



**Malaysian Sustainable Palm Oil (MSPO)
Summary Report
Type of audit : Stage 2 MSPO Audit**

Organization:	VICTORY ENGHOE PLANTATIONS SDN BHD - KILANG KELAPA SAWIT SOUTHERN MALAY		
Address:	<u>Location address:</u> Ladang Southern Malay, 41 MS Jalan Johor Bahru, 86200 Simpang Renggam, Johor Malaysia <u>Postal address:</u> P.O.Box 22, 86200 Simpang Renggam, Johor		
MSPO Standard(s) Used:	MSPO 2530-4:2013 : General Principles for Palm Oil Mill	Accreditation Body(s):	Department Standards of Malaysia
Representative:	1) Mr Lee Yen Seng Position : HSE Manager yenseng8@gmail.com Mobile: +6012 423 3229 2) Mr Tay Ah Leng , Position : Mill Manager		
Email: Telephone:	1) yenseng8@gmail.com Mobile: +6012 423 3229 2) victoryenghoe@yahoo.com Tel: 07-7559276		
Site(s) audited:	Single site	Date(s) of audit(s):	9th Jan 2019
Audit Scope:	Processing of Fresh Fruit Bunch (FFB) for the production of Crude Palm Oil (CPO) and Palm Kernel (PK) in compliance to the MSPO Certification Standard MS2530-4:2013 Part 4		
Mill Capacity:	40 TPH	Total Area (Certified):	n.a
Visit Certification Assessment:	Main Assessment	Number of Sites:	1
Lead auditor:	James S H Ong	Additional team member(s):	Afiq Othman

Job n°:	MY05218	Report date:	190419	Visit Type:	MA	Visit n°:	2
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Certificate Number:			
Date of Issue:		Date of Expiry:	
This report is confidential and distribution is limited to the audit team, client representative and the SGS office.			

1. Audit Objectives

The objectives of this audit were:

- to confirm that the management system conforms with all the requirements of the audit standard;
- to confirm that the organization has effectively implemented the planned management system;
- to confirm that the management system is capable of achieving the organization's policy objectives.

2. Scope of MSPO Certification

Processing of Fresh Fruit Bunch (FFB) for the production of Crude Palm Oil (CPO) and Palm Kernel (PK) in compliance to the MSPO Certification Standard MS2530-4:2013 Part 4

The audit covered the MS 2530-4:2013 requirements particularly MSPO Certification Standard **MS2530-4:2013 Part 4** (Palm Oil Mill)

This is a single -site audit and an Appendix listing all relevant sites and/or remote locations has been established (attached) and agreed with the client Yes No

3. Current Certification

Currently **VICTORY ENGHOE PLANTATIONS SDN BHD - KILANG KELAPA SAWIT SOUTHERN MALAY** is not being certified with other certification scheme as below:

Current Certification <i>(Please tick the certification you are currently certified)</i>			
<input type="checkbox"/>	ISO 9001	<input type="checkbox"/>	HACCP
<input type="checkbox"/>	EMS 14001	<input type="checkbox"/>	RSPO
<input type="checkbox"/>	OHSAS 18001	<input type="checkbox"/>	ISCC
<input type="checkbox"/>	ISO 22001	<input type="checkbox"/>	GMP Plus
<input type="checkbox"/>	HALAL	<input type="checkbox"/>	KOSHER
<input type="checkbox"/>	Co-GAP	<input type="checkbox"/>	None / Others:

4. Assessment Process and Audit Programme

4.1. Sampling Method

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Sampling Methodology and Rationale

Sampling of the mill to be audited has been conducted in accordance to the Risk Management (MPOB/MSPO/RMP/06) documents as below:

$$S = r\sqrt{n}$$

Risk Factor: **LOW (1.0)**
 $S = 1.0 (\sqrt{1}) = 1$
1 mill to be visited

Since this is a single site audit, one (1) mill has been visited during the Surveillance Assessment 1 audit according to the formula stated in MSPO Risk Management Document.

The assessment was conducted based on random samples and therefore nonconformities may exist which have not been identified. The methodology for objective evidence collection included physical site inspection, observation of tasks and processes, interview with workers, families and stakeholders, documentation review and monitoring data. Detailed audit plan can be referred below.

4.2. Audit Plan

The assessment was conducted in **01** audit day and involving **01 Mill**. The audit covers documentation review, internal procedures, management system, site inspection as well as identification of any significant issues for both environment or social issues raised by stakeholders

Organization:	VICTORY ENGHOE PLANTATIONS SDN BHD - KILANG KELAPA SAWIT SOUTHERN MALAY MPOB Licence No: 500059104000		
Address:	Mill Location address: Ladang Southern Malay, 41 MS Jalan Johor Bahru, 86200 Simpang Renggam, Johor Malaysia Latitude, Longitude: 1.790998, 103.361763 Capacity : 40 TPH Contact person: 1) Mr. Lee Yen Seng, HSE Manager Email : yenseng8@gmail.com Mobile: +6012 423 3229 2) Mr. Tay Ah Leng Mill Manager Email : Tel (O) : 07-7559276		
Visit Number:	MSPO Stage 2 Main Assessment	Actual Visit Date:	09 Jan 2019
Visit Due by Date:	-	For auditor information only	

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Lead Auditor	James S H Ong , SGS (Malaysia) Sdn Bhd Mobile: +6012 3736605 email : james.ong@sgs.com
Team Member(s):	En Afiq Othman Mobile : +6013 354 5321 Email: Afiq.Othman@sgs.com
Additional Attendees and Roles	-
Standard(s):	MS2530-4:2013 Part 4: General principles for palm oil mills
Scope	Palm Oil Mill
Audit Language:	English & Bahasa Melayu
Audit Scope:	Processing of FFB for the production of CPO and Palm Kernel in compliance to the MSPO Certification Standard MS2530-4:2013 Part 4

Date	Time	Auditor	Organisational and Functional Units/ Processes and Activities	Key Contact	
08/01/19		AO & JO	Auditors arrive in Simpang Renggam Overnight Simpang Renggam		
09/01/19	7:30 a.m		Travel and arrival at Southern Malay POM (SMPOM)		
	8:00 a.m		Breakfast at SMPOM		
	8:30 a.m		Opening Meeting by SMPOM , SGS (Malaysia) Sdn Bhd and audit briefing	Mill Key Personnel	
	9:00 – 12:30		Auditor 1	Auditor 2	
				MS 2530-4-2013 (Part 4) Palm Oils Mills	
			JO , and AO	Review on the closure of Findings raised during Stage 1	
		<ul style="list-style-type: none"> Principle 1 Management commitment and responsibility Principle 3: Transparency Principle 4: Social responsibility, health, safety and employment condition 	<ul style="list-style-type: none"> Principle 2: Compliance to legal Principle 5: Environment, natural resources, biodiversity and ecosystem services Principle 6: Best practices 	Mill Operations, Safety , DOE and DOSH compliance, Social and representation ,	
		Mill site visit , Storage, Linesite , , Waste Management - Wastewater pond, Final discharge , EFB, Waste etc			

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			Worker's representation , Union , payslip , minimum wage contracts, overtime , Traceability of FFB to CPO and PK, Collecting Centres, PPE , DOE compliance , DOSH , etc	Mill Key Personnel
12:30 – 1:30			Lunch	
1:30 – 4:00	JO and AO		Document review , interview with relevant workers , representative and stakeholders	
4:00			Finalising Stage 2 Report	
5:00 p.m			Closing Meeting presentation Findings for SMPOM MA and recommendation Question and discussion	
5:45			End of audit for Stage 2 MA	
6:00 p.m			Auditor travel to back to Selangor	

4.3. Certification Body _ Auditor Profile

Auditor	Role	Qualification, Education, Working Experience.
James S H Ong	Lead Auditor	James S H Ong, a Bachelor of Agriculture Science holder and agronomist in SGS (M) Sdn Bhd. He has many years working experience in agriculture sector in Malaysia and has been working in estates as well in the agrochemical and fertilizer industry. He is well versed with Good Agricultural practices .He has undergone ISO 14001 and RSPO Lead Auditor and RSPO Supply Chain training and involved in a number of audits on oil palm plantations, supply chains and traders. He is also involved in ISCC audits.
Afiq Othman	Auditor	En , Afiq Othman is a Bachelor holder in Marine Technology . He was a member of the Sime Darby Sustainability Department involved in internal audit as well as preparation of the Units for certification . Upon joining SGS (M) Sdn Bhd he completed the EMS and QMS Lead Auditor Course , MSPO Lead Auditor Course , Level 2 PEFC course . He has also completed the hours to qualify to be a MSPO Lead Auditor .

4.4. Previous Audit Results

Not applicable as this is a Main Audit

The results of the last audit of this system have been reviewed, in particular to assure appropriate correction and corrective action has been implemented to address any nonconformity identified. This review has concluded that:

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- Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective.
- The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

5. Audit Findings Summary and Recommendations

The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of the management system.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
The organization has demonstrated effective implementation and maintenance / improvement of its management system.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
The audit team concludes that the organization <input checked="" type="checkbox"/> has <input type="checkbox"/> has not established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives.		
Number of nonconformities identified: 0 Major 2 Minor		
Therefore, the audit team recommends that, based on the results of this audit and the system's demonstrated state of development and maturity, management system certification be:		
<input checked="" type="checkbox"/> Recommended / Granted / <input type="checkbox"/> Continued / <input type="checkbox"/> Withheld / <input type="checkbox"/> Suspended until satisfactory corrective action is completed.		

6. Significant Audit Trails Followed

The specific processes, activities and functions reviewed are detailed in the Audit Planning Matrix and the Audit Plan. In performing the audit, various audit trails and linkages were developed, including the following primary audit trails, followed throughout:

7.1. Audit Planning Matrix

Area / Department / Process / Function	Visits:	Stage1	MA (Stg 2)	SA1	SA2	SA3	SA4
	Dates:	19/10/19	09/01/19	09/01/20			
Auditor(s):	1. James SH Ong 2. Afiq Othman	1. James SH Ong 2. Afiq Othman					

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	Standard MSPO 2530-4:2013 Part 4 : General Principles for Palm Oil Mill						
	Principle 1	x	x	O	O	O	O
	Principle 2	x	x	O			
	Principle 3	x	x	O			
	Principle 4	x	x	O			
	Principle 5	x	x	O			
	Principle 6	x	x	O			
	Principle 7	n.a	n.a	n.a			

*For each completed visit, mark "X" in the box for each department or process covered. For planned visits, indicate with an "O" in the box for each process to be covered.

7.2. Details of Certified Entity

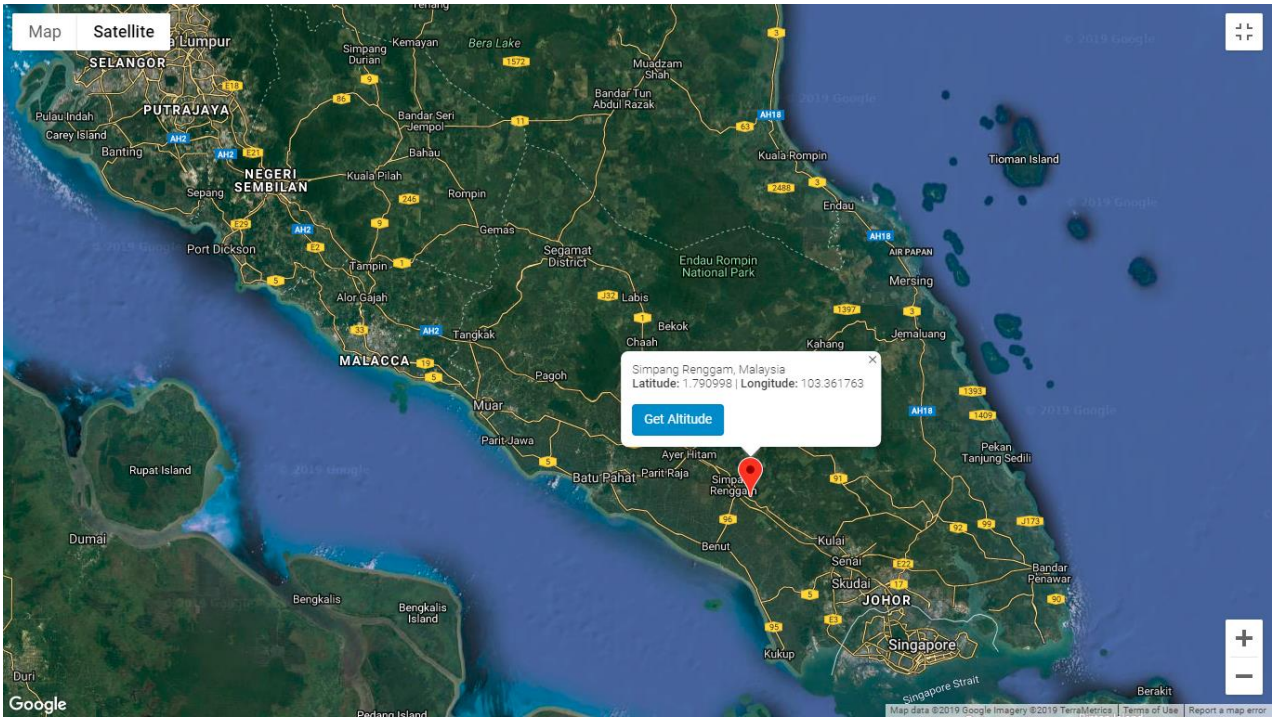
VICTORY ENGHOE PLANTATIONS SDN BHD - KILANG KELAPA SAWIT SOUTHERN MALAY (or in short SMPOM) is located in the district of **Simpang Renggam** in the State of **Johor** , Malaysia. SMPOM was established on 1981. SMPOM is the mill division for the Victory Eng Hoe Plantations Sdn Bhd and the mill is located within the estate , Southern Malay Estate occupying an area of 56.36 ha. At present SMPOM runs in 2 shifts with 88 workers (47 locals & 41 Nepalese) and 23 admin staffs.

Table 1: Address and Coordinates of Mill / Estates audited

Mill	Location Address	Geo-Coordinate (GPS)
		Latitude, Longitude
VICTORY ENGHOE PLANTATIONS SDN BHD - KILANG KELAPA SAWIT SOUTHERN MALAY	Ladang Southern Malay 41 MS Jalan Johor Bahru, 86200 Simpang Renggam, Johor , Malaysia	1.790998, 103.361763

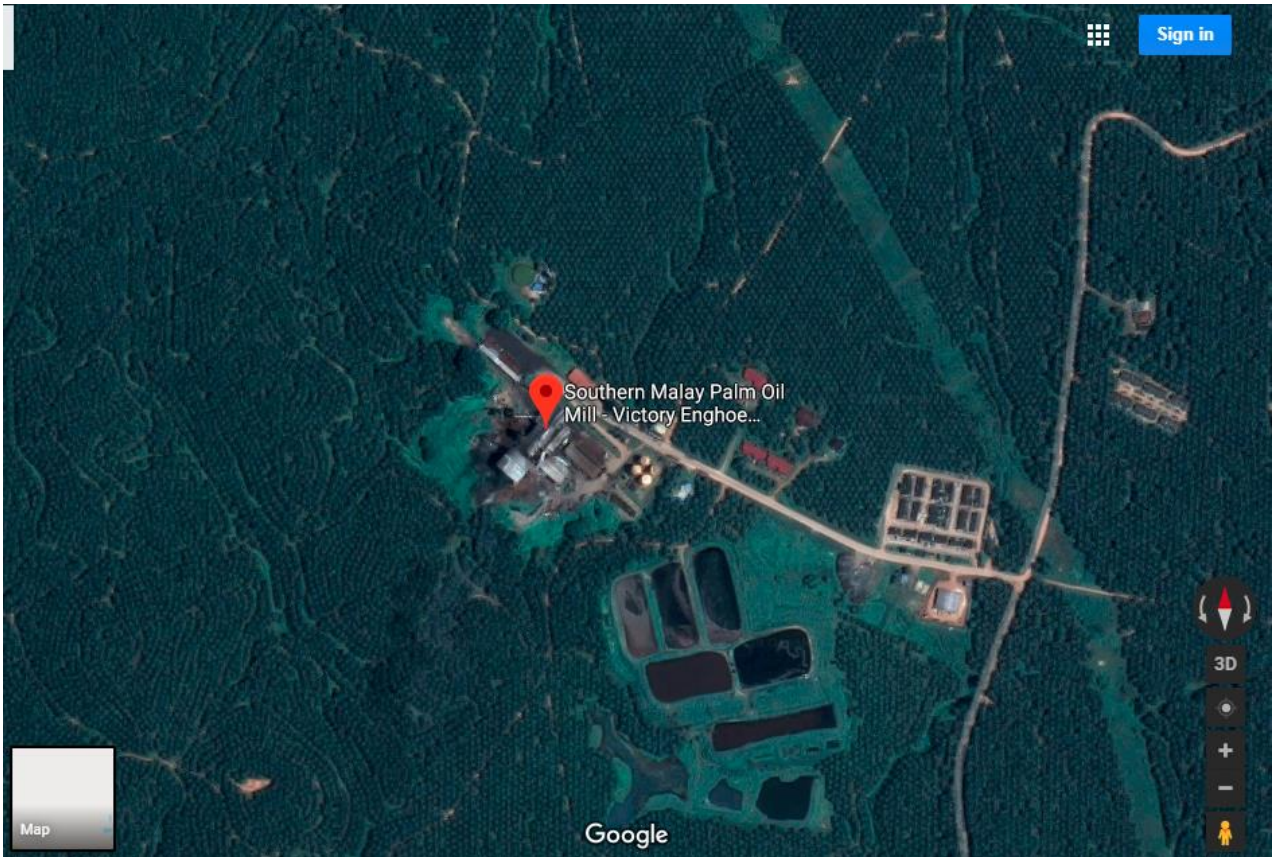
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Figure 1: Map of VICTORY ENGHOE PLANTATIONS SDN BHD - KILANG KELAPA SAWIT SOUTHERN MALAY with reference to Peninsular Malaysia



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Figure 2: Location Map of **VICTORY ENGHOE PLANTATIONS SDN BHD - KILANG KELAPA SAWIT SOUTHERN MALAY**



Description of Supply Base and Mill Processing Capacity

The FFB are sourced from their own supply base estate, Southern Malay Estate as well as from outsider FFB . The actual and estimated crop processed from the mill processing and production are presented in **Table 2** below.

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Table 2: Mill FFB Process, CPO & PK Production, OER & KER (Actual & Projected/Estimated)

Mill	Actual FY (2018)	Actual FY (2018)		Projected/ Estimated (FY 2019)	Projected / Estimated (FY 2019)	
	FFB (MT)	CPO (MT)	PK (MT)	FFB (MT)	CPO (MT)	PK (MT)
	218,950	40,308.7	12,545.8	223,000	41,701	13,157
		OER: 18.41%	KER: 5.73%		OER:18.7 %	KER: 5.9%

7.2. Area of Plantations

Not applicable for mill

Table 3: Hectarage Statement of Supplying Estates

Not applicable for mill

7.3. Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation took place in the form of meetings and interviews. The interviews and meetings were intended to obtain input from the stakeholders followed by an evaluation of the relationship between the stakeholder and the company. See **Appendix 2** for stakeholder's details and comments.

A public announcement was made 30 days prior to the audit.

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/victory-enghoe-plantations-sdn-bhd-southern-malay-palm-oil-mill>

Stakeholder consultation took place in the form of meetings and interviews. As this was a main assessment, meetings with workers/ stakeholders were held in their respective premises within

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and near the mill . Telephone calls interview were conducted for those unable to be present . In all the interviews and meetings the purpose of the audit was clarified at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded in accordance with relevant MSPO principles, criteria and indicators.

7.4. Comment on MS2530-3 Compliance Status

Not applicable

7.5 Comment on MS2530-4 Compliance Status

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO –</u> Policy for the implementation of MSPO established and sighted in their sustainability policy commitment statement : The adoption and full compliance to the MSPO requirements Conduct periodic audit against MSPO requirements ...signed by the Industrial and Plantation Senior Director , Dr Nick Low dated 1 June 2018 .</p> <p><u>Internal Audit –</u> Internal audit conducted on 27/9/18 Internal auditors were from other Southern Palm oil mill staff. There were 7 auditors . NC raised. 1) 7 Major 2) 6 minor 3) 24 Observation During the stage 1 audit , there remain non-conformity not closed: 1) 2 Major 2) 2 Minor 3) 10 OBS</p> <p><u>Management Review –</u> Management review Procedure , Ref. No: SMPOM-PRO-P1C3/MR The management review was conducted on 10/10/18 .</p> <p><u>Continual Improvement -</u> Ref No: SMPOM-LST-P1C4/CIA Rev 00 1) Description 2) Purpose Target implementation date 3) Actual Completion date</p>
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	<p>They have continual improvement plan for :</p> <ol style="list-style-type: none"> 1) Environment e.g segregation of waste and reduciton of noise pollution 2) Safety e.g covering the expose drains 3) Social e.g road potholes repair, toilets , shifting the clinic to the line site , linesite inspection 3 monthly
<p>Comment on Principle 2</p>	<p><u>Transparency of documents relevant to MSPO requirements</u> – Sighted meeting minute of stakeholder meeting conducted on 22/3/18. The meeting was attended by various stakeholders such as local communities, school reps and neighbouring smallholders.</p> <p><u>Transparent method of communication and consultation</u> – Stakeholder Complaints and Grievances Feedbacks Procedure SMPOM-PRO-P4C2/CG rev R00 Dated 1st June 2018</p> <p>Stakeholder meeting conducted on 22nd March 2018</p> <p>Social Management Officer Letter Appointment letter En Hamsah bin Mohidin dated 1st June 2018</p> <p>Stakeholder list established dated 1st June 2018 includes :</p> <ol style="list-style-type: none"> 1) Neighbour 2) Customer 3) Supplier <p>Govt Agencies.</p> <p><u>Traceability</u> – Sighted Traceability Procedure Ref No. SMPOM-PRO-P2C3/ TP dated 1/6/18 Rev 00. The procedure covers from FFB Sourcing, Loading Ramp and Grading Process, Storage and Sale of CPO and PK and Monitoring of Traceability System.</p> <p>Half Yearly System Inspection was carried out on 27/9/18 conducted by Mr. Khairul from HSE Dept. Apart from that FFB sourcing, CPO and PK Production are being monitored on monthly basis using specific forms.</p>
<p>Comment on Principle 3</p>	<p><u>Regulatory requirements</u> – There are 61 Permits and Licences that are monitored yearly .</p> <p>Ref: LRR Monitoring Listing However an Observation 01 raised under indicator 4.3.1.1 (Please refer to Section 9.4 for the details)</p> <p><u>Land Use Rights</u> Land title available . SMPOM is located within the estate land , Southern Malay Estate (1,137 ha) owned by the same company, Victory Enghoe Plantations Sdn Bhd</p> <p>Mill covers an area of 22.81 ha (include the mill complex and ponds</p>

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	<p><u>Customary rights –</u> No lands are encumbered by customary rights</p>
<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment –</u> As reported under 4.4.1.1 Sighted SMPOM-DOC-P4C1/SIA</p> <p>Done internally via stakeholder meeting .</p> <p>Ref:No: SMPOM-FOM-P4C1/SIA</p> <p>It included the following Sections:</p> <ol style="list-style-type: none"> 1) Stakeholder 2) Feedback 3) Stakeholder area of concern 4) Stakeholder complain no. 5) Positive/ Negative 6) Control measures required 7) Actual completion date 8) Status <p><u>Complaints and grievances –</u> As reported under 4.4.2.1: A system for dealing with complaints and grievances established and documented. Ref: No: SMPOM -PRO-P4C2/CG .</p> <p><u>Commitment to contribute to local sustainable developments –</u> As reported under 4.4.3.1 , SMPOM conducted separate stakeholder meeting :</p> <ol style="list-style-type: none"> 1) 22/3/18 neighbouring stakeholders 2) 29/3/18 : Customer and Suppliers 3) 10/4/18 : Government stakeholders <p><u>Employees health and safety –</u></p> <p>As reported in 4.4.4.2: The occupational safety and health plan was sighted, Reference No: SMPOM-DOC-P4C4/HSP , 1 june 2018 Rev 0 .</p> <p>It has 19 sections and its Appendix .</p> <p>The safety and health statement / policy was available .</p> <p><u>Employment conditions –</u> As reported in 4.4.5.1: Labour rights and ethic policies under Victory Eng Hoe Plantation Sdn Bhd (reg No: 9179-P) signed by top Management Dr Nick Low , 1 June 2018 that states:</p> <ol style="list-style-type: none"> 1) Freedom in employment options 2) No child Labour

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	<p>3) No sexual Harassment 4) Fair working Hours 5) Fair wages and benefit 6) Humane treatment 7) Non-discrimination 8) Freedom of Association</p> <p>Also practices: 1) Business integrity 2) Fair competition 3) Disclosure of information 4) Intellectual property 5) Protection of Identity 6) Privacy 7) Non-retaliation</p> <p>Records of its communication to all workers was sighted in the training conducted on 5/7/18 for 43 workers . It was mentioned in the induction for new workers</p> <p>However, a Minor 01 raised under indicator 4.4.5.8 (Please refer to Section 8.2 .4 for the details)</p> <p>In addition an Observation 02 raised under indicator 4.4.5.11 (Please refer to Section 9.4 for the details)</p> <p><u>Training and competency –</u></p> <p>The new worker , En Hairul Norikhma Jamal , Lab was checked. He was inducted on 4/1/19 as recorded briefed by Mr Puvanan, Asst Mill Engineer on :</p> <ol style="list-style-type: none"> 1) Briefing on company Information 2) Brief on Remuneration information 3) Brief on job scope <p>He was appointed as a lab operator involved in handling chemicals and lab equipment</p> <p>His training attendance on the same say 4/1/19 on MSPO awareness and safety was sighted.</p> <p>The training material was available , Since he was just trained,SMPOM is committed that he will be evaluated for competency within this month.</p> <p>Competency evaluation for high risk operation like crane operation of the new crane operators , Rizal and Puvendran were sighted dated 10/12/18 and was approved by Mr Puvanan, Asst Mill Engineer .</p> <p>The Annual Training plan for 2019 , Ref. Doc: SMPOM-FOM-P4C6/TP Rev .00 in the training file approved by the Mill Manager</p>
<p>Comment on Principle 5</p>	<p><u>Environmental management programme –</u> As reported in 4.5.1.1.</p>

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	<p>Environmental Management Plan (EMP) had been established ver no SMPOM-DOC-P5C1/EMP dated 1st June 2018 Rev R00 Prepared by: Mr. Khairul Azhar & Mr. Lee Yen Seng and approved by Mr. Tay Ah Leng. The EMP covers reporting of environmental performance, training, environment impact and risk identification, aspect impact assessment, environment management improvement plan, internal auditing and monitoring</p> <p><u>Efficiency of energy use and use of renewal energy –</u> As reported in 4.5.2.1, Sighted diesel consumption is being closely monitored on monthly basis through Diesel Consumption Record for year 2017 & 2018 with baseline 0.24 liter/ton ffb. Noted there were few occasions that the diesel consumption was high. Nevertheless, the mill came up with proper justification and being captured into Non-Renewable Energy Analysis Form.</p> <p><u>Waste management and disposal –</u> As reported in 4.5.3.2, Waste Management Plan SOP: Dated 1st June 2018 SMPOM-DOC-P5C3/WMP Rev R00 Approved by Mill Manager, Mr Tay Ah Leng. The plan is being referred for handling of all wastes that have been identified in the mill.</p> <p>Waste segregation initiatives was observed during site visit. Domestic waste and recycle waste contractor has been appointed to collect wastes from the mill. Disposal of recycle waste was done on 3/1/19 by Fajar Soleha.</p> <p><u>Reduction of pollution and emission –</u> As reported in 4.5.4.1, Polluting activities have been identified and assessed through Aspect Impact Assessment (AIA) mentioned in Criterion 3 above. Jadual Pematuhan 004684 Validity 1st July 2018 – 30th June 2019. CEMS system was noted has been installed accordingly. CEMS system is being calibrated once a year. Latest calibration record dated 3rd August 2018. Chimney Gas Emission Monitoring is being carried out half yearly. Latest monitoring was done in August 2018 as per sighted report by Envilab Sdn Bhd. Noted from the conclusion of the report is that the mill is complying with the stipulated requirement Ambient Air Monitoring report is being carried out quarterly. Latest monitoring was done in December 2018 as per sighted report by Envilab Sdn Bhd. Noted from the conclusion of the report is that the mill is complying with the stipulated requirement</p> <p>Noted logbook for emission performance monitoring being well maintained. Scheduled Waste Management can be seen from Criterion 3. ETP management can be seen in 4.5.4.3</p>
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	<p>Environmental Compliance Audit by DOE registered Environmental Auditor, Linda Tan Pei Sze CESSWI Reg No 3760 in October 18. <u>Natural water resources</u> –</p> <p>As reported in 4.5.5.1 Water Sampling for Upstream and Downstream of Sungai Benut was conducted on 20/12/18. Lab testing conducted by Envilab Sdn Bhd. According to Jadual Pematuhan the test is to be conducted once every license period. However, the mill management decided to conduct the test on monthly basis to enhance close monitoring.</p> <p>Water Management Plan SMPOM-DOC-P5C5/WMP Rev R00 dated 1st June 2018</p> <p>Sighted Assessment of Water Usage and Sources has been carried out for year 2018 to identify process & activities that involved water usage. The next revision will be done on 30/1/19.</p>
<p>Comment on Principle 6</p>	<p><u>Implementation of standard best practices</u> –</p> <p>As reported in 4.6.1.1, Sighted Milling SOP has been established on 1st July 2018 prepared by the mill engineer and approved by mill manager.</p> <p><u>Economic and financial viability plan</u> –</p> <p>As reported in 4.6.2.1, Sighted Management Plan has been established namely Budget Production & FFB Processed Statement for Year 2019. Among budgeted items:</p> <ol style="list-style-type: none"> 1. FFB process 2. PK and CPO production 3. OER and KER 4. Production Cost 5. Govt Cesses 6. Other Income 7. Other Expenses <p><u>Transparent and fair pricing dealing</u> –</p> <p>As reported in 4.6.3.1 , Purchasing agreement sampled:</p> <p>FFB Supplier</p> <ol style="list-style-type: none"> 1. Eng Huat Latex 2. Chew Oil Palm <p>CPO</p> <ol style="list-style-type: none"> 1. IOI Pan Century Edible Oils Sdn Bhd 2. Pacific Oils & Fats Industries Sdn Bhd. <p>PK</p> <ol style="list-style-type: none"> 1. Gold Start Development Sdn Bhd 2. PGEO Oil Mill Sdn Bhd.

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	<p>No contract agreement between mill and FFB supplier. FFB can be supplied by third parties at any time convenient and the pricing will be based on current MPOB rate.</p> <p><u>Contractor</u> – A non-conformity , Minor 02 raised on 4.6.4.1 (Please refer to Section 8.2 for the details)</p>
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7. Nonconformities

8.1. Non-Conformity Statement MS2530-3:2013 Part 3

Not applicable for mill

8.2. Non-Conformity Statement MS2530-4:2013 Part 4

Non-Conformity	N° 1 of 2		<input type="checkbox"/> Major		<input checked="" type="checkbox"/> Minor	
	Date Recorded>	9 Jan 2019	Due Date>	8 Oct 2019	Date Closed>	
Department / Function:	Principle 4 , Criterion 5: Employment Condition		Standard Ref.: Indicator		4.4.5.8	
Document Ref.:	MS2530-4:2013 Part 4		Issue / Rev. Status:		Open , to be check during surveillance	
Details of Nonconformity:	The working hours and breaks of the individual worker indicated in the time records did not comply with legal regulations and collective agreements as the overtime although mutually agreed upon but did not meet the legal requirements applicable.					
Objective Evidence:	<p>Working hours are recorded based on the punch-card .</p> <p>Overtime , work on rest day and work on public holiday is also recorded in the punch card and the salary slip .</p> <p>Based on the ' Attendance audit Listing by employee code' , that records the:</p> <ol style="list-style-type: none"> 1) employee code 2) name of employee 3) days work 4) OT 5) Rest day 6) PH 7) AL 8) Sick leave 9) Hosp 10) Unpaid leave 11) Absent shift 1,2,3 <p>Based on the overtime and 'Attendance audit listing by Employee Code' list for the month of Dec 2018 , there were 22 workers that has exceeded the overtime of 104 hrs as capped by the employment Act .</p>					

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	<p>Reason :</p> <ol style="list-style-type: none"> 1) Instead of the requirement of 22 per shift , SMPOM was having only averaging 18 workers per shift . 2) SMPOM has requested for mill workers and have yet to get the approved workers 3) Locals have been recruited via social media and contacts recommendation . 4) SMPOM used the workers to correct the Findings raised during the Stage 1 MSPO for labour quarters upgrade like painting , cleaning etc <p>SMPOM has submitted letter to JTK to request for the o/time exceeding 104 hrs / month . Date of submission : 10 Dec 2018 As of date of audit , they have not receive the approval .</p> <p>The overtime of Mr Khrisnasamy Ponnusamy , engine Driver was checked ‘</p> <ol style="list-style-type: none"> 1) Overtime hours on Salary slip: 166 hr in Dec 2018 2) Punchcard: 166 hr <p><i>However based on the punch-card , on the 1st, 19th , and 29th Dec , he was having 19 hours overtime + 8 hrs normal shift = 27 hrs / day instead of a 24 hour / day</i></p>
Close-out evidence:	<p>Root Cause: a) Wrong computation. It was 16 hours overtime instead of 19 hours. The extra 3 hours was the additional meal benefits (it was not an overtime hours) given by the company whenever the boilerman do the overtime works. b) Another cause was due to shortage of boilerman to run shifts. Correction: To put Mr Tay Ah Leng as a standby Dandang Stim & Injin Stim competence person in case one of the boilerman/engine driver is on off day.</p>

Non-Conformity	N° 2 of 2	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
	Date Recorded> 9 Jan 2019	Due Date> 8 Oct 2019	Date Closed>
Department / Function:	Principle 6, Contractor	Standard Ref.: Indicator	4.6.4.1
Document Ref.:	MS2530-4:2013 Part 4	Issue / Rev. Status:	Open , to be check during surveillance
Details of Nonconformity:	No evidence that contractor engaged has been made to understand the MSPO requirements.		
Objective Evidence:	During the time of audit, desludging activity is being carried out by appointed contractor Xiao Peng Tractor Works. However, there is no evidence of contract agreement/ document between the mill and the contractor sighted to make the contractor aware of the relevant MSPO Requirements.		
Close-out evidence:	Root Cause: Overlook (letters signed by others were available) Correction: To get the contractor Xiao Peng Tractor Works to sign on the acceptance/awareness of MSPO Requirements letter.		

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Nonconformities detailed here shall be addressed through the organization’s corrective action process, in accordance with the relevant corrective action requirements of the audit standard, including actions to **analyse the cause of the nonconformity** and prevent recurrence, and complete records maintained.

- Corrective actions to address identified major nonconformities shall be carried out immediately and SGS notified of the actions taken within 30 days. An SGS auditor confirm the actions taken, evaluate their effectiveness, and determine whether certification can be granted or continued.
- Corrective actions to address identified major nonconformities shall be carried out immediately and **records with supporting evidence sent to the SGS auditor** for close-out within 60 days.
- Corrective Actions to address identified minor non-conformities shall be documented on an action plan and sent by the client to the auditor within 90 days for review. If the actions are deemed to be satisfactory they will be followed up at the next scheduled visit
- Corrective Actions to address identified minor non-conformities have been detailed on an action plan and the intended action reviewed by the Auditor, deemed to be satisfactory and will be followed up at the next scheduled visit.
- Appropriate immediate action taken in response to each non-conformance as required

Note:- Initial, Re-certification and Extension audits – recommendation for certification cannot be made unless check box 4 is completed. For re-certification audits the time scales indicated may need to be reduced in order to ensure re-certification prior to expiry of current certification.

Note: At the next scheduled audit visit, the SGS audit team will follow up on *all* identified nonconformities to confirm the effectiveness of the corrective actions taken.

8. General Observations & Opportunities for Improvement

9.1. Positive Observations

1. SMPOM has implemented both the critical and non-critical findings raised during Stage 1 audit e.g
 - To stop deduction from month Oct 18 onwards. To use new practice “no deduction for issuing PPE to workers irrespective of any number unless due to their negligent”.
 - To apply and get approval from JTK to run with OT exceeding 104 hrs/month.
 - To discuss the accident report in the next OSH meeting to be conducted before 28/12/18. OSH meeting Agenda to be established.

9.2. Opportunities for Improvements

1. Clinical Waste – Previous practice, all clinical waste is being transported out by VMO, Dr. Helen Tan Kwai. However, the mill management has sought for new SW contractor Kualiti Alam and will start disposing clinical waste through the contractor onwards. To request for license copy

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9.3. Observations (Part 3)

Not applicable for mill audit

9.4. Observations (Part 4)

Observations	N° 1 of 2	<input type="checkbox"/> Major	<input type="checkbox"/> Minor
Department / Function:	Legal	Standard Ref.: Indicator	4.3.1.1
Document Ref.:	MS2530-4:2013	Issue / Rev. Status:	-
Details	Details/Requirements: All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.		
Details of Observation:	<p>Evidence: There are 61 Permits and Licences that are monitored yearly . Ref: LRR Monitoring Listing MPOB licence 500059104000 expiry 30/11/19 for 192,000 MT Mill layout , pond sighted in the drawing , JH/CSN/0570/09-2 (apr 2009) Although the MPOB permit was for 192,000 MT , however in 2018 , SMPOM was processing 218,950 MT and in 2019 they estimate to process 223,000 MT . Discussion with the SMPOM management reveal that MPOB has not highlighted their over-processing above the permit and there is a plan to upgrade the capacity</p> <p>Majlis Daerah Simpang Renggam , No. Akaun : L0002090-01 for 2019</p> <p>Under the DOE requirement , there is a need to have competent personnel for :</p> <ol style="list-style-type: none"> 1) Scheduled Waste 2) ETP management <p>SMPOM presented evidence of attendance and application of the above competency / qualification .</p> <ol style="list-style-type: none"> 1) CePSWaM : Mr Puvanan , attended in 11-15 Nov 2018 . Organised by INSTEP <p>CepPOME : Mr Firdaus , attending in 14-18 Jan 2019</p>		

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Observations	N° 2 of 2	<input type="checkbox"/> Major	<input type="checkbox"/> Minor
Department / Function:	Housing	Standard Ref.: Indicator	4.4.5.11
Document Ref.:	MS2530-4:2013	Issue / Rev. Status:	-
Details	Details/Requirements: In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.		
Details of Observation:	Living quarters were checked for the local as well as the foreigners and found to have significant improvement: . <ul style="list-style-type: none"> - Missing window panes replaced - Condition of house of F.01 (Puspha) , G.01 (Ram) and A.7 (En Sazani) has been maintained and now in good condition e.g toilet , bathroom , rooms ,Bathroom shower and no more using chemical drum as water storage - Replacement of chemical Nalco container with purchased black HDPE bins as dustbins . regular collection and disposed to 'roro' bins where it will be collected by contractor - No burning of domestic waste sighted - Drains free-flowing and where damaged has been repaired in progress - fire extinguisher located @ 1 fire-extinguisher sighted per row of 8 houses - Last linesite quaterly inspection by Hospital Assistant 21/10/18 - Although SMPOM practices waste segregation , no recyclable bins sighted at the linesite as recyclable material such as PET bottles were found disposed at the 'roro bins ' 		

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Appendix 1: Multi –Site Address List

Not applicable as this is a single site audit

Appendix 2: List of Stakeholders Contacted

Stakeholders Details	Relationship	Stakeholder's Input / Comments	Clients Feedback / Response
Stakeholder's name and designation if any	e.g. contractors, local community, authority etc.	Comments given by stakeholder	Response by auditee
Mr YS Micheal , Hosptial Assistant	Internal Stakeholder / staff	No issues . medicine sufficient	No response by auditee required
Mr Karki Puspa , Nepalese workshop worker	Internal Stakeholder	The Nepalese translation of the payslip is correct	No response by auditee required
Mr Khang Dina Nepalese representative.	Internal Stakeholder	Satisfied with mill treatment to workers. Payment on time .	No response by auditee required
SOUTHERN MALAY ESTATE	External Stakeholder_FFB Supplier	No issue on payment Grading stringent	No response by auditee required
SUNGGAI TIRAM ESTATE	External Stakeholder_FFB Supplier	Payment OK No issue on price	No response by auditee required
JABATAN TENAGA KERJA KLUANG	Govt Agency	No issue . Overtime > 104 hrs	SMPOM has submitted


Appendix 3: MPOB License

Estate/Mill	MPOB License Number	Scope	Expiry Date
Victory Enghoe Plantations Sdn. Bhd_Southern Malay Palm Oil Mill	500059104000	i) <i>Menjual dan mengalih (FFB,PK,CPO,SPO)</i> ii) <i>Membeli dan mengalh (FFB,PK,CPO)</i> iii) <i>Menyimpan (PK,CPO,SPO)</i> iv) <i>Mengilang (FFB)</i>	30/11/19

Appendix 4: Acknowledgement of Internal Responsibility and Formal Sign-off Assessment Findings

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SGS (Malaysia) Sdn Bhd and client acknowledge and confirms acceptance of the Report contents and including the assessment findings. SGS (Malaysia) Sdn Bhd and client accept the responsibility for addressing the opportunities of improvement detailed in this report.

Signed on behalf of Victory Enghoe Plantations Sdn. Bhd_ Southern Malay Palm Oil Mill	Signed on behalf of SGS (Malaysia) Sdn Bhd
Name: Position : Date :	 Name: James S H Ong Position: Lead Auditor Date : 190419

-End of Report-

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