

Malaysian Sustainable Palm Oil (MSPO) Summary Report

Organization:	Nam Bee Company Sdn. Bhd. (Palm Oil Mill Division)		
Address:	Mill Location Address: Nam Bee Company Sdn. Bhd. (Palm Oil Mill Division), Air Kuning Selatan, 73200 Gemencheh, Negeri Sembilan, Malaysia Postal Address: Same as above		
MSPO Standard(s) Used:	MS2530-4:2013 Part 4: General principles for palm oil mills	Accreditation Body(s):	Department Standards of Malaysia
Representative:	Chuah Beng Sun Mill Manager		
Email:	(e): nambeeak@yahoo.com		
Telephone:	(t): +6064479720		
Site(s) audited:	Nam Bee Palm Oil Mill	Date(s) of audit(s):	15 th March 2019
Audit Scope:	1. Processing of Oil Palm Fresh Fruit Bunch (FFB) for Production of Crude Palm Oil (CPO) and Palm Kernel (PK) in compliance to the MSPO Certification Standard MS2530-4:2013 Part 4		
Mill Capacity:	80 mt/hr	Total Area (Certified):	Nil
Visit Certification Assessment:	Main Assessment	Number of Sites:	Nil
Lead auditor:	Afiq Othman (AO)	Additional team member(s):	Mohd Saifuddin Rozlan (MSR)
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

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

This is a multi-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 **Nam Bee Palm Oil Mill** is being certified with other certification scheme as below:

Current Certification (Please tick the certification you are currently certified)			
<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 (Not Applicable)

Sampling Methodology and Rationale
<p>Sampling of the estates to be audited has been conducted in accordance to the Risk Management (MPOB/MSPO/RMP/06) documents as below:</p> $S = r\sqrt{n}$ <p>Risk Factor: LOW (1.0)</p> $S = 1.0 (\sqrt{1}) = 1$ <p>1.0 mill to be visited</p> <p>Only 1 mill visited during the Main Assessment audit according to the formula stated in MSPO Risk Management Document.</p>

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

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The assessment was conducted in 1 audit day and involving 1 Mill of Nam Bee Company Sdn. Bhd. (Palm Oil Mill Division). The audit covers documentation review, internal procedures, management system, field inspection as well as identification of any significant issues for both environment or social issues.

Date	Time	SGS Team	Organisational and Functional Units/ Processes and Activities	Key Contact
15 th Mar 2019	A.M	ALL	<u>Nam Bee POM</u>	All
	0800		Audit Team arrive at Nam Bee POM	
	0830-0845		Opening Meeting Safety Briefing and Introduction of the Mill by the management	
	0900-1200		<u>Site Visit</u> Mill site and Facility, environment components, safety and health requirement, Workers living conditions etc.	
	P.M 1200-1300		Lunch Break	
	1300-1600		Continue Audit – Documentation Review Stakeholder Consultation	
	1600-1630		Auditor meeting	
	1630-1730		Audit Closing	
1730		Depart from Nam Bee POM		

4.3. Certification Body

Auditor	Role & Assigned Principles	Qualification, Education, Working Experience.
Afiq Aliyyuddin Othman	Lead Auditor (P1, P3 and P4)	<ul style="list-style-type: none"> - MSPO Certified Lead Auditor - BSc. (Hons) Marine Technology - A year experience working in Ministry of Natural Resources and Environment - 5 years experiences working for Sime Darby Plantation Berhad as

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		Sustainability and Quality Management.
Mohd Saifuddin Rozlan	Audit Member (P2, P5 and P6)	- MSPO Certified Lead Auditor - Bachelor of Forestry (Wood, Fibre and Technology) - 6 years experiences working for SGS as Lead Auditor (FSC, PEFC, ISCC & MSPO)

4.4. Audit Planning Matrix

		Visits:	MA (Stg 2)	SA1	SA2	SA3	SA4
		Dates:	15/3/19				
Area / Department / Process / Function	Standard	Auditor(s):	1. Afiq Othman 2. Mohd Saifuddin				
Nam Bee POM	MS2530-4:2013 Part 4: General principles for palm oil mills		X	O	O	O	O

*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.

5. Previous Audit Results (Not Applicable)

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:

- 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.

6. 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	0 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"/> Granted / <input type="checkbox"/> Continued / <input type="checkbox"/> Withheld / <input type="checkbox"/> Suspended until satisfactory corrective action is completed.		

7. 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. Details of Certified Entity

Estate/ Mill	Location Address	Geo-Coordinate (GPS)
		Latitude, Longitude
Nam Bee Palm Oil Mill	Air Kuning Selatan, 73200 Gemenchek, Negeri Sembilan, Malaysia	N 2°29'48.4044" E 102°29'21.6764"

Table 1: Address and Coordinates of Mill

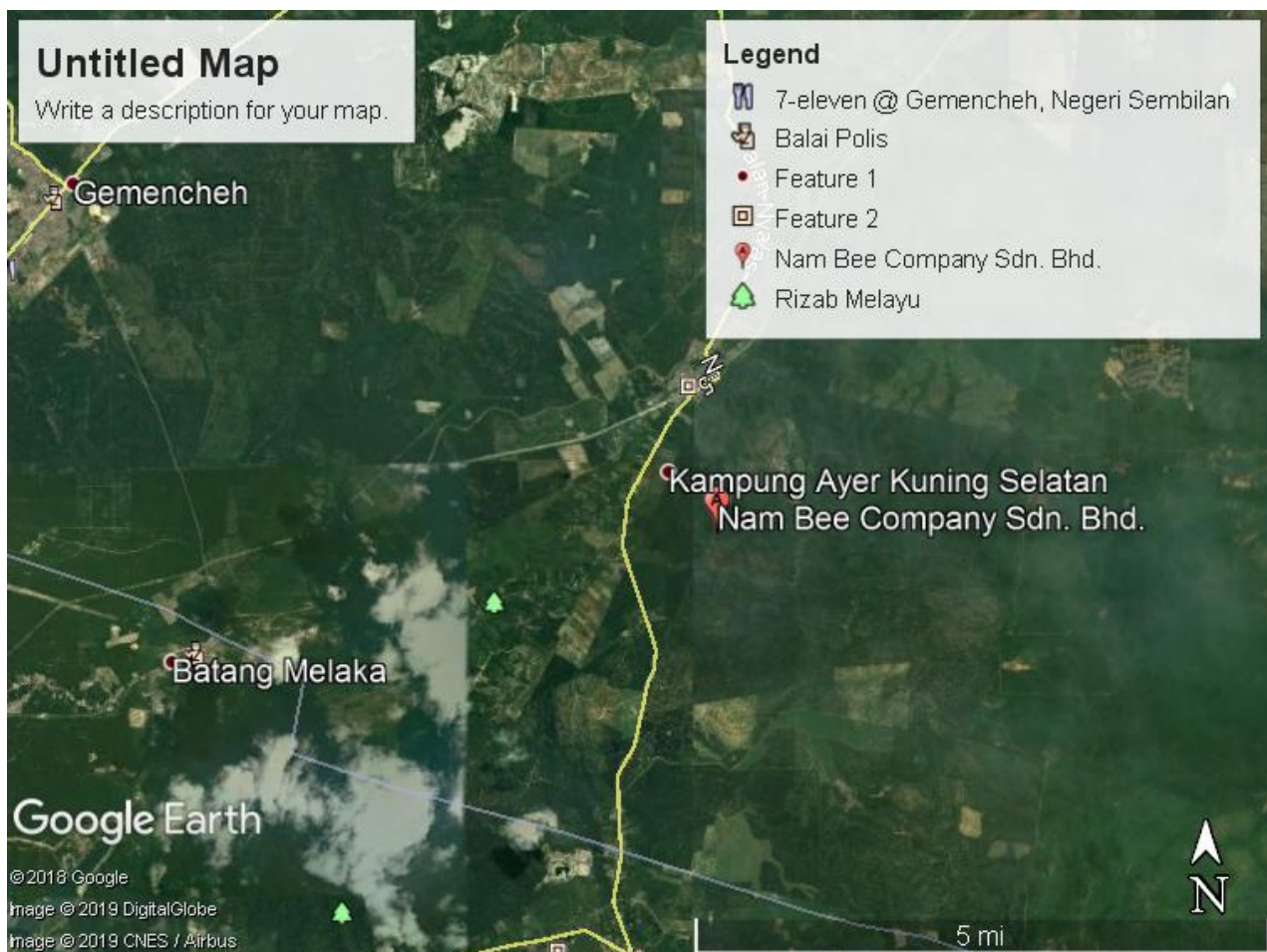


Figure 1: The location of Nam Bee Palm Oil Mill.

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Description of Supply Base and Mill Processing Capacity

Nam Bee Palm Oil Mill was established in 1978. It is situated in Air Kuning Selatan, 73200 Gemencheh, Negeri Sembilan Darul Khusus. The Mill located 3 km from Air Kuning Selatan. The Mill complex is situated in Nam Bee Estate 100 acres site with staff and workers housing complex. The Fresh Fruit Bunch (FFB) is sourced from own estate, outside estates, dealers and small holders. The original 35 ton/hour Mill was upgraded to 60 ton/hour in 1994 and in 2009 the Mill was upgraded to 80 mt/hour. The mill operates in two processing shifts which may extend to overtime of high peak processing of FFB and can operate for 24 hours daily to accommodate the high production volume.

Name of Mill	Actual Last FY 2017/2018	Actual Last FY 2017/2018		Estimated New FY 2018/2019	Estimated New FY 2018/2019	
	FFB Process	CPO (MT)	PK (MT)	FFB Process	CPO (MT)	PK (MT)
Nam Bee Palm Oil Mill	333,064.44MT	Prod: 62196.71	Prod: 19072.15	320,000MT	Prod: 60,880.00	Prod: 17,920.00
		OER: 18.67%	KER: 5.73%		OER: 19.00%	KER: 5.60%

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

7.3. Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation is compulsory for main assessment. Noted that all of the stakeholders interviewed are happy with Nam Bee Palm Oil Mill despite some are being in a situation where FFB price is keep on dropping and affecting the income. Summary of stakeholders engaged and their inputs can be seen from **Appendix 2** of this report.

7.4. Comment on MS2530-4 Compliance Status

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO –</u></p> <p>MSPO Policy dated 16/11/18 signed by Mr. Yang Pang Chee, MD of Nam Bee Company Sdn. Bhd.</p> <p>Noted that the policy emphasizes on continual improvement.</p> <p>MSPO policy is being communicated to workers through monthly briefing. Sampled record dated 31/12/18.</p> <p>As for contractors, MSPO implementation is being communicated through “General Safety Guidelines for Contractors”. For other stakeholders, MSPO policy is being communicated through stakeholder meetings.</p> <p><u>Internal Audit –</u></p> <p>Internal Audit SOP established NBM/1A/01/1 dated 10/4/18. Sighted Internal MSPO Audit Memo and Audit Plan sent by Mr. Foo Yong Kiow (LA) from Tong Leng Company Sdn Bhd (sibling company). The Internal Audit was planned to be conducted on 1/10/18 together with other 3 audit members.</p>
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	<p>Based on the Internal Audit report sighted shows that the audit was conducted as per plan. All principles were covered during the Audit. All findings and non-conformances have been recorded in the audit report. 2 non-conformances and 4 OFI's recorded. Noted that all findings have been root cause analysed and corrective actions have been put in place.</p> <p>The result of Internal Audit was brought to NBPOM management for discussion during Management Review Meeting. The evidence of discussion can be seen from the meeting minute.</p> <p><u>Management Review –</u></p> <p>The result of MSPO stage 1 audit was brought to NBPOM management for discussion during Management Review Meeting. The evidence of discussion can be seen from the meeting minute. Noted that the management had discussed on critical and non-critical findings complete with corrective action, timeframe and status of each finding.</p> <p><u>Continual Improvement -</u></p> <p>Some improvement plan can be seen from Capital Item Requisition for facility upgrading which is consist of Biogas Plant, Repair works of executive and staff quarters, repair works of Artisan and workers quarters</p> <p>Also sighted Safety Audit Check, Safety and Health briefing as part of continuous improvement initiatives for safety and health aspect.</p> <p>As for environmental aspect, NBPOM in progress of installing Electrostatic Precipitator (ESP) for air pollution control.</p> <p>Continuous improvement initiatives social aspect made can be evident from CSR records carried out by NBPOM.</p> <p>NBPOM in progress of installing Electrostatic Precipitator (ESP) for air pollution control. The installation is targeted to be completed in April 2019. The budget allocation can be seen from previous FY budget. Briefings on the ESP operations have been done severally by the contractors involved.</p>
<p>Comment on Principle 2</p>	<p><u>Transparency of documents relevant to MSPO requirements –</u></p> <p>Several communications were communicated to related stakeholder through several methods such as stakeholder meetings and morning briefing. Among communicated information are the mill MSPO compliance, safety and health, environmental and social matters. Some request can be seen from Request and Response Book retained by the mill.</p> <p>NBPOM has the following publicly available at the Mill office notice Board:</p> <ol style="list-style-type: none"> 1) Policies 2) Organization chart 3) Process flow chart <p>Information is presented during the regular meetings. For ad hoc request of information, the office will allow access to the relevant information subject to confidentiality. Each request will be recorded in the Request and</p>

	<p>Response Book mentioned above.</p> <p><u>Transparent method of communication and consultation –</u></p> <p>NBPOM had established “Consultation & Communication – NBM/CC/01/1 Rev 1 dated on 10/04/2018” which entailing Purpose, Definition, Responsibility, Procedure (Internal/External Communication) and Record</p> <p>Mr. Chuah Beng Sun (Mill Manager) was appointed as the communication officer. Appointment letter was available and sighted.</p> <p>Observed the list of related stakeholders was up to date. All communications made were recorded in Minutes stakeholder meeting, Request and Response Book and Official letter.</p> <p><u>Traceability –</u></p> <p>A relevant procedure for traceability practice had been established and the mill is committed towards it. Since the mill’s kernel crushing plant is certified with HACCP and GMP, traceability practices are very dear to the mill.</p> <p>Should any non-conformity product occur, the mill will initiate Recall / Call Back Procedure. This procedure is specifically designed to address non-conformity products. It is being referred for all products of the mill and also for Fresh Fruit Bunch. Graders are being stationed at FFB Ramp to assist the mill in ensuring traceability is being practiced at all times. Addition to that, personnel namely Ms Mok Kui Far, Chief Clerk has been appointed to conduct regular inspection and to monitor compliance towards traceability system established.</p> <p>All records of purchase, sale, production storage and delivery are being monitored daily basis and recorded as per mill production report.</p>
<p>Comment on Principle 3</p>	<p><u>Regulatory requirements –</u></p> <p>List of ratified laws applicable have been established in “List & Summary of Applicable Laws and Regulations” on 15/3/19. From the list, all applicable laws covering for safety and health, environment, social and productions. Sighted number of licenses and permits which were found to be valid if not in progress of renewing. The list of legal is constantly being updated when necessary. Noted that new Minimum Wage Order 2018 which has been made effective starting 2019 has been included. Personnel has been appointed to monitor compliance and to track changers of law. Appointment letter was sighted during the audit.</p> <p><u>Legal land use rights –</u></p> <p>The mill land is a subset of Air Kuning Division Estate’s land title which is runs by the same company. The mill keeps a copy of the land title as a proof of legality of their occupancy. The mill area consumes 100 acres of land for Mill site. The land quit rent is being paid by estate management (owner) mentioned earlier on yearly basis. Based on site visit to the mill boundary area noted that the mill did not encroach or diminish land use</p>

	<p>right of other land users. The mill's boundary is being demarcated with fences along the perimeter.</p> <p>As the date of audit there was no issue on legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants in the estate.</p> <p><u>Customary rights –</u></p> <p>Not applicable.</p>
<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment –</u></p> <p>The Social Impact Assessment was conducted internally by NBPOM management in early 6/8/18 and the summary report dated 15/8/18.</p> <p>Feedbacks from stakeholders were obtained through sets of questionnaires distributed. All of the feedbacks were then summarised in the assessment report. Among the concerns raised by the stakeholders were:</p> <ol style="list-style-type: none"> 1. Encroachment by outside people 2. Delay of house repairing 3. Potential that could be caused by cow wandering at night 4. Worn out PPE 5. Upkeep of surau <p>Social Improvement Plan (NBPOM/MSPO/SIA/SIP) for all concerns raised were included into the Summary Report of SIA Conducted. Noted from the plan, all action plans have been carried out being continuously monitored. Sighted some evidences that the action plans had been carried out accordingly.</p> <p><u>Complaints and grievances –</u></p> <p>Sighted complaint procedures established:</p> <ol style="list-style-type: none"> 1. Sexual Harassment Complaint dated 1/8/18 NBM/SHCP/01/1 Rev 0 2. General Complaint and Grievance dated 10/4/18 NBM/CG/01/1 rev 0 <p>The procedures were communicated to the stakeholders through stakeholder meeting and also being displayed at notice boards.</p> <p>As for sexual harassment issue, the issue shall be reported directly to the management and the management will conduct an investigation and resolve the issue as soon as possible. Should the issue could not be resolved the management will extend the issue to Labour Office</p> <p>Whereas for general complaint the complainer will go through supervisor for resolution. Should the complaint could not be rectified, the complainers will fill in complaint form (NBM/COMPLAINT/01/00) and submit to management.</p>

Complaint form is available at mill office. The complainant may opt to channel their complaints through supervisor and will be extended to the management. Complaint box was available at office area should they wish to submit their complaint and to keep their identity remained anonymous.

Observed sample of complaint forms submitted, all complaints have been resolved in timely manner. All records of complaints and actions taken were maintained appropriately. Based on sample complaint forms, no complaint was not resolved in 24 months.

Commitment to contribute to local sustainable developments –

The mill management has been actively helping and contributing to the local communities in vicinity. It was found that all Corporate Social Responsibility Records are being maintained well by the mill management.

Employees health and safety –

Sighted Safety Policy dated 1/3/18 Mr. Yeo Kian Huat, Director. The policy emphasises on responsibility of the company and the employees towards safety and healthy working environment. The policy usually being communicated to workers during monthly briefing session or during induction programme for new recruits.

Sighted OSH Plan established for year 2019. The plan covers, OSH targets, Number of accident, annual training programme, Usage of PPE, OSH Meeting, SOP review.

Observed HIRARC has been established covering for several processes namely, Office, weighbridge, sterilizer, press station, oil room, kernel plant etc. CHRA was done for WTP Operation, Boiler house and Laboratory Operation by DOSH Registered consultant.

OBS #1

However, it was found that workshop operation and storage area were not risk assessed despite having welding work and involved with lubricants and other chemicals. Referred email correspondence between the mill and CHRA Assessor that additional assessment has been scheduled on 9/4/19. The completion will be verified during the next surveillance.

OBS #2

Based on the latest CHRA Report sighted noted that WTP Operator & Laboratory Personnel are to be sent for medical surveillance. However, the subjected personnel are yet to be sent for medical surveillance at the point of audit day as it was planned on 18/3/19.

Noted that training programme is being included in the 2019 OSH Plan. Among trainings planned in 2019 are, Mechanical workshop training, Electrical, Boiler, Lab etc. Sampled training records done were sighted and attended by relevant personnel.

Sighted PPE issuance records for gloove, ear plug, safety shoes and safety helmets given to the workers in accordance to HIRARC. All records are well maintained. Based on observation during site visit to the mill

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operation area noted that all workers are being equipped with adequate PPE.

New OSH Manual and SOP have been established dated 6/7/18. Among the OSH SOP sighted are Weighbridge station, Ramp, Sterilizer, Kernel Plant, Oil Room, workshop etc. Also noted sop related to chemical management namely "Handling of Chemicals" NBM/HC/01/1 Rev No. 0 and „Handling of Empty Containers“ NBM/HEC/01/1 Rev No. 0.

Sighted OSH Committee Org Chart established. Being spearheaded by Mill Manager, Mr. Chuah Beng Sun and assisted by Hospital Assistant (EHA). This can be evident from Org Chart established. The committee including comprises of management reps and worker reps. Samples of Appointment letters for OSH Committee were sighted.

The mill practices quarterly OSH Meeting to discuss on safety and health matters as required by OSH Act. Noted workplace inspection result, accident and incident occurred, HIRARC revision, Safety and Training Programme, OSH Objectives, ERP etc. being discussed in OSH Meetings. All meeting minutes were well maintained together with attendance list.

Emergency Response Plans were evident at the mill such as Fire, Electrocution, Injury and Chemical Spillage. Observed during site visit all ERPs are being communicated and displayed extensively at various areas such as storage area, workshop, palm and operation area.

First aid kit sampled from office was in good condition and the items included were adequate. Certified first aider David Rajamani, Hospital Assistant. First aid training record conducted on internally trained by Dr. Mohamad Amin Bin Razaly. First aid inspection checklist can be seen from log book.

Observed all JKPP 8 for year 2018 has been submitted and being well maintained at the mill. The report was submitted in timely manner to JKPP which is in January 2019. Noted no JKPP 7 and JKPP6 submission done as at the audit date.

Employment conditions –

Sighted

1. Social and Environment Policy Statements.
2. Sexual Harassment and Violence Prevention Policy dated 5/4/18.
3. Social practice Policy dated 5/4/18.

The policies are being communicated through displaying the policies at notice boards in the mill and through monthly morning briefing together with other established policies such as safety and environmental policies.

Based on Social Practice Policy mentioned above specified that all employees shall be treated fairly, equally and ethically in recruitment and career progression etc. During the interview session with some workers, no issue pertaining discrimination highlighted to the assessor. Further verified other sample records such as contract agreements and payslips have proven that no element of discrimination being practiced in the mill

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as the records sighted are similar and all workers being compensated accordingly regardless of nationality.

Based on sample payment record (Pay Slips) sampled, all of the workers were paid in accordance to Min Wage Order 2018 (RM 1100/ month or RM42.31/ day minimum). The mill has established a system to track and monitor the efficiency of their workers' productivity to avoid underpayment or overpayment.

Apart from worker's payments, contractor worker's payment is also being monitored by mill management to their best ability as per MSPO requirement. Sampled work order between NBPOM and Okutech Sdn Bhd Electrostatic Precipitator (ESP) dated 2/4/18. Noted that based on the work order NBPOM has set a condition whereby the contractor needs to follow to the best ability of the MSPO Requirement. Despite of the mill had requested for copies of contractor worker's payslip for monitoring and record keeping. The contractor however wishes not to share such records due to private and confidential. Nevertheless, the contractor had returned to the mill management with a memo dated 12/3/19 mentioning that the contractor is complying with the law, statues and regulations. The memo signed by the company director Mr. Chua Chze Chiang.

All employees in working in the mill have been list out based on nationality. The list included date join, number of year working, permit number, passport number and validity and permit validity. date of birth, gender and job description.

Worker's contract agreements were sampled and observed being retained accordingly. New version of contract agreement to suit the new minimum wage order has been issued to all workers. Noted that both parties the employer and employee had signed the contract agreement and a copy had been provided to each worker. No recruitment of child labours was identified during the audit. Input from interviewed workers shows that the workers are aware of the contract agreement signed and understand on the terms and agreements.

Working hours and breaks is clearly indicated in employment contract. Checkroll records were available. Working hours served and break time indicated in the checkroll record. Based on workers attendance records exhibit no indication of overworking. Wages and employees' overtime were documented on the pay slips. All pay slips were sighted and well maintained by mill management.

Among other benefits offered are Shift Allowance, Annual leave, Sick Leaves, Medical and Accident Insurance, Accommodation, Free water supply and Subsidised electricity.

The living quarters visited were habitable, with free water and electricity. Interview with workers confirm that the toilets, kitchen are in good condition. Should there is repair work required, the workers may lodge their complaint through as per established complaint procedure.

There was no indication of restriction for them to join any trade union. From the sampled payslips, monthly deduction for NUPW membership can be seen. Total number of workers joined Union is 33.

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	<p>Based on personal identification records of each worker noted that no recruitment of underage worker.</p> <p><u>Training and competency –</u></p> <p>All employees are appropriately trained. Regular trainings session conducted based on necessity of the task. Refresher training will be carried out during the morning briefing.</p> <p>Training needs of individual employees has been established by Mill Manager based on competency required which has been reported by the Assistant Manager.</p> <p>“Training Programme – 2019” was sighted. The document has listed training sessions that will be conducted for all level of employees. The training planned divided into 3 namely safety and health, environment and social.</p>
<p>Comment on Principle 5</p>	<p><u>Environmental management programme –</u></p> <p>Environment policy sighted in their ‘Social and Environmental Policy statement’ signed by Mr Yeo Kian Huat, Director. Based on Mill manager’s explanation, it was signed in 2016 during the establishment of GSR (Guided Self-regulate) as one of the Environment Management Tool by Department of Environment Malaysia.</p> <p>Environment Management plan sighted in the NBM/EMP/01/00 dated 19/03/18 that is established to prevent air pollution, prevent land / water pollution, save of natural resources and create more pleasant working environment.</p> <p>Among relevant records sighted relevant to the management plan are Monitoring records of Boiler Smoke Density, Monitoring records of Scheduled Waste, Monitoring Records of Effluent Treatment Plant and Monitoring Record of Water Consumption</p> <p>In the EMP there is a flowchart to conform to the DOE regulation and other requirement & protection of environment and what needs to be done.</p> <p>The Aspect and Impact analysis of all the operation were documented in as Environmental Aspect and Impact identification and risk Assessment. In the assessment they have considered and identified Process / Area, Waste Generated, Major Activities, Aspect Impact, Plan Mitigate – Positive Impact and Risk assessment (Likelihood (L) and Consequence(C)) Score (L x C).</p> <p>The management established a programme to promote the positive impacts such as the implementation of the ‘4R’ programme for water and the establishment of the solar power lamps at specific location e.g.: at loading and unloading ramp.</p> <p>Series of training relating to environmental is constantly being provided to workers and staffs to improve their environmental performance and achieving their environmental objectives and goals.</p> <p><u>Efficiency of energy use and use of renewal energy –</u></p>

In 2018, NBPOM only started to monitor non-renewable energy usage especially diesel. The diesel is used only for transportation and not for power generation. Diesel for power generation is only being used when necessary such as during unavailability of TNB supply. Records of diesel usage are maintained appropriately. The record for non-renewable energy consumption was made available in “Diesel & Electricity consumption record”.

The mill is equipped with biomass plant which helps the mill to produce more renewable energy for the mill process.

Waste management and disposal –

In the MSPO manual under the EMP section, the wastes and the sources of pollution are identified under the Waste Management Section and the sources of pollution from the waste were identified under the “Environmental Aspect and Impact identification and risk Assessment”. 3 types of waste were identified namely From Mill Operation (by-product), Scheduled waste and Domestic waste.

A procedure called Waste Management & Disposal is being used as waste management plan. The procedure specifies on handling, storage and disposal of waste.

Mill by-products are either being used for boiler fuel or sell for other commercial purpose. Noted that all schedule wastes generated in the mill were reused to reduce was generation. While domestic waste is being handled by estate management of Air Kuning Division (estate of the company).

The palm oil mill management has established Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. They are divided into 2 procedures called Handling of Chemical and Handling of Empty Containers (for empty chemical containers).

Explained by the manager, that he himself had undergone course to be certified as competent scheduled waste handler and in progress of completing Field Trip Report which is part of the competency course.

Reduction of pollution and emission –

An assessment of all polluting activities is identified and conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent in the Environmental Aspect and Impact identification and risk Assessment. “Quarterly Report” dated from 1 October until 31 December 2018 to DOE was available. The report is scheduled to be sent 4 times a year as required by DOE.

Action Plan are viewed. The plan including installing Electrostatic Precipitator (ESP), maximize heat generation by applying air preheater,

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	<p>installing methane capture system and utilisation of renewable biomass for steam generation.</p> <p>Site inspection confirms that the effluent treatment plant meets the requirements set by DOE (Compliance Schedule). Record of POME treatment and effluent was sighted in the “<i>Data Harian Pengeluaran dan Pelupusan Effluen</i>”. Quarterly report is constantly being sent to DOE.</p> <p><u>Natural water resources –</u></p> <p>Water Management Plan for Raw Water & Drinking water was available. “Environmental Aspect and Impact identification and risk Assessment” indicates water pollution (mill effluent & POME) as part of the assessment. Observed the “Quarterly Report” indicates monitoring of outgoing water into the natural waterways. Water consumption is being recorded accordingly.</p> <p>Effluent water discharge was recorded in “<i>Data Harian Pengeluaran dan Pelupusan Effluen</i>”. Observed the effluent water was discharge for land irrigation for Nam Bee nearby estate (400 acre).</p> <p>Based on site visit, observed no indication of POME being discharged to water course.</p>
<p>Comment on Principle 6</p>	<p><u>Mill management –</u></p> <p>SOP for the POM operations are specified in the Standard Operating Procedure Process Control. The audit team observed that the SOP are found covered best management practices at all operation’s processes.</p> <p>Practice wise, the audit team observed that all POM operations are conducted accordingly to the SOPs.</p> <p>NBPOM conducted number inspections for operation based on training evaluation of employees based on training needs or new employments to ensure that all workers are competent.</p> <p><u>Economic and financial viability plan –</u></p> <p>Business Management Plan developed and sighted. The plan entails FFB Receive, CPO Production Statement and PK Production Statement. Observed NBPOM had reviewed the last 2 years’ performance based on actual and projection.</p> <p><u>Transparent and fair pricing dealing –</u></p> <p>Although NBPOM receive 80% of outside crop most of the suppliers do not have any contracts signed with the mill as it is a voluntary basis. Supplier are free to choose to supply to the mill or vice versa.</p> <p>All pricing mechanisms for FFB, CPO and PK are based on MPOB pricing publish in the website. Since it is a commodity price and highly driven by the market, the mill has no power to simply set a price as desired.</p> <p>All contracts sighted was found to be fair, legal and transparent and agreed by both parties seller and buyers</p>

	<p><u>Subcontractor –</u></p> <p>Observed several contract agreements as below such as for installation of ESP and CPO Transportation. Noted that the agreements were agreed and signed by both parties. Further interviewed contractor for ESP installation during stakeholder consultation confirmed that it has been agreed prior to installation. Special clause pertaining compliance towards MSPO requirement included in the contract proving the contractors have been briefed on the matter. Same inputs were given during the stakeholder consultation session.</p> <p>All payments were approved and checked by mill manager and top management at HQ for payment release. The payments were done in timely manner and noted no complaints made by the stakeholders interviewed.</p>
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8. Non-conformities

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

No Non-Conformity identified during this audit

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.

9. General Observations & Opportunities for Improvement

9.1. Positive Observations

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1. Traceability from mill back to the field was possible and staff was able to explain
2. PPE usage was good amongst the workers.
3. Minimum wages comply (meet the new Minimum Wage Order 2018) and timely payment of salary
4. Mill management understanding of MSPO standard requirements is commendable despite being only in the early stage of MSPO certification

9.2. Observations (Part 4)

OBS #	Indicator	Observation/Opportunity for Improvement					
		Date Recorded>	15 Mar 19	Due Date>	-	Date Closed>	-
OBS 1	4.4.4.2	Details/Requirements:					
		b) The risk of all operations shall be assessed and documented.					
		Evidence:					
1. CHRA was done for WTP Operation, Boilerhouse and Laboratory Operation on 12/9/18 by HT Consultant & Services DOSH Reg No JKPP KIM127/453/6/(30). However, it was found that workshop operation and storage area were not risk assessed despite having welding work and involved with lubricants and other chemicals handling. A plan has been in motion before the audit. Referred email correspondence between the mill and CHRA Assessor that additional assessment has been scheduled on 9/4/19. 2. Based on the CHRA Report dated 20/10/18 noted that WTP Operator & Laboratory Personnel are to be sent for medical surveillance. The subjected personnel are yet to be sent for medical surveillance as it was planned on 18/3/19 To be verified in the next surveillance.							

Appendix 1: Site Address List

Site name / Address	Audit Dates	Activities at this site
Nam Bee Company Sdn. Bhd. (Palm Oil Mill Division), Air Kuning Selatan, 73200 Gemencheh, Negeri Sembilan, Malaysia	15 th March 2019	Assessment of conformance against Standard MS2530-4:2013

Appendix 2: List of Stakeholders Contacted

Stakeholders Details	Relationship	Stakeholder's Input / Comments	Clients Feedback / Response
Mr. Balakrishnan	Ldg Tebolang (Supplier)	1. FFB price offered too low 2. No late payment	The mill management understands the struggle faced by the FFB Suppliers. However, the mill itself is facing the same problem for CPO and PK sales. They merely following the price that has been set up MPOB as it is influenced by the market and beyond their control.
Mr. Tay Hwa Pai	EG Jaya Sdn Bhd (Collection Center)	1. FFB price offered too low 2. No late payment	
Mr. Ping	Smallholder (Supplier)	1. FFB price offered too low 2. No late payment	
Mr Tan Seow Teck	Smallholder (Supplier)	1. FFB price offered too low 2. No late payment	
Mr. Mohd Adnan	Felda Technoplant Sdn Bhd (Supplier)	1. FFB price offered too low 2. No late payment	
Mr. Wee You Ming	Smallholder (Supplier)	1. FFB price offered too low 2. No late payment 3. Nam Bee has contributed to the supplier in term of machinery works and also provided by-products for fertilizer.	
Mr. Idris	Lee Engineering Construction (Contractor)	Nam Bee POM operates appropriately in term of safety. Briefing given before start work. Permit to work being issued accordingly.	The management noted on the inputs
Mr. Lu Ban Hong	Connection Engineering (Contractor)	No late payment	

Appendix 3: MPOB License

MPOB License Number (Mill/ Estate)	Scope of Activity	Expiry Date
Nam Bee Palm Oil Mill	Menjual dan mengalih PK, CPKO	01/10/2018 - 30/09/2019
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500621205000	Membeli dan mengalih PK, CPKO Menyimpan PK, PKC, CPKO	
Nam Bee Palm Oil Mill 500005204000	Menjual dan mengalih FFB, PK, CPO, SPO Membeli dan mengalih FFB, PK, CPO Menyimpan PK, CPO, SPO Mengilang FFB Mengalih CPKO	01/04/2019 - 31/03/2020

-End of Report-