

**NESUS CERTIFICATION SDN BHD**



# **MSPO CERTIFICATION SUMMARY REPORT**

FOR


**HAPPY MERCANTILE SDN BHD** (894944-W)

Date: 31<sup>th</sup> July 2024

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**MSPO Certification Summary Report**

	Company Name:	Happy Mercantile Sdn Bhd (894944-W)
	Certifying Unit:	Happy Mercantile Sdn Bhd
	Client Number:	NSC-31-08-21/MSPO
	Audit Type:	Individual / Surveillance 4 Year 5 Audit

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**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>GMP</b>	Good Milling Practices
<b>GPS</b>	Global Positioning System
<b>GAP</b>	Good Agriculture Practices
<b>ISO</b>	International Standard Organization
<b>MPOB</b>	Malaysian Palm Oil Board
<b>MPOCC</b>	Malaysia Palm Oil Certification Council
<b>MSPO</b>	Malaysia Sustainable Palm Oil
<b>NC</b>	Non Conformity
<b>OFI</b>	Opportunities For Improvement
<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>RTE</b>	Rare, Threatened and Endangered Species
<b>SDS</b>	Safety Data Sheet
<b>SIA</b>	Social Impact Assessment
<b>SOP</b>	Standard Operating Procedure



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## 1. INTRODUCTION

**Happy Mercantile Sdn Bhd** has commissioned Nesus Certification Sdn Bhd to conduct annual **Surveillance 4** audit for its oil palm plantations according to MS 2530-3:2013 Part 3 General Principles for Oil Palm Plantations and Organized Smallholders.

### 1.1. Objective

The objective of this **surveillance 4** audit is to assess the oil palm plantations by an independent certification body with the aim for compliance of the standards.

### 1.2. Scope

Any changes in scope Yes ☐ No ☒

The certification is based on the documentation established by **Happy Mercantile Sdn Bhd**. The supporting documents provided to the audit team as well as information received by means of interviews, background investigation and site assessment.

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 Organized Smallholders. Nesus Certification Sdn Bhd 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 of the guidelines applied are checked.


1. Malaysian Sustainable Palm Oil Part 3: General Principles For Oil Palm Plantations And Organized Smallholders audit guidance;

### 1.3. Appointment and Qualification of team members

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

Audit:	Date:	Audit Team	
<b>Surveillance 4 Year 5</b>	<b>16<sup>th</sup> May 2024</b>	<b>Lead Auditor</b>	<b>Jeffrey Denis Ridu;</b> Certified MSPO SCCS Auditor (SGS Malaysia), Certified Lead Auditor QEHS (SGS Malaysia), Certified MSPO Auditor (SGS Malaysia), MSc Plantation Management (UPM), BS Agbusiness (Iowa State University, USA), DPIM (ITM Perlis); 25 years working experience related to palm oil; Site & documentation audit and interview based on Principles 1 to 7 of MS 2530-3:2013.
		<b>Auditor 1</b>	<b>Jiram Sidu;</b> Certified Lead Auditor QEHS (SGS Malaysia), Certified MSPO Auditor (SGS Malaysia), MSc Science and Rural Resources and Environmental Policy (UK), BSc (Hons) Social Science (USM); More than 40 years experience in agriculture and environment management field; Site & documentation audit and interview based on Principles 1 to 7 of MS 2530-3:2013.

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		<b>Auditor 2</b>	<b>Abdul Khalik Arbi</b> ; MSPO Certified Lead Auditor, BSc. (Hons) Environmental Science, 18 years experiences working in Consultation (Environment, Safety and Health Aspect and Socio Aspect) in various industries such as Plantation, construction, master plan study.
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<b>Clients Review:</b>	Ms Rahimah Faziana binti Sanusi	<b>Date:</b>	02 <sup>th</sup> August 2024
<b>Peer Reviewer 1:</b>	-	<b>Date:</b>	-
<b>Peer Reviewer 2:</b>	-	<b>Date:</b>	-
<b>Certification Decision Panel:</b>	Mdm. Monica Mone Lubong	<b>Date:</b>	05 <sup>th</sup> August 2024
<b>Approved by CM:</b>	Mr. Dickens Anak Mambu	<b>Date:</b>	05 <sup>th</sup> August 2024

**5 Years Audit Programme**

Planned month & year	S1 Date:	S2 Date:	SA1 Date: 07/09/21	SA2 Date: 07/09/22	SA3 Date: 07/09/23	S4 Date: 07/09/24	RA Date: 07/05/25
Internal audit	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Stakeholder consultation / survey	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Use of logo	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Follow-up from previous audit finding	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>4.1 Management Commitment &amp; Responsibility</b>							
4.1.1 MSPO Policy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.1.2 Internal audit	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.1.3 Management review	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.1.4 Continual improvement	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>4.2 Transparency</b>							
4.2.1 Transparency of information and documents relevant to MSPO requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.2.2 Transparent method of communication and consultation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.2.3 Traceability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>4.3 Compliance to legal requirements</b>							
4.3.1 Regulatory requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.3.2 Land use rights	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.3.3 Customary rights	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>4.4 Social responsibility, health, safety and employment condition</b>							
4.4.1 Social impact assessment (SIA)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.4.2 Complaints and grievances	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.4.3 Commitment to contribute to local sustainable development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.4.4 Employees safety and health	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>



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4.4.5 Employment conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.4.6 Training and competency	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>4.5 Environment, natural resources, biodiversity</b>							
4.5.1 Environmental management plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.5.2 Efficiency of energy use and use of renewable energy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.5.3 Waste management and disposal	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.5.4 Reduction of pollution and emission	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.5.5 Natural water resources	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.5.6 Status of rare, threatened, or endangered species and high biodiversity value area	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.5.7 Zero burning practices	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>4.6 Best practices</b>							
4.6.1 Site management	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.6.2 Economic and financial viability plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>4.7 Development of new planting (not applicable)</b>							
4.7.1 High biodiversity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.7.2 Peat land	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.7.3 Social and Environmental Impact Assessment (SEIA)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.7.4 Soil and topographic information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.7.5 Planting on steep terrain, marginal and fragile soils	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.7.6 Customary land	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Note:**

## Legend:

☑ - plan to cover &amp; covered

S1 - Stage 1

SA - Surveillance assessment (not more than 12 months from certification decision date)


☐ - for uncover

S2 - Stage 2

RA - Reassessment (4 months before certificate expiry)

Audit Stage	S1	S2	SA1	SA2	SA3	SA4	RA
Year	1	1	2	3	4	5	6
Plan	-	-	07/09/21	07/09/22	07/09/23	07/09/24	07/05/25
Actual	-	-	03-04/09/21	02-03/08/22	28-29/07/23	16/05/24	
Team Leader	-	-	Dickens Mambu	Jiram Sidu	Jeffrey Denis Ridu	Jeffrey Denis Ridu	
PR 1	-	-	George Akam	-	-	-	
PR 2	-	-	Rohanna Parilla	-	-	-	

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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, interviews with operational personnel, stakeholders and its contractors through phone call; review of documentation;
- On-site reporting
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Final audit reporting
- Peer review (if any)
- Address Peer Review Comments (if any)
- Certification Decision Panel (CDP)
- Final approval and issuance of certificate.

**Surveillance Audit:**

**Surveillance 4** audit was conducted on **16<sup>th</sup> May 2024** which covers the following activities but not limited to below:

- On-site inspection, observations and review plantation documents for compliance to relevant Principles & Criteria of the applied standard;
- Interview operation personnel for understanding for the work assigned;
- Reviewed revised and updated documentation established and implemented;
- Operating records;
- Training records;
- Reports established;
- Work plans established;
- Review and closed out of non-conformance raised during **Surveillance 3** audit;
- Assessment reporting;

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### On-site Assessment

The audit of the plantation was conducted according to the MS 2530-3:2013 Part 3 General Principles For Oil Palm Plantations And Organized Smallholders.

The methodology for objective evidence collection was through documentation review, monitoring data and site assessment. The audit evidence obtained was based on a sample of the information; thereby introducing an element of uncertainty. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were taken into account in the assessment.

### Non-conformance:

On the basis of the desk review, evidences presented during the audits, non-conformance (NC) Major, Minor and Observation may be raised during the audit.

Major non-conformance shall be addressed and responded within 90 days from closing date of audit. For minor non-conformance, an action plan need to be submitted within 30 days from closing date of audit for review and acceptance. Implementation of Minor NC will be reviewed and verified during the next audit.

### Site Sampling

Sampling Methodology and Risk Determination
Not applicable.



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### 3. ORGANIZATION INFORMATION

This report presents the results of the certification assessment at **Happy Mercantile Sdn Bhd** on **16<sup>th</sup> May 2024** by Nesus Certification Sdn Bhd. The purpose was to assess the operations of **Happy Mercantile Sdn Bhd** against the requirements of the Malaysian Sustainable Palm Oil (MSPO) certifications.

**Happy Mercantile Sdn Bhd** started planting in year **2017**. **Happy Mercantile Sdn Bhd** is an oil palm plantation with an area of **254.95 hectares**. **Happy Mercantile Sdn Bhd** will apply the certification of MS2530-3:2013 as the organization is committed to become a Sustainable Palm Oil producer.

Table 1: Information of Estate Being Audited

Name of Organization	Location	Coordinates	
		Lat.:	Log.:
Happy Mercantile Sdn Bhd	Sebuyau Field, Kampung Pejagu, Kampung Isu Tengah, Kampung Beliong Ulu, Kampung Isu Ulu, Plot 1 - Plot 7 Kampung Lunying & Plot 1 - Plot 24 Kampung Belimbing Besi Simunjan, Sebuyau, 94850 Samarahan, Sarawak.	1.492297	110.958212

Table 2: Supply Base Area Statement

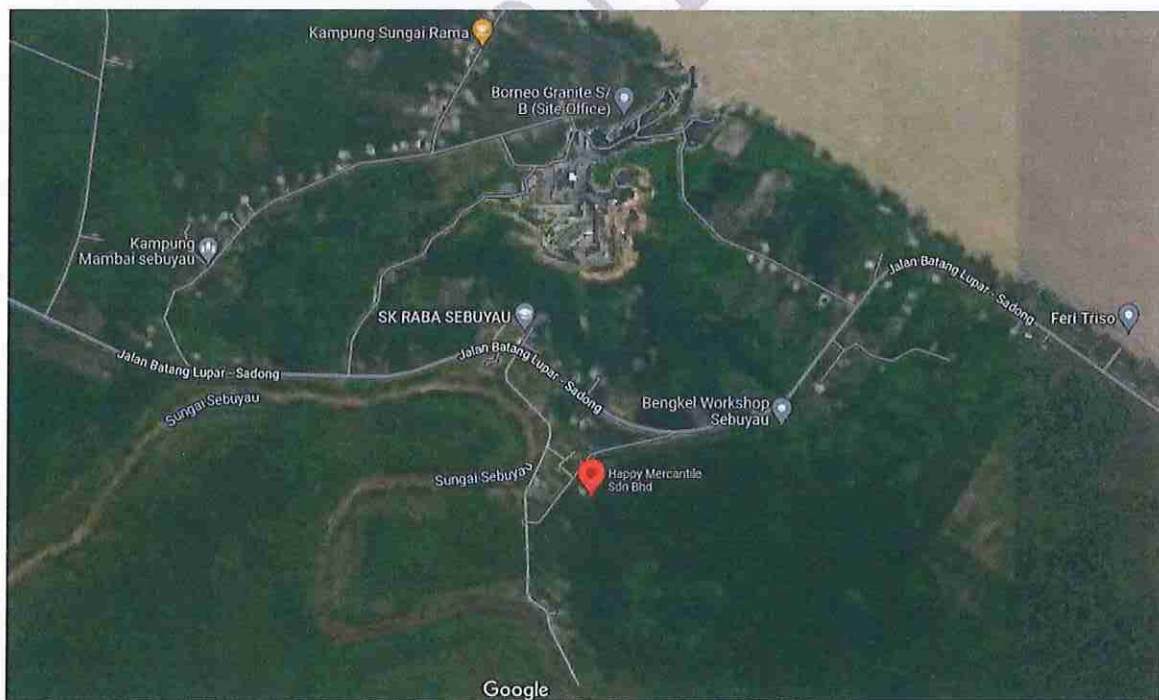
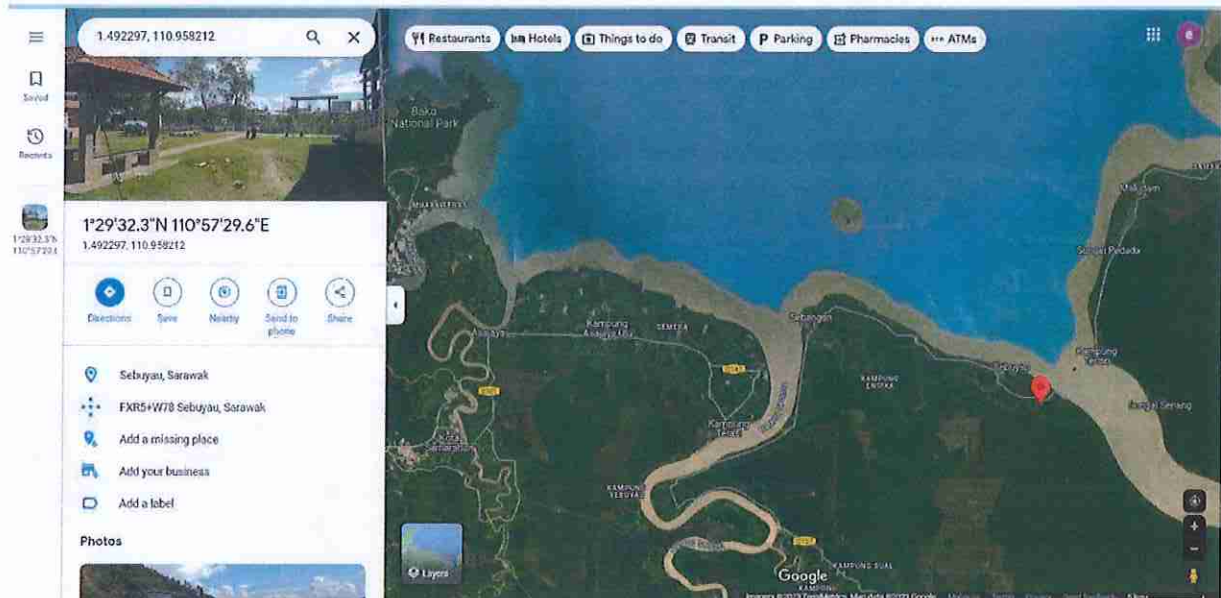
Area Statement (Ha)				
Estate	Titled & Certified Area (Ha)	Planted (Ha)	Conservation / HCV (Ha)	Others (Ha)
Happy Mercantile Sdn Bhd	254.95	254.95	0	0

Table 3: FFB Production

Estate	FFB Production (Mt)	
	Year 2023 (Actual)	Year 2024 (Projection***)
Happy Mercantile Sdn Bhd	5,786.86	6,468.41


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**Location Map of the Production Unit****Happy Mercantile Sdn Bhd**



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**4. AUDIT ASSESSMENT****4.1 Surveillance Audit**

The objective of the audit is to assess the activities of the plantation are in compliance with MS 2530-3:2013 Part 3 General Principles For Oil Palm Plantations And Organized Smallholders.

**4.1.1 Surveillance 4**

The **Surveillance 4** audit was conducted on **16<sup>th</sup> May 2024**.

During the **Surveillance 4** audit, there were **1 Major, 1 Minor and 0 OFI findings** being raised. The non-conformances raised during the audit were closed out by means of documents review that were established, revised and implemented appropriately and preventive actions taken by the estate.

During this audit, the minor non-compliance raised in the previous annual surveillance audit has been reviewed by the audit team by means of inspection of estate activities, conducted interviews, reviewed and verified documents that were established, corrected and implemented appropriately by the estate team. The corrective measures implemented were verified as appropriate.

For details of the assessment, refer to the summary of assessment for each indicator in section 4.4 of this report.

**4.2 Stakeholders' Consultation**

Nesus Certification Sdn Bhd, has notified the stakeholder as to accommodate stakeholder's consultation and communication for **Happy Mercantile Sdn Bhd** to provide comments. As at audit date on **16<sup>th</sup> May 2024**, there were no adverse comments received.

Table 5: Stakeholder Consultation for Happy Mercantile Sdn Bhd

Stakeholders Categories	Stakeholder's Input / Comments	Clients Feedback / Response
Supplier/Buyer: Goldenrise Oil Palm Sdn Bhd	Have a good business relationship and committed with MSPO implementation. No issues arise.	Maintain the good business relationship.
Government Agency: MPOB	Estate has been committed in complying with the national guidelines of respective matters. No issues.	Communication for all parties are clear and followed as stated in procedure.
Worker Representative: Employee	Happy with workplace and remuneration.	Estate always focuses on employee welfare and well being management.
Local Community/ Neighbouring Villages: Tuai Rumah Kampung Belimbing Besi	Have good relationship with the estate. There is a two-way communication where discussion on issues can be amicably done.	Maintain the good rapport with surrounding local communities.



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#### 4.3 SUMMARY OF FINDINGS


##### Principle and Criteria Assessment Summary

The assessment team conducted a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits where all criterion will be assessed. Evidences are sought for conformity with the MSPO 2530-3:2013. The summary of the assessment can be seen 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.

#### 4.4 COMMENT ON COMPLIANCE STATUS, POSITIVE OBSERVATION & OPPORTUNITIES FOR IMPROVEMENT

Principle	Description	Comment	Conformity
Principle 1	Management Commitment & Responsibility	<p><b>Policy on Implementation of MSPO</b> The company has established MSPO policy dated 22nd October 2019 signed by Director and revised (Revision No. 1) dated 15<sup>th</sup> October 2020. The policy is being communicated through several ways such as by displaying the policy at office and labour quarters. It is also being communicated to the employees. The policy emphasizes the company commitment towards sustainable development and continuous improvement in plantation operation.</p> <p><b>Internal Audit</b> The internal audit will be conducted on yearly basis. This requirement was clearly indicated in the Internal Audit Procedure developed.</p> <p>The Internal Audit for Happy Mercantile Sdn Bhd was conducted on 20<sup>th</sup> February 2024. Representative included Ms Rahimah Faziana Bt Sanusi (GM), Mr Ting Yi Yang (EM) &amp; Ms Fatin Nur Ameera Bt Azhar (Admin). Ms Rahimah as the internal auditor. Based on records, the audit team notes that the company has established proper internal audit plan that is found to be covering all operations within the estates.</p> <p>Based on the internal audit records, the audit team observed that Area of Concern has been identified and raised by internal audit team. The root cause of the NCs has been addressed in the Internal Audit Report.</p> <p><b>Management Review</b> Management Review is scheduled to be conducted once a year after internal audit has been conducted. Management Review Meeting for Happy Mercantile Sdn Bhd was hold on 25<sup>th</sup> February 2024. The management review meeting has discussed</p>	Complied.


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		<p>on continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and also discussed on any changes, improvement and modification of Happy Mercantile Sdn Bhd.</p> <p><b><u>Continual Improvement</u></b> The company has identified Continual Improvement Plan for several criteria such as environmental, social, safety and health. The progress of each identified improvement plan is being monitored closely by the management.</p>	
<b>Principle 2</b>	Transparency	<p><b><u>Transparency of documents relevant to MSPO requirements</u></b> Consultation and Communication procedure had been established. Estate management is required to maintain a communication logbook to record every request made by stakeholders. All requested made by stakeholders will be addressed in appropriate language and form.</p> <p>All publicly available documents was made available upon request. Mechanism on Information request by stakeholder's procedure was available.</p> <p>Complaints &amp; Grievance procedure, MSPO-HMSB/SOP-CAG dated 19<sup>th</sup> October 2019. Complaint &amp; suggestion box and the forms available at the site.</p> <p><b><u>Transparent method of communication and consultation</u></b> Consultation and Communication procedure had been established dated 19<sup>th</sup> October 2019. Social Liaison Officer has been appointed on 15<sup>th</sup> October 2019 to deal with any consultation and communication related to stakeholders. All relevant stakeholders have been identified and maintained in Stakeholder List updated on 23<sup>rd</sup> June 2023.</p> <p>The latest Stakeholders meeting was conducted on 16<sup>th</sup> January 2024, but through zoom. The minutes of meeting and attendance verified. A physical stakeholder's engagement with the community and landowners will be held tentatively in August 2024, once their site office has been completed.</p> <p><b><u>Traceability</u></b> The company had established Traceability as part of Standard Operating Procedure dated 22<sup>th</sup> October 2019. The procedure established to suit conditions of each operating unit to achieve effective traceability system. The procedure was</p>	Complied




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		designed to shows the actual implementation thus reducing the needs of frequent inspection. Nevertheless, appointed person in charge has been appointed to ensure the system is being implemented continuously. All records and documents related to traceability are being maintained accordingly as required by the procedure.	
<b>Principle 3</b>	Compliance to legal requirements	<p><b><u>Regulatory requirements</u></b></p> <p>The estate operation is in compliance with the applicable of local state, national and ratified international laws and regulations. The estate appointed legal officer are responsible to monitored on the compliance. Should there be any changes, estates management will be informed to make adjustment accordingly.</p> <p>Happy Mercantile Sdn Bhd MPOB license : 616871002000 Hectare: 254.95 Expired : 01<sup>st</sup> November 2023 - 31<sup>st</sup> October 2024</p> <p>SSM Borang 9 No Syarikat - MyCoID; 894944-W; Happy Mercantile Sdn Bhd Dated 24/03/2010; No siri: 5338152.</p> <p>Trade licence: A1127665, Agriculture Validity: 24/5/2023 – 23/5/2024</p> <p>The legal requirements register was updated as and when there are any new amendments or any new regulations coming into force. The list of applicable legal register was updated on February 2023.</p> <p><b><u>Legal land use rights</u></b></p> <p>All estates assessed managed to present the agreement for respective areas. All legality and ownership documents were found well maintained. Maps have been established indicating the extent of the estate's area. It was found the established map is tally with the agreement with the land owner.</p> <p>Management have provided "Perjanjian Usahasama" document which shows that the establishment of oil palm plantation is sited on Native Customary Right (NCR) land.</p> <p><b><u>Customary rights</u></b></p> <p>There is no issue on legal acquisition of land. The estate will respond according to the Complaints/Grievance Mechanism should any cases arise in future.</p> <p>Happy Mercantile Sdn. Bhd estates were on "Perjanjian Usahasama" with NCR land owner. "Perjanjian Usahasama" were</p>	Complied.




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		<p>sighted and verified. Land owner also contacted to verified the agreement and status of payment.</p> <p>There was mutual agreement between Happy Mercantile Sdn Bhd and 124 participants from 6 villages to develop this area consist of 254.95 hectares over on 01<sup>st</sup> October 2015.</p> <p>There is no issues or encumbered by customary rights in the estates.</p> <p>The estate will respond according to the Complaints/Grievance Mechanism should any cases arise in future.</p>	
<b>Principle 4</b>	Social responsibility, health, safety and employment condition	<p><b><u>Social Impact Assessment</u></b> The Social Impact Assessment (SIA) report is available for Happy Mercantile Sdn Bhd prepared in 11<sup>th</sup> January 2024. It was done to identify positive and negative impacts. Every feedback is being recorded and addressed accordingly by the estate management. The management has conducted the assessment include the social impact to the migrant worker and workers who are living in the worker accommodation.</p> <p>Noted from the inputs given by engaged stakeholders, several positive impact was highlighted. Noted no specific negative impact raised by stakeholders.</p> <p><b><u>Complaints and grievances</u></b> Standard Operating Procedure Complaints and grievances procedure CG/HM/2019 dated 01<sup>st</sup> October 2019. Process flow of complaints and grievances included in the procedure to specify on suggested period should be taken to resolve any complaint received. The relevant stakeholders have been made aware of the complaints and grievance mechanism.</p> <p><b><u>Commitment to contribute to local sustainable developments</u></b> The estate management has been actively helping and contributing to the local communities in vicinity. The estate management giving assistance during funeral by neighbouring villages and sponsoring drinks during festive season. Employment opportunity was priority given to the local community.</p> <p><b><u>Employees safety and health</u></b> Sighted safety and health policy dated 22<sup>nd</sup> October 2019 signed by Director. The establishment of the policy has been communicated through training's and stakeholder consultation and</p>	Major Non-Conformity has been raised.


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		<p>communication.'</p> <p>Occupational Safety and Health Plan was sighted during the audit. The plan consists of the requirement of indicator 4.4.4.2 of this standard. HIRARC has been established covering all activities in the estate such as harvesting, spraying, manuring etc.</p> <p>Safety and health training conducted. SDS was made available at chemical store and fertilizer store based on the fertilizer and pesticide.</p> <p>Workers less than 40 so not compulsory for OSH committee, however, Happy Mercantile Sdn Bhd has a committee. Sighted OSH meeting No. 1/2024 with minutes of meeting dated 06<sup>th</sup> January 2024; prepared by Safety and health Officer (SHO).</p> <p>SOP on handling accident been mentioned on specific procedure. An emergency preparedness and response chart have been set up. Chart demonstrates control of situation and the process of handling the situation and provides information. Emergency response team and their phone numbers are available and displayed at site office and labor quarters. Assembly Point location available.</p> <p>Submission for JKPP8 for Happy Mercantile Sdn Bhd for 2023; Ref: JKPP 8/150736/2023; Date: 26<sup>th</sup> December 2023</p> <p>There is no accident recorded in the estate.</p> <p><b>Employment conditions</b></p> <p>Human Right Policy dated 22nd October 2019. The policy signed by the Director. The policy emphasized on good social practices regarding human rights in respect of industrial harmony such as Equality/no discrimination, No sexual harassment and Freedom of Association.</p> <p>Based on observation and interview session noted that no discriminatory practices in the estate.</p> <p>The number of hours worked recorded in the pay slip is consistent with that recorded by the supervisor in the attendance record book. Besides ensuring the workers are being paid based according to requirement, the estate also monitors salary payment made to contract workers engaged to ensure they are being paid based on legal or industry minimum standards.</p>	
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		<p>Happy Mercantile Sdn Bhd has established a time recording system for all employees through check roll which for workers that covers Block No, Date and Area Covered.</p> <p>Other forms of social benefits were offered by the employer to employees such as incentives for good work performance and medical care. The management also provides free housing facilities with blue tank to store rain water and electricity from solar panels. In future, water supply will be from JBALB.</p> <p><b>N/C No. 1; MAJOR (Principle 4.4.5.11)</b> On-site living quarters are provided to general workers and staff at both estates but inadequately provided with basic amenities as per Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446). <b>Based on site inspection to both estates, proper toilet facilities were not provided.</b></p> <p>No indication of sexual harassment happening in the estate. The site establishes a Human Rights Policy endorsed by the Managing Director on 22<sup>nd</sup> October 2019 which in the policy has include clause on humane treatment of labour which includes sexual harassment, abuse, coercion or punishment according to the latest labour act.</p> <p>There is no labour union established on site. Interview with workers, no obstruction from the management for workers who would like to join the union.</p> <p>No underage worker is being employed in the estate as per company Policy on No Child Labour dated 22<sup>nd</sup> October 2019 by Director.</p> <p><b><u>Training and competency</u></b> Details of training conducted for each activity has been recorded in the Training File for Happy Mercantile Sdn Bhd "Training &amp; Briefing". The report contains information that includes topic covered, the trainer, date and attendees. Among training conducted are on use of PPE, pest and disease, manuring and harvesting.</p> <p>Sighted training plan for 2024 being developed into several programme. Training needs analysis was established prior to developing training programme. Noted from the training needs, the estate has identified the applicability of each training type against job functions available. Observed the training plan is being executed progressively.</p>	
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<b>Principle 5</b>	Environment, natural resources, biodiversity and ecosystem services	<p><b><u>Environmental management programme</u></b></p> <p>Environmental policy seen established signed by General Manager dated 15<sup>th</sup> October 2019. The Environmental management plan was developed from results of aspect and impact analysis, mitigation and monitoring plans and records of implementation and timeline.</p> <p>Environment Aspect &amp; Impact Assessment Report, updated on 15<sup>th</sup> January 2024 covering:</p> <ul style="list-style-type: none"> <li>-all major operations/activities</li> <li>-Management control plan</li> </ul> <p>It was observed that the positive impacts were included in the continual improvement plan such as air and water pollution.</p> <p>An awareness and training programme which was 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 was fully implemented. Training program for Year 2024 is available, and being implemented.</p>	Minor Non-Conformity has been raised.
		<p><b><u>Efficiency of energy use and use of renewable energy</u></b></p> <p>Consumption of non-renewable energy is being closely monitored through establishment of baseline values and trends not only for day to day usage but also through determination of projection of consumption for the coming years. The estate assesses the usage of non-renewable energy including fossil fuel and energy efficiency in the operations over the base period. As to date, no renewable energy was adopted by the estate.</p> <p><b><u>Waste management and disposal</u></b></p> <p>List of all waste products and sources of pollution were identified and documented appropriately. Waste management plan was established containing identification and monitoring of waste sources. For each identified waste source, the estate has determined the appropriate measure to ensure all waste generated in the estate are being handled responsibly.</p> <p>Relevant Standard Operating Procedure on Handling of Used Chemical has been established which covers the aspects of handling labelling, storing and disposal to ensure they meet the local authority requirements.</p>	


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		<p>It was observed the empty pesticide containers were properly disposed following triple rinse procedure and stored at the scheduled waste store, and to be recycled whenever required.</p> <p>Domestic waste was supposed to be collected and dumped at Council bin in Pekan Sebuyau, but not done.</p> <p><b>N/C No. 2; MINOR (Principle 4.5.3.5)</b> Domestic wastes were not properly disposed to minimize the risk of contamination of the environment and watercourse. <b>Based on site inspections to the labour quarters at Ladang Belimbing and ladang Pejago, domestic wastes were illegally dumped (No dumping pit), while traces of open burning of solid wastes were detected.</b></p> <p><b><u>Reduction of pollution and emission</u></b> The management has established the pollution assessment and been identified in the waste management procedure.</p> <p><b><u>Natural water resources</u></b> Water management plan have been developed to addressed management of water resources, all water resources aspects including mitigation action of issues regarding natural water resources.</p> <p>Riparian buffer zone are demarcated and awareness sign and tree marking have been installed at riparian buffer zone. No spraying sighted at buffer zone.</p> <p>No river traversing or within the estate, except for perimeter drains.</p> <p>Rainwater harvesting is practised in the estate to provide water for domestic use.</p> <p>No construction of bund, weirs or dam sighted or make known to auditors during audit and site visit.</p> <p><b><u>Status of rare, threatened or endangered species and high biodiversity value area</u></b> Biodiversity Assessment Report was reviewed on 15<sup>th</sup> January 2024.</p> <p>Their continual improvement plan towards conservation and management of biodiversity includes conduct awareness program to staff and workers and constant communication with related government agencies regarding biodiversity and conservation.</p>	
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		<p>Updated posters as provided by the Sarawak Wildlife Department were noted to have been displayed at the estate.</p> <p>Also, signages that prohibit hunting, fishing and water polluting activities were verified on-site and found to have been satisfactorily maintained.</p> <p>The estate have taken appropriate measures to control any illegal or inappropriate hunting, fishing or collecting activities within the estate.</p> <p>No RTE species were ever present or sighted in Happy Mercantile Sdn Bhd.</p> <p><b><u>Zero burning practices</u></b> Zero Burning policy (MSPO/HMSB/Policy ZB-01) was established on 15<sup>th</sup> October 2019. The policy has been signed by General Manager, which showed the estates committed with zero burning practices in all their operational area as a plan to reduce air pollution.</p>	
<b>Principle 6</b>	Best practices	<p><b><u>Implementation of standard best practices / Site management</u></b> Standard Operating Procedures (SOP) or Good Agricultural Practices which outline the best management practices are stated in the Best Practices and Plantation Manual.</p> <p>The estate has applied its Integrated Pest Management with regards to Tiratabha and Bagworm infestation and taken steps based on their SOP. Records on all that need to be done for future references.</p> <p>The estate is 95% peat and 5% mineral soil. The policy together with the SOPs aims to minimize soil erosion based on local soil and climate conditions, ground cover management, biomass recycling, managing oil palm in peat and water management.</p> <p><b><u>Economic and financial viability plan</u></b> Business plan has been established to demonstrate attention to economic and financial viability through long term management planning. From the business plan 2023, noted that the plan covers operation plan, budgeting as well as indirect general charges and other indirect expenses.</p> <p>At the moment, the estate is not preparing for replanting as the earliest planting was in 2017.</p> <p>It was evident that the achievement of goal</p>	Complied.



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		and objectives have been regularly monitored, periodically reviewed and documented.  <b>Transparent and fair pricing dealing</b> Happy Mercantile Sdn Bhd sell their FFB to Bonus Yield Sdn Bhd. Contract agreement in progress. Pricing mechanism were understood and agreed.  <b>Contractor</b> Contract agreements with contractors include a special clause on MSPO in the form of "Terms & Conditions for Contractor." The management is accountable for the contractor's work and evaluated the contractors' work.	
<b>Principle 7</b>	Development of new plantings	Not Applicable. Note: the whole Principle 7 is not applicable for this audit as new planting in the plantation areas is yet to be carried out.	Not Applicable.

Based on the audit, it was apparent that:

The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system	✓
The management review process is adequate and effective.	✓
The organization has met its objectives and targets and monitored progress towards their achievement.	✓
The management system documentation confirms with the requirements of the MSPO audit standard.	✓

**4.5 PREVIOUS AUDIT FINDINGS – IF APPLICABLE**


Nonconformity identified during previous audits has been corrected and the corrective action continues to be effective	✓
Not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.	Nil

**4.6 EXISTING CERTIFICATION**

Currently are being certified to other certification schemes as below

<b>Current Certification</b> (Please tick the certification you are currently certified)			
	ISO 9001		HACCP
	EMS 14001		RSPO
	OHSAS 18001/ISO 45001		ISCC
	ISO 22001	x	Others: MSPO2530-3
	None		

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**4.7 AUDIT SUMMARY AND RECOMMENDATION**

The audit team concludes that the organization fulfill the requirements of the MS 2530-3:2013 standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives.

The audit team recommends that, MSPO certificate to be maintained by submission and accept the corrective action plan and evidence of NCRs within the stipulated time frame to **Happy Mercantile Sdn Bhd**.

Signed for and on behalf of  
Nesus Certification Sdn Bhd

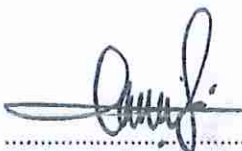


.....  
(Jeffrey Denis Ridu)  
Lead Auditor  
Date: 31/07/2024

**ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY AND CONFIRMATION OF AUDIT FINDINGS**

This is to acknowledge and confirm the audit described in this report and the acceptance of the contents and findings in this audit report.


Signed for and on behalf of  
**Happy Mercantile Sdn Bhd**



.....  
(Rahimah Faziana binti Sanusi)  
General Manager  
Date: 02/08/2024



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**APPENDIX A: AUDIT FINDINGS**

Refer to the Attachment (Appendix A)

**APPENDIX B: CORRECTIVE ACTION PLAN & EVIDENCE**

Refer to the Attachment (Appendix B)

**APPENDIX C: AUDIT PLAN**

Refer to the Attachment (Appendix C)

**End of Report**

NESUS CERTIFICATION

