within the organization management system and does not follow that no non-conformity exists in areas where none has been reported

4.1 Recommendation

Therefore, the audit team recommended the following action:

	Minor NCR(s) recorded. Corrective action plan has been accepted. Verification of the NCR(s) to be carried out in the next audit.
	No NCR recorded. Recommended for certification.
	Note: Minor NCRs raised in the audit which are not addressed in the subsequent audit shall be upgraded to major NCRs
	Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided and accepted by the audit team. The NCR(s) have been satisfactorily closed out
	Recommended for certification

Appendix 1: Estate Map



Appendix 2: Audit Finding

No	Grading of Finding	Description
	NC MAJOR	<p><u>NC/MAJ/01/2019/23/SN</u> Refer clause 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. The management has yet to established CHRA and has yet to conducted any medical surveillance for workers exposed to hazardous chemical since the estate was established. PART IX - HEALTH SURVEILLANCE REGULATION 27. HEALTH SURVEILLANCE PROGRAMME (03) If an employee is exposed or likely to be exposed to chemicals hazardous to health listed in Schedule II, the health surveillance required under subregulation (1) shall include medical surveillance conducted at intervals of not more than twelve months or at such shorter interval as determined by the occupational health doctor or an occupational safety and officer who is also a medical practitioner.</p> <p><i>4.4.4.2 Employees safety and health (MS 2530-3:2013)</i></p>
	NC MINOR	<p>During site visit sighted there are several discrepancies regarding Environmental issues. Such finding as below: <u>NC/MIN/01/2019/23/WB</u> 1. Refer Clause 4.5.3.3 The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. However, during site inspection, it is found that empty lubricant drum (Scheduled Waste's item) was not properly managed as it is reused back as water tank at the labour line.</p> <p>2. Refer clause 4.5.3.4 Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers. However, during site inspections to Division 2, sighted the empty pesticides was thrown inside the dumpsite area.</p> <p><u>4.5.3 Waste management and disposal (MS 2530-3:2013)</u></p>
	NC MINOR	<p><u>NC/MIN/02/2019/23/WB</u> Refer clause 4.5.1.5 An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.</p>

No	Grading of Finding	Description
		<p>However, during interviewed sample of harvesting gang and manuring gang, it is observed that they were not aware regarding the training input.</p> <p>4.5.1.5 Environmental management plan (MS 2530-3:2013)</p>
	NC MINOR	<p>NC/MIN/03/2019/23/WB</p> <p>Refer clause 4.5.4.1 An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent. However during audit sighted an assessment of all polluting activities shall, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent was not established by the management upon the audit being conducted.</p> <p>4.5.4.1 Reduction of pollution and emission (MS 2530-3:2013)</p>
	NC MINOR	<p>NC/MIN/05/2019/23/WB</p> <p>Refer clause 4.5.7.1 Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.</p> <p>However, during site visit there is activities of open burning done at labour quarters Block 1 during the site inspection was carried out.</p> <p>4.5.7.1 Zero burning practices (MS 2530-3:2013)</p>
	OBS	<p>OBS-01/2019/23/SN</p> <p>Refer Clause 4.2.3.2 The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>Sighted no on site verification for the harvested FFB done by the management.</p> <p>4.2.3.2 Traceability (MS 2530-3:2013)</p>
	OBS	<p>OBS-02/2019/23/SN</p> <p>Refer clause 4.4.4.2 The occupational safety and health plan shall cover the following: d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). The management has provided PPE to the workers. Verification done during interview with workers. However o available evidence on PPE issuance record provided by management during audit.</p> <p>4.4.4.2 Employees safety and health (MS 2530-3:2013)</p>

No	Grading of Finding	Description
	OBS	<p><u>OBS-03/2019/23/SN</u> Refer clause 4.4.4.2 The occupational safety and health plan shall cover the following: h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees. However during audit, management has yet to established an Emergency Respond Procedure i.e for chemical spillage, fire cases, etc</p> <p><i>4.4.4.2 Employees safety and health (MS 2530-3:2013)</i></p>
	OBS	<p><u>OBS-04/2019/23/WB</u> Refer clause 4.5.3.5 Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses. The management is advised to provided landfill at Division 2 with signboards of construct date. The Management also advised to further improve on provide more signage to broaden the awareness level of workers.</p> <p><i>4.5.3.5 Waste management and disposal (MS 2530-3:2013)</i></p>
	OBS	<p><u>OBS-05/2019/23/WB</u> Refer clause 4.6.2.3 The business or management plan may contain:</p> <ul style="list-style-type: none"> a) Attention to quality of planting materials and FFB. b) Crop projection: site yield potential, age profile, FFB yield trends. c) Cost of production: cost per tonne of FFB. d) Price forecast. e) Financial indicators: cost benefit, discounted cash flow, return on investment. <p>As for further improvement, the management should provide advance year estimation of all cost incurred to demonstrate management concern to their economic and financial viability plan. E.g – Price forecast and profit loss estimation.</p> <p><i>4.6.2.3 Economic and financial viability plan (MS 2530-3:2013)</i></p>