

Malaysian Sustainable Palm Oil (MSPO) Summary Report

Organization:	Kilang Sawit C.P. Sdn. Bhd - 269938-M		
Address:	Mill Location Address: Kilang Sawit C.P. Sdn. Bhd, 28000 Temerloh, Pahang Darul Makmur. Head Office Address: No.11, Jalan Maju Barat, Taman Maju, 83000 Batu Pahat, Johor Darul Takzim		
MSPO Standard(s) Used:	MS2530-4:2013 Part 4: General principles for palm oil mills	Accreditation Body(s):	Department Standards of Malaysia
Representative:	Mr. Tey Yong Jian Mill Manager. Tel (M): +60 9296 2222 Email (E): kscp88@gmail.com		
Site(s) audited:	Charuk Puting Palm Oil Mill	Date(s) of audit(s):	15 th & 16 th Aug 2019
Audit Scope:	Processing of Oil Palm 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:	90 mt/hr	Total Area (Certified):	Nil
Visit Certification Assessment:	Main Assessment 1	Number of Sites:	1 Mill
Lead auditor:	Mohd Syafiq Zawawi	Additional team member(s):	Daryl Tan (Trainee Auditor)
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 the 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

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3. Current Certification

Currently **Kilang Sawit C.P Sdn. Bhd.** is 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

Sampling Methodology and Rationale
<p>Sampling of the mill to be audited has been conducted in accordance to the Risk Management (MPOB/MSPO/RMP/06) documents as below:</p> <p style="text-align: center;">S = $r\sqrt{n}$</p> <p style="text-align: center;">Risk Factor: Not Applicable</p> <p>Since this is an individual certification. Sampling method is not applicable.</p>

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 2 audit days and involving a Mill of Kilang Sawit C.P. Sdn. Bhd. 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	Auditor	Organisational and Functional Units/ Processes and Activities	Key Contact
15 th Aug 2019	0830	MSZ	Arrival of Auditor Opening Meeting at Charuk Putting Oil Mill	Management Representative & Key Personnel
	0900 - 1700	MSZ	<p><u>Kilang Sawit C.P. Sdn. Bhd.</u> MS 2530-4-2013 (Part 4) General Principles For Palm Oil Mills</p> <ul style="list-style-type: none"> • Principle 1: Management commitment and responsibility • Principle 2: Transparency • Principle 3: Compliance to legal requirements • Principle 4: Social responsibility, health, safety and employment condition <p style="text-align: center;">End of Day 1</p>	Mill Management Personnel
16 th Aug 2019	0830 - 1600	MSZ	<p><u>Kilang Sawit C.P. Sdn. Bhd.</u> (cont'd)</p> <ul style="list-style-type: none"> • Principle 5: Environment, natural resources, biodiversity and ecosystem services • Principle 6: Best practices 	Mill Management Personnel
	1600 – 1700	MSZ	Preparation for closing Closing Meeting	Management Representative & Key Personnel

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4.3. Certification Body

Auditor	Role	Qualification, Education, Working Experience.
Mohd Syafiq Zawawi	Lead Auditor	<ul style="list-style-type: none"> - Holder of Mechanical Engineering Diploma - Attended MSPO Auditor Course - Attended Integrated Management System Course - Qualified MSPO Auditor - 10-year experience in Plantation Industry (Mill, Downstream, Refinery, Auditing) - freelance auditing since 2018
Daryl Tan	Trainee Auditor	<ul style="list-style-type: none"> - Holder of Degree in Business with Management - Attended MSPO Auditor Course - Registered SHO & CepSWaM - 5 years experience in ESH - freelance auditing since 2018

4.4. Audit Planning Matrix

		Visits:	MA (Stg 2)	SA1	SA2	SA3	SA4
		Dates:	15-16/08/19				
		Auditor(s):	1. Mohd Syafiq Zawawi 2. Daryl Tan				
Area / Department / Process / Function	Standard						
Charuk Puting POM	MS2530-4:2013 Part 4: General principles for palm oil mills	X	O	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 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
Charuk Puting Palm Oil Mill	28000 Temerloh, Pahang Darul Makmur.	3.440178,102.491147

Table 1: Address and Coordinates of Mill

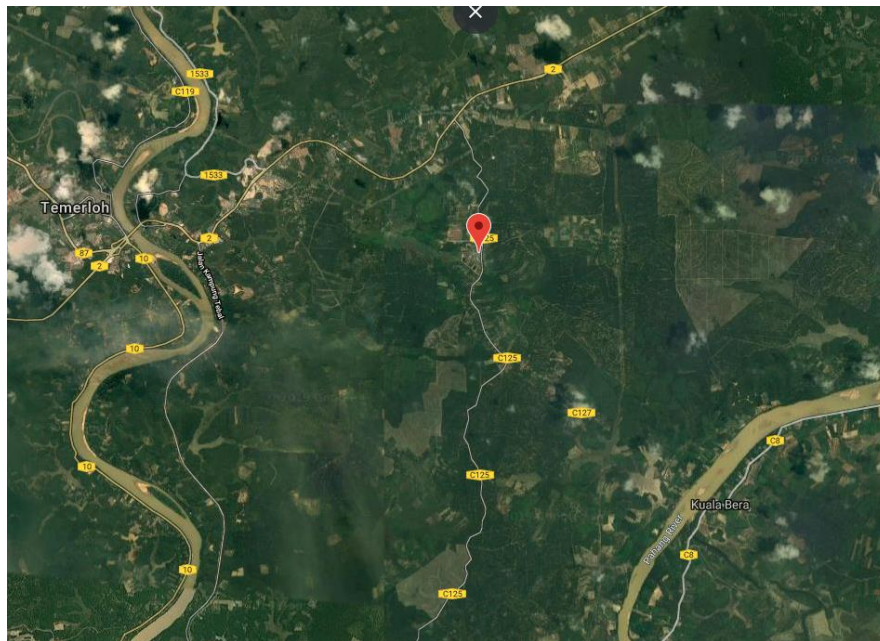


Figure 1: Location of Kilang Sawit C.P. Sdn. Bhd. Temerloh Districts of Pahang

Description of Mill Processing Capacity

Kilang Sawit C.P Sdn. Bhd. (the company) incorporated in 13th July 1993 with the name as a New Structure Sdn. Bhd. and change the name to Kilang Kelapa Sawit D.M. Sdn. Bhd. on 1st November 2002. The Company changed to its existing name on 17th December 2003. The mill located in Temerloh District of Pahang while it Head Office located in Batu Pahat, Johor.

Under the Palm Oil Mill structure, it was consisted more than 181 staffs and workers. The palm oil mill is led by Factory Manager who is assisted by Mill manager. The mill manager is in charge of the entire palm oil operation including receiving, processing, and storage and dispatching activities. Mill Manager is assisted by respective Assistant Engineer in the mill.

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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)
Kilang Sawit C.P. Sdn. Bhd.	514,081.69	97,258.30	30,745.68	520,000.00	98,800.00	31,200.00
		18.92%	5.98%		19.00%	6.00%

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

7.2. Area of Plantations

Area Statement (Ha)						
Estate	Titled Area (Ha) (Certified Area)	Planted (Ha)		Conservati on (Ha)	HCV (ha)	Others (Ha)
		Immature Area (Ha) (Age group)	Mature Area (Ha) (Age group)			
Nil						
TOTAL						

Table 3: Hectare Statement of Supplying Estate

7.3. Stakeholder Consultation and List of Stakeholders Contacted

Details of stakeholder inputs resulted from stakeholder consultation can be found in **Appendix 2**.

7.4 Comment on MS2530-4 Compliance Status

Comment on Principle 1	<p><u>Policy on Implementation of MSPO –</u></p> <p>Policy for the implementation of MSPO has been established by the company which is signed by the Company Executive Director on 18th</p>
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	<p>March 2019. The policy emphasizes on the commitment to continual improvement with the objective of improving the milling operation.</p> <p>The establishment of the policy has been made known to their respective stakeholders through various communication channel such as stakeholder meetings, display it on notice boards etc.</p> <p><u>Internal Audit –</u></p> <p>Internal audit was planned and conducted accordingly to determine the strong and weak points and potential area for further improvement in the sustainability implementation of the company. By doing so, the company could identify the insufficiency of its MSPO implementation as well as identifying every root cause and corrective action needed for each finding identified.</p> <p>To carry it out systematically and effectively, the company has established Internal Audit Procedure. An Internal Audit Report will be prepared then made available to the top management to be discussed in management review meeting which will be done periodically.</p> <p>.</p> <p><u>Management Review –</u></p> <p>A management meeting was conducted after the completion of internal audit. Apart from discussing the internal audit result, the management had also go through the extent of discussing the policies and objectives suitability, evaluation of compliance with applicable legal requirements, result of participation and consultation of stakeholders, review on environmental & biodiversity objectives and corrective action, review on S&H objectives, review on employment condition, site management and recommendation for improvement.</p> <p><u>Continual Improvement –</u></p> <p>The POM has established action plan for continual improvement covering all aspect of the operations appropriate to the scale and intensity of its operations. Details of the continuous improvement plan for year 2018/2019 is made available to the audit team during the audit.</p>
<p>Comment on Principle 2</p>	<p><u>Transparency of documents relevant to MSPO requirements –</u></p> <p>The management documents are made publicly available except prevented by confidentiality. Documents such as policies and Complaints and Grievances Procedure were made available through notice boards which is situated at several places such as the mill entrance, workers housing area and the mill office. Apart from that, the publicly document can be view in the company website.</p> <p><u>Transparent method of communication and consultation –</u></p> <p>The company has established Stakeholder Consultation and Communication procedure. Based on the established procedure, means of communication can be in written method, circular, bulletins, meeting training, talk and briefing. Any inquiries that is not a complaint will be</p>

	<p>directed to appointed Communication Representative (CR) and will be handled by the CR. The company has established Stakeholder List to help them better identified its relevant stakeholders.</p> <p><u>Traceability –</u></p> <p>The company is committed to implement and maintain the requirements for traceability and has established several standard operation procedures for traceability categorised into reception of its raw material, dispatch of its products and monitoring of sales activity. The SOPs were designed to suit unique responsibility of each personnel relevant to traceability practices.</p> <p>Personnel has been appointed to oversee the whole operation of the traceability system. Addition to that, the implementation will be audited every year during MSPO internal audit.</p>
<p>Comment on Principle 3</p>	<p><u>Regulatory requirements –</u></p> <p>Legal documentation is maintained by the company covering the workers, social, environmental as per in the Legal and Other Requirements Register)". However, few of the activities was not in compliance as declare by their own internal verification and also few legal compliance as was not in line by the legal requirement, therefore major non-conformities is raised for this findings. The POM has listed all laws applicable to their operations in its legal requirement register. Observed that the list of laws highlighted within the standard are kept within a file that. However, there were few list of legal were left out in the legal register which resulted to the minor non-conformance. All list of laws is found was no be updated together with the latest version of the documented laws which raised on the minor findings. The Assistant Engineer, Mohd Hafiza Bin Ibrahim of the company himself has taken the responsibility of monitoring compliance and tracking update and changes in regulatory requirement.</p> <p><u>Legal land use rights –</u></p> <p>The mill management has provided documents showing legal ownership on the actual legal use of the land. The mill is located within the company land title. The worker accommodation, some effluent ponds were found to be outside the land title belonging to the site. This land H.S. (M) 15889 is rented to the site by Ungku Abdul Arif Bin Ungku Hasbar.. No land dispute case recorded. Further assessed complaint records, noted no complaint made pertaining to land issue.</p> <p><u>Customary rights –</u></p> <p>There are no issues or encumbered by customary rights in the land occupied by POM.</p>
<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment –</u></p> <p>SIA conducted internally by appointed consultant and estate staff. It was done to identify positive and negative impacts. Every feedback is being recorded and addressed accordingly by the estate management.</p>

Noted from the inputs given by engaged stakeholders, several positive impact was highlighted.

Mitigation Plan – Available. The plan was meant to mitigate negative impacts and to promote positive impacts identified. All feedbacks provided by the stakeholders were compiled into document Management Program SOP-16 F-03. Each feedback was classified either negative or positive.

For every feedback received, an acknowledgment notice will be issued to the stakeholder and action plan to address the issue will be informed by the estate management.

Complaints and grievances –

SOP Complaints and grievances procedure dated Jan 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. It was communicated during series of stakeholder meetings and briefing with workers. Copies of feedback form were provided during the meetings and briefings done. It also made available at the mill office.

Noted all the complaint and feedback forms from Social Impact Assessment and Stakeholder Meetings are being retained accordingly.

Commitment to contribute to local sustainable developments –

The mill has been actively contributing to its local development of the surrounding communities including internal and external.

Employees health and safety –

Sighted safety and health policy signed by Executive Director dated 13/04/19. The establishment of the policy has been communicated through trainings and stakeholder meetings conducted.

OSH Plan was sighted during the audit. The plan consists of the requirement of indicator 4.4.4.2 of this standard.

All operation risk has been assessed and documented in the HIRARC Form.

Last audiometric test was conducted on 8th August 2018 with result 4 employees is having a hearing problem, however the recommendation by the Occupational Health Doctor was not implemented, hence minor findings is raised.

Safety trainings for employees exposed to chemicals have been conducted; records of the training are available in the Training Record file.

Appropriate PPE are found to be distributed for the specific risk assessed operations as per in the HIRARC. For the above, the company is utilizing the specific form i.e. Stock Record of Personal Protective Equipment (PPE) to record the issuance of the PPE to the works. However, no

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	<p>evidence of PPE for chemical handler is recorded, therefore another minor finding is raised.</p> <p>The management has established an SOP for handling of chemicals to ensure proper and safe handling and storage in accordance to OSH (Classification Packaging and Labeling) Regulation 1997 and OSH (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>The POM has established OSH Committee and appointed several employees of the POM as the committee members for coordinating the safety and health in the mill. The appointment letters were made available to the audit team during the audit. Interview conducted with the appointed safety representative showed that he is aware of the OSH requirement within the mill operation.</p> <p>Regular safety & health meetings (every 3 months) have been conducted by Safety and Health Committee; where issues about safety and health are discussed. Minutes of meeting held in 2019 were made available to the audit team during the audit. Observed that the meetings were chaired by the Mill Manager and was attended by the appointed committee encompassing both top management and workers representative. However, there was no evidence of safety minutes distributions was done within 2 weeks, thus another minor findings is raised.</p> <p>Site inspection evidence sign of potential hazard available at strategic location especially at the workshop, chemical store and fuel tanks. In addition, the emergency procedure is also made available to all workers by posting on the wall or on notice board.</p> <p>Several employees were sent to First Aid Training Course. First aid kits were found to be available within the mill operation areas and at the mill office.</p> <p>Records of accident have been summarized for reporting to DOSH using JKKP 8 form. Noted there wee 4 and 2 accident occurred in 2018 and 2019 as of the audit date.</p> <p><u>Employment conditions –</u></p> <p>A policy has been established to ensure the company is operating on good social practices regarding human rights in respect of industrial harmony such as Equality/ no discrimination, No child labour, No sexual harassment and Freedom of Association. The Good Social Policy outlines the company’s commitment to support the non-discrimination and provides equal career development opportunities to all individuals.</p> <p>Random verification in several payslips of the workers showed that the company is in compliance with the Minimum Wages Order (Amendment) 2018.</p> <p>The POM maintains records that provide an accurate account of all employees which contains all information (full names, gender, date of birth, date of entry, a job description, wage and the period of employment).</p>
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	<p>The employment contract is also found to be established and signed and maintained by the company.</p> <p>Copies of signed of employment contract is made available review by the audit team during the audit.</p> <p>The mill has established a time recording system by biometric thumbprint system that records all working hours and overtime being transparent for both employees and employer. The working hours and breaks of each individual employee as indicate in the time records are in compliance with the Employment Contract which is duly signed and agreed by the workers.</p> <p>Pay slip and pay rolls records indicate that working hours for all employees is 8 hours daily from Monday to Saturday. Observed that the wages and overtime payment were documented on the pay slips.</p> <p>The mill has provided yearly bonus, monthly incentive is paid according to the workers performances. Apart from the above, the management also provides free housing facilities with water and electricity, meal for night shift and also the medical provision.</p> <p>On-site living quarters are provided to general workers and staff. Observed that the living quarters are habitable and have amenities such as water, electricity etc. However, for improvement mill is suggest to improve on their quarter cleanliness and sanitation</p> <p>No indication of sexual harassment happening in the mill as well been documented in the social policy with at statement of prohibition of all forms of sexual harassment within the compounds of the company.</p> <p>Union members is there among the mill workers under NUPW. Sighted the Collective Agreement of NUPW latest on 2019 is kept the mill and the employee terms & condition accordingly to the CA.</p> <p>Employment records evidenced that employment age requirement is met whereby the audit team has verified all workers for POM from the workers list and found that the youngest workers is 18 years old. In addition, ground observation during the audit also does not show any evidence of employment of underage workers.</p> <p><u>Training and competency –</u></p> <p>Sighted training plan for 2019 being developed into several programmes. Training Plan for 2019 has been established. 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>
<p>Comment on Principle 5</p>	<p><u>Environmental management programme –</u></p> <p>The company has established an environmental policy namely “Dasar Penjagaan Alam Sekitar” Policy. The policy dated 30/01/2017 is found to be signed by the Executive Director.</p>

The policy has been communicated to all workers and other stakeholders in during muster morning and stakeholder meetings. Evidence of the communication of the policy to the workers was made available to the audit during the audit.

Environmental Aspect Impact Assessment, with the evaluation form were available. Observed that the above documents have been established by 4 mill engineer. Total of 25 activities were identified, 12 were identified as medium risk and 13 was identified as low risk.

A program to promote the positive impacts was indicated in the continual improvement plan and also being included into environmental monitoring plan of the mill.

Series of trainings were included into training program and implemented accordingly to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.

Number of meetings were conducted to discuss on any environmental issues happening in the estate. It is usually being done concurrently with the quarterly OSH meeting.

Efficiency of energy use and use of renewal energy –

Consumption of non-renewable energy is recorded on 1/8/2019. The audit team observed that the record is found to be updated on a yearly basis with the 3 years interval recorded is from 2016 until to date year. The same record has been established for power generation (electricity) with the same period. The site uses turbine as a source of renewable energy.

Waste management and disposal –

Documented identification of all waste products identified within the mill is highlighted Waste Management Plan. The plan contains the identification of the pollutions, the source of the pollution and the improvement (action) plan. However, the pollution from the worker quarter was not include in the EAI hence minor finding is raised.

The mill management has established an SOP for handling of used chemicals to ensure proper and safe handling and storage in accordance to Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005. However, during site visit found that the 7th Schedule yet available and also identified 1 unit did not have the sump pit which were not meet with the SOP.

Domestic waste generated by the site is disposed at the local landfill managed by 3rd part.

Reduction of pollution and emission –

Polluting activities assessment has been done concurrently with Environmental Aspects Impacts Assessment and included into Environmental Aspects and Impacts register documented on 14/7/2019.

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	<p>Among identified potential environmental impacts were pollution due to Leaking of CPO to the ground and monsoon drain, Spillage of CPO from tanker and chemical spillage. However, the pollution generated from the worker accommodations and other sources was not documented in the assessment.</p> <p>Reduction of Pollution and Emission is documented in the MSPO Management Plan dated 01/04/2019 has been developed to reduced identified pollutants and emissions. The planned activities are also discussed in the management review meeting.</p> <p>As for POME management, the mill observed all terms and conditions stipulated in their DOE License. During site visit to the ETP observed no indication that terms have been breached.</p> <p><u>Natural water resources –</u></p> <p>Water Management Plan for CPOM (dated 01/08/2019) was available.</p> <p>The CPOM is sourcing water from JBA for the office, administrative and the worker quarter while for the processing line the water sourcing from the mill raw water pond.</p> <p>The CPOM did monitor the water extraction for consumption in processing recorded in the “Raw Water Meter Reading” log book with the reading done on daily basis.</p> <p>Sighted during site visit that there were some areas with water wastage through leakages.</p>
<p>Comment on Principle 6</p>	<p><u>Mill management –</u></p> <p>SOP for the POM operations are specified in the Standard Operation Manual production. 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>Regular inspection and supervision are conducted by each of the General Manager and will be audited during MSPO Internal Audit on annual basis.</p> <p><u>Economic and financial viability plan –</u></p> <p>Long term Budget for until 2022 was made available during the audit. Sighted there are few Capital Expenditure has been include in the budget such as the installation ESP Boiler, upgrading the worker quarter, new effluent pond and the construction of the biogas plant.</p> <p><u>Transparent and fair pricing dealing –</u></p> <p>Sighted there is the contract agreement in between mill and the CPO buyer (refinery). Contract renewing upon completion of request delivery and the payment term is clearly stated in the agreement.</p> <p><u>Subcontractor –</u></p>

	<p>The management has disseminate the written letter regarding the MSPO requirement to all vendor. All the vendor has reply with the signed the acceptance. Sighted all the 87 vendor consist the maintenance contractor and supplier has reply the letter.</p> <p>All works completed by the contractors are paid only after verification has been completed by the operation side</p>
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8. Non-conformities

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

Non-Conformity	N° 1 of 8	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor										
Department / Function:	Principle 3 Compliance To Legal Requirement	Standard Ref.:	4.3.1.1										
Document Ref.:		Issue / Rev. Status:	Closed on 22th September 2019										
Details of Nonconformity:	Site operation is not in compliance with applicable local, state, national laws and regulations												
Objective Evidence:	<p>Legal and Other Requirements Register (LORR) was sighted. Some activities under Occupational Health and Safety Act such as:</p> <ol style="list-style-type: none"> Reg 18, Reg 28 of the USECHH Regulation By-Law 243 of the Uniform Building By Law Reg 8(1) of the Scheduled Waste Regulations <p>Was found to be not in compliance as declared by their own internal verification.</p> <p>The site does not fully comply with the Workers Minimum Housing and Amenities Act 1990 section 23 (2) where It shall be the duty of the employer to ensure that all buildings used for the housing of workers, nurseries or community halls are visited and inspected weekly.</p> <p>The site does not possess a Fire Certification in compliance with Fire Services Act 1988. The site is in progress of obtaining the certificate, which is expected to be done within 2019.</p> <p>Certificate of fitness for pressure vessels was sighted at the site.</p> <table border="1" data-bbox="400 1512 845 1697"> <thead> <tr> <th>CF No.</th> <th>Expiry</th> </tr> </thead> <tbody> <tr> <td>PH PMT 4924</td> <td>06/05/2020</td> </tr> <tr> <td>PH PMT 3590</td> <td>06/05/2020</td> </tr> <tr> <td>PH PMD 597</td> <td>06/05/2020</td> </tr> <tr> <td>PH PMD 736</td> <td>01/08/2020</td> </tr> </tbody> </table> <p>However, during the site visit at long fiber, there was an air compressor without a certificate of fitness on site.</p>			CF No.	Expiry	PH PMT 4924	06/05/2020	PH PMT 3590	06/05/2020	PH PMD 597	06/05/2020	PH PMD 736	01/08/2020
CF No.	Expiry												
PH PMT 4924	06/05/2020												
PH PMT 3590	06/05/2020												
PH PMD 597	06/05/2020												
PH PMD 736	01/08/2020												
Root Cause Analysis:	<ol style="list-style-type: none"> Missed out during compilation of list of legal register. Workers quarters are provided by company for many years with status quo In the process of obtaining fire cert. The mentioned air compressor are of heritage of the previous mill owners and was neglected. 												
Correction & Corrective Action:	<p>Correction:</p> <ol style="list-style-type: none"> List of legal register was updated, please find the attached amended list. 												

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	<p>2. Weekly inspection has been carried out, please find the attached 5s checklist for quarters.</p> <p>3. Fire cert is in the midst of application, please find the attached application letter</p> <p>4. The mentioned air compressor was decommissioned at 20th Aug 2019, please find the attached decommissioning letter.</p> <p>Corrective Action:</p> <p>1. Assistant MR will update/review the List of Legal Register monthly.</p> <p>2. Appointed a supervisor to carry out 5s checklist inspection weekly.</p> <p>3. Appointed Regulation officer will update periodically all the legal dealing and to make sure all permit, licenses, etc are up to date.</p> <p>4. Inspection of expiry of permits of machineries and equipment will be carried out during internal audit.</p>
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Non-Conformity	N° 2 of 8	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
Department / Function:	Principle 3 Compliance To Legal Requirement	Standard Ref.:	4.3.1.2
Document Ref.:		Issue / Rev. Status:	Open (Due by 15 th May 2020)
Details of Nonconformity:	The site does not list all relevant laws related to their operations in a legal requirements register.		
Objective Evidence:	Legal and Other Requirements Register (LORR) was sighted. However, some of the legal requirements were left out from the register. This includes: <ul style="list-style-type: none"> 1. Weights and Measures Act 2. Poison Act 		
Root Cause Analysis:	Missed out during initial compilation of legal register list.		
Correction & Corrective Action:	<p>Correction: List of legal register was updated</p> <p>Corrective Action: Appointed an assistant MR cum regulation officer with the responsibilities to update legal register list was appointed with an appointment letter.</p>		

Non-Conformity	N° 3 of 8	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
Department / Function:	Principle 3 Compliance To Legal Requirement	Standard Ref.:	4.3.1.3
Document Ref.:		Issue / Rev. Status:	Open (Due by 15 th May 2020)
Details of Nonconformity:	The legal requirements register is not updated as and when there are any new amendments or new regulations coming into force.		
Objective Evidence:	The legal register is not updated for new regulations coming into force, which include the Occupational Safety and Health (Noise Exposure) Regulation 2019.		
Root Cause Analysis:	Missed out during initial compilation of legal register list.		
Correction & Corrective Action:	<p>Correction: List of legal register was updated</p> <p>Corrective Action: Assistant MR will update/review the List of Legal Register monthly.</p>		

Non-Conformity	N° 4 of 8	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
Department / Function:	Principle 4, Employees safety and health	Standard Ref.:	4.4.4.2
Document Ref.:		Issue / Rev. Status:	Open (Due by 15th May 2020)
Details of Nonconformity:	The occupational safety and health plan does not adequately cover the requirements from 4.4.4.2.		
Objective Evidence:	<p>1) Last audiometric test was conducted on 8th August 2018 with result 4 employees is having a hearing problem. Sighted the recommendation by the Doctor was not properly implemented as two of the employee no record of PPE for hearing protection was given to them.</p> <p>2) No evidence of record the safety mask N95 and the nitrile hand glove been given to the employee exposed to the chemical.</p> <p>3) The management has conducted the safety meeting as a two way communication with their employee for every 3 month. Last safety meeting conducted on 26th June 2019 However, there is no evidence of safety minutes distribution to the committee within 2 week after the meeting held as per requirement of Safety and Health Committee Regulations 1996.</p>		
Root Cause Analysis:	<ol style="list-style-type: none"> 1. No follow up action after received audiometric test. 2. Neglecting of recording of PPE issuance. 3. Neglecting of distribution of meeting minutes. 		
Correction & Corrective Action:	<p>Correction:</p> <ol style="list-style-type: none"> 1. 4 employees to be given with ear muff and ear plug with record. 2. To provide employees with suitable and necessary PPE to safely perform their job with proper record. 3. To distribute meeting minutes with acknowledgement. <p>Corrective Action:</p> <ol style="list-style-type: none"> 1. To implement continuous reminder in the morning muster of wearing and recording of issued PPE. 2. To implement continuous reminder in the morning muster of wearing and recording of issued PPE. 3. To distribute meeting minutes with acknowledgement immediately after each meeting. 		

Non-Conformity	N° 5 of 8	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
Department / Function:	Principles 5, Environment, Natural Resources, Biodiversity And Ecosystem Services	Standard Ref.:	4.5.3.1
Document Ref.:		Issue / Rev. Status:	Open (Due by 15th May 2020)
Details of Nonconformity:	Not all of the waste products and sources of pollution is identified and documented.		
Objective Evidence:	The identification of pollution for the site is recorded in the EAI. However, some of the sources of pollution (e.g.: pollution from the worker's quarters) were not identified in the document.		
Root Cause Analysis:	Neglecting of records of source of pollution		

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Correction & Corrective Action:	Correction: To update immediately of the sources of pollution according to EAI Corrective Action: Appointed SW handler to continuously update the EAI and sources of pollution.
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Non-Conformity	N° 6 of 8	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
Department / Function:	Principles 5, Environment, Natural Resources, Biodiversity And Ecosystem Services	Standard Ref.:	4.5.3.3
Document Ref.:		Issue / Rev. Status:	Open (Due by 15th May 2020)
Details of Nonconformity:	The palm oil mill management do not ensure the proper management of scheduled waste as required by the Environmental Quality (Scheduled Waste) Regulations 2005.		
Objective Evidence:	Site visit to the Scheduled Waste Store identified that the store was well ventilated, fenced up with locked access, and sump pit available for one of the two stores. However, it was identified that one of the stores storing liquid waste did not have a sump pit and the 7 th Scheduled for the waste was not yet established at the time of audit.		
Root Cause Analysis:	Neglecting of compilation of 7 th schedule		
Correction & Corrective Action:	Correction: To complete compilation of 7 th schedule Corrective Action: Appointed SW handler to continuously update the 7 th schedule		

Non-Conformity	N° 7 of 8	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
Department / Function:	Principles 5, Environment, Natural Resources, Biodiversity And Ecosystem Services	Standard Ref.:	4.5.4.1
Document Ref.:		Issue / Rev. Status:	Open (Due by 15th May 2020)
Details of Nonconformity:	The site did not assess all polluting activities at the site.		
Objective Evidence:	The site assess their polluting activities through the use of the environmental aspects and impacts identification and evaluation. The document dated 14/07/2019 was sighted. However, the pollution generated from the worker accommodations and other sources was not documented in the assessment.		
Root Cause Analysis:	Neglecting of records of source of pollution		
Correction & Corrective Action:	Correction: To update immediately of the sources of pollution according to EAI Corrective Action: Appointed SW handler to continuously update the EAI and sources of pollution.		

Non-Conformity	N° 8 of 8	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
Department / Function:	Principles 5, Environment, Natural Resources,	Standard Ref.:	4.5.5.1

	Biodiversity And Ecosystem Services		
Document Ref.:		Issue / Rev. Status:	Open (Due by 15th May 2020)
Details of Nonconformity:	The site did not effectively establish a water management plan to maintain the quality and availability of natural water resources.		
Objective Evidence:	During the site visit, it was sighted that there were some areas with water wastage through leakages. This includes at the hot water tank and the water tank at the water treatment plant before the final discharge area.		
Root Cause Analysis:	Neglecting of checking for leakages		
Correction & Corrective Action:	Correction: To perform inspection for water leakages Corrective Action: To create checklist for inspection of water leakages with monthly inspection period.		

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. Observations (Part 4)

OBS #	Indicator	Observation/Opportunity for Improvement					
		Date Recorded>	16 August 2019	Due Date>	-	Date Closed>	-
1	4.4.5.1 1						

OBS #	Indicat or	Observation/Opportunity for Improvement
		<p>Details:</p> <p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.</p>
		<p>During site visit, sighted the cleanliness and sanitation in a badly condition. To improve on this part as to meet the standard of the Act.</p>

Appendix 1: List of Stakeholders Contacted

Stakeholders Details	Relationship	Stakeholder's Input / Comments	Clients Feedback / Response
YM Tok Muda Dato' Ungku Abdul Ariff (Orang Besar 16 Negeri Pahang)	Land owner of the rented land title 15889	<ul style="list-style-type: none"> - No complaints from. They exchange knowledge quite often. - The Charuk Putting Palm Oil Mill has been assisting in the local communities development in this area since it is the only industry available in this area. - Lot of job opportunity been given to the local people since the development of the mill. - Although the mill in nearest with the local community area which is having a proper road by government. Mill able to handle on their transportation very well with no issue of accident happen. - The mill is the only nearest FFB facility in Temerloh, the nearby mill almost 40km. Therefore, mill existing has lot contribute to the local smallholders 	<p>Noted by the management. To maintain the good relation with the stakeholder</p>

<p>Nick Ricky Zulkifli bin Nick Mahmud</p>	<p>Canteen Operator</p>	<ul style="list-style-type: none"> - He has been attached with the mill since 3 years - Mill located the canteen at the outside mill area, The canteen also has open for public especially for the lorry driver and the village folk, thus canteen revenue not limited to the mill employee. - The management has a good term relation with the canteen operator. - The mill also has source any kind of meal during any activity with the canteen. - Mill has provide night shift meal which is supply by the canteen. 	<ul style="list-style-type: none"> - Noted by the management. - To maintain the good relation with the stakeholder.
<p>Razkumar Khatwe (Nepalese Worker Representative)</p>	<p>CPOM Worker</p>	<ul style="list-style-type: none"> - He has been working for over 5 year at the mill - Appropriate trainings have been provided by the management. - All company policies have been briefed to the workers - He understands the essence of the policies - The really thankful to the company since given him opportunity to work there for almost 5 years. - No issue with company since company has treat the worker with fair and equal. 	<ul style="list-style-type: none"> - Noted by the management.

Appendix 2: MPOB License

MPOB License Number (Mill/ Estate)	Scope of Activity	Expiry Date
Charuk Putting Palm Oil Mill 500138-504000	Menjual dan Mengalih (CPO, FFB, PK, SPO), Membeli dan Mengalih (CPO, FFB,PK), Menyimpan (CPO, PK, SPO), Mengilang (FFB)	31/03/2020

-End of Report-