

MY05120 Bintulu Lumber Development Sawai Palm Oil Mill Audit Summary Report

Organization:	Bintulu Lumber Development Sdn. Bhd. - Sawai Palm Oil Mill		
Address:	<u>Bintulu Lumber Development Sdn Bhd</u> Crown Towers, 6th Floor, 88, Jalan Pending, 93450 Kuching, Sarawak. <u>BLD Sawai Palm Oil Mill</u> Lot 40, Sawai Land District, Miri Sarawak		
Standard(s):	MS2530-4:2013 Part 4 : General Principles for Palm Oil Mills	Accreditation Body(s): DEPARTMENT STANDARDS MALAYSIA (DSM)	
Representative:	Mr Seng Cheak Chai (HQ Senior Manager) Ms Lim Chen Tzen (Assistant to HQ Senior Manager) - 082335331		
Site(s) audited:	BLD Sawai Palm Oil Mill	Date(s) of audit(s):	27th August 2018
Visit Type:	MSPO Audit Stage 2	Type of certification assessment	Main Audit
Lead auditor:	Dickens Mambu (DM) (LA)	Additional team member(s): Audit Member (AM)	Abdul Khalik (AK) (AM)(Training Lead Auditor)
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 certification

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

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

Validation of processes for production and service provision

Has this scope been amended as a result of this audit?

Yes No

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

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	1 of 24	

3. Current audit findings and conclusions

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives required by the standard(s). The audit methods used were interviews, observation of activities and review of documentation and records.

The structure of the audit was in accordance with the audit plan and audit planning matrix included as annexes to this summary report.

The audit team concludes that the organization has 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: 6 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:

Granted / Continued / Withheld / Suspended until satisfactory corrective action is completed.

4. Previous Audit Results

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.

5. Audit Findings

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives. The audit methods used were interviews, observation of activities and review of documentation and records.

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. Yes No

The organization has demonstrated effective implementation and maintenance / improvement of its management system. Yes No

The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement. Yes No

The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system. Yes No

The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system. Yes No

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	2 of 24	

Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard.

Yes No

Certification claims are accurate and in accordance with SGS guidance

N/A Yes No

6. Significant Audit Trails Followed

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

Organization:	Bintulu Lumber Development Sdn. Bhd. - Sawai Palm Oil Mill		
MPOB License No.:	500151204000	Expiry date:	31/03/2019
Scope of Activity:	1. Menjual dan mengalih (FFB, PK, CPO, SPO) 2. Membeli dan mengalih (FFB) 3. Menyimpan (PK, CPO, SPO) 4. Mengilang (FFB)	Mill Capacity	60 mt/hr
Date of certificate issued and validity:	Nil (New application)		
Other Sustainability certifications	Nil		
Proposed date of next surveillance audit	June 2019		
Visit Number:	02 (Stage 2)	Actual Visit Date:	27th August 2018
Visit Due by Date:	Nil	For auditor information only	
Lead Auditor :	Dickens Mambu (DM)		
Audit Member	Abdul Khalik Arbi (AK)		
Additional Attendees and Roles	Mr Seng Cheak Chai (HQ Senior Manager) Ms Lim Chen Tzen (Assistant to HQ Senior Manager) - 082335331		
Standard(s):	MS2530-4:2013 Part 4 : General principles for Palm Oil Mills		
Audit Language:	English & Malay		
Audit Scope:	1.The audit covered One (1) site performing the following scope: Operations, comprising of management systems, process of Fresh Fruit bunches (FFB), documentation and mill assessment. 2.The audit covered all the MSPO 2530 Part 4 requirements with no permissible exclusion of clause in compliance to the standard document.		

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	3 of 24	

Date	Time	SGS Team	Organisational and Functional Units/ Processes and Activities	Key Contact
26 th August 2018	11.00 pm	DM / AK	Arrive Miri (from Kuching) Stay in Miri	DM /AK
27 th August	6.30 am 8.30 8.45 9.00	ALL	<p>BLD Sawai Palm Oil Mill MSPO 2530:4: Palm Oil Mill</p> <p>Depart to Sawai POM Arrive Sawai Palm Oil Mill from Guesthouse Opening Meeting Audit Process (Document)</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 • Principle 5: Environment, natural resources, biodiversity and ecosystem services 	Mill Personnel

Job / Cert. n°:	MY05120	Visit Type:	Stage 2	Visit n°:	01
Document:	Stage 2 (BLD SAWAI PALM OIL MILL)	Issue n°:	1	Page n°:	1 of 2

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	4 of 24	

			<ul style="list-style-type: none"> Principle 6: Best practices 	
	4.00pm		Site Visit	
	4.30pm		Mill site and Facility, environment components, safety and health requirement, Workers living conditions etc.	
	6.00 pm		Auditor meeting	
			Audit Closing	
			End of MSPO Audit Stage 2	
			Back to Miri Airport	
27 th August 2018	9.30 pm	DM/AK	Flight to Kuching	

Location and Maps

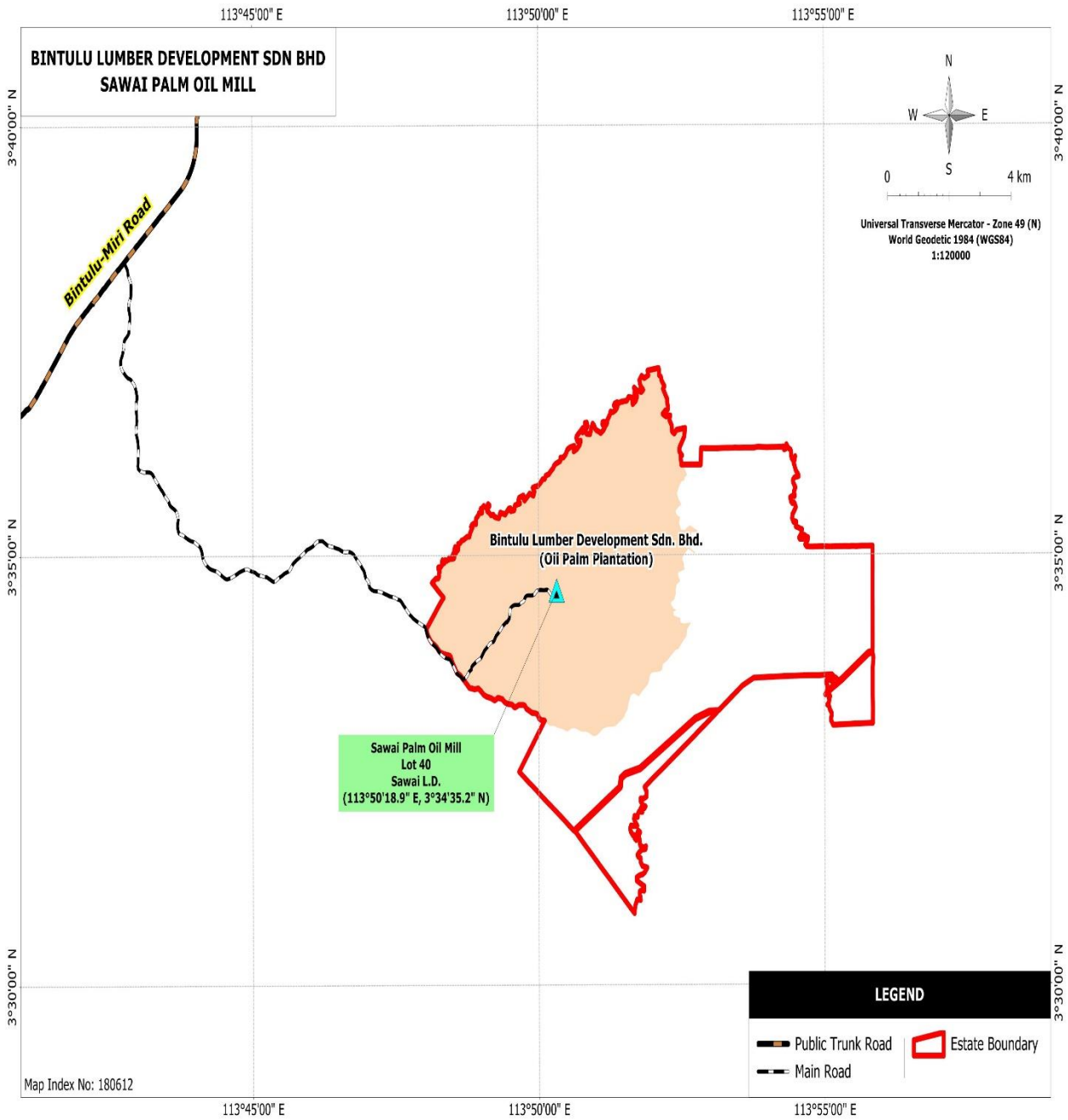
The GPS locations of the state are shown in Table 1.

Table 1: GPS Location

	Mill	Coordinate	Total Hectare (ha)	Capacity (mt/hr)
1	BLD Sawai Palm Oil Mill	113°50'18.9"E 3°34'35.2"N	75	60
Total Area			75	60

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	5 of 24	

Figure 1: Sawai Palm Oil Mill Locality Map



Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	6 of 24	

Description of Mill Production

The FFB are sourced from the estate which are individually managed by BLD. Production of CPO and FFB Processed are listed below in **Table 2**.

Table 2: CPO and FFB Processed

BLD Sawai Palm Oil Mill	CPO Production (MT)			FFB Processed (MT)		
	Year 2017	Year 2018	Projection 2018	Year 2017	Year 2018	Projection 2018
January	3,811.57	3,701.74	3,950.83	17,886.51	18,452.32	18,636.00
February	3,868.31	3,028.87	3,487.40	18,224.78	14,740.98	16,450.00
March	3,955.23	3,461.49	3,888.08	19,411.53	16,557.78	18,340.00
April	3,617.61	4,020.93	3,540.40	17,114.52	18,892.12	16,700.00
May	3,963.67	3,803.34	3,678.20	18,633.04	18,508.41	17,350.00
June	3,349.72	3,384.60	3,823.00	15,744.41	15,991.26	18,033.00
July	3,688.22	3,905.39	3,818.76	17,198.62	18,857.31	18,013.00
August	3,694.13	4,248.35	4,169.19	17,236.10	19,955.05	19,666.00
September	3,592.51	Nil	4,234.70	17,205.42	Nil	19,975.00
October	4,397.27	Nil	4,375.04	20,799.47	Nil	20,637.00
November	4,105.84	Nil	4,410.87	19,499.58	Nil	20,806.00
December	3,929.72	Nil	4,279.22	18,701.49	Nil	20,185.00
Total	45,873.80	29,554.71	47,655.69	217,655.47	141,955.23	224,791.00

Table 3: Actual and Projected Mill Processing Data

BLD Sawai Palm Oil Mill	Actual FY (2017)		Actual FY (2018)		Projection Figure 2018	
	CPO (mt)	PK (mt)	CPO (mt)	PK (mt)	CPO(mt)	PK (mt)
Own source	45,873.80	10,811.91	29,554.71	7,139.78	47,655	10,902
	OER: 21.08%	KER: 4.97%	OER: 20.82%	KER: 5.03%	OER: 21.20%	KER: 4.85%

Until August 2018 Actual performance
(Estimated CSPO & CSPK – 100%)

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	7 of 24	



Stakeholder Consultation and List of Stakeholders Contacted

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

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/-/media/84a2172699904446bb97577f2e89b322.ashx>

Stakeholder consultation took place in the form of meetings and interviews. Due to this is the main assessment, meetings with stakeholders were held in the respected estate office. Detail can be referred to **Appendix 2:**

Comment on MS2530-4 Compliance Status:

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO –</u> The policy was sighted available as per MSPO requirement dated 31st May 2018.</p> <p>The policy contain commitment on MSPO requirement and also mention on continuous improvement in their operations.</p> <p>The policy by Mr Terry Ng Kian Kee, Acting General Operation Manager dated 31st May 2018.</p> <p>The policy consist of</p> <ol style="list-style-type: none"> 1.Safety & health Commitment 2.Good Social Practice Commitment 3.Harrasment and Violence Prevention 4.Environment Component <p><u>Internal Audit –</u> Internal audit latest conducted: 3rd July 2018.</p> <p>From mill internal audit, 2 Major NC and Nine Observation was raised. All findings was closed on 4th July 2018</p> <p>Among issues raised in the internal audit</p> <ol style="list-style-type: none"> 1.Safety and Health Components (Spill kits unavailability & HIRARC for chemical store not available) 2.Track Changes in the compliance to legal document <p><u>Management Review –</u> The management review conducted on 7th July 2018 has the following ; discussed for the continuous suitability, adequacy and effectiveness of</p>
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Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	8 of 24	

	<p>the requirements for effective implementation of MSPO and decide on any changes, improvement and modification :</p> <ol style="list-style-type: none"> 1) Aaction from Internal Audit 2) Suitability of existing MSPO Policy 3) Information on the performance & effectiveness of the MSPO management system 4) The adequacy of current resources 5) Opportunities for improvement <p><u>Continual Improvement -</u> The Management review report on continual improvement includes the following:</p> <ol style="list-style-type: none"> 1) Dust emission system to be installed. Due by June 2019. (following the Environmental Quality –Clean Air regulation 2014) 2) Biogas plant to be built as per MPOB requirement by December 2020. 3) MPOCC requirement that all Palm Oil Mills be MSPO certified. 4) Fire Services (Fire Certificate) regulations 2001 – Obtain fire Cert <p><u>Major 1</u></p> <p><u>Principle 4.1.4.1.</u></p> <p>The continual Improvement procedure was found lacking on monitoring and continuous improvement aspect.</p> <p>During the document assessment on continual improvement procedure document: SPOM QAP 121: the procedure for the continual improvement on monitoring & continuous improvement flow were identified not available. It was unsure whether the improvement will be one off process or continuously in process.</p>
<p>Comment on Principle 2</p>	<p><u>Transparency of documents relevant to MSPO requirements –</u> The mill management will communicate all information requested by relevant stakeholders thru mill. This will be based on types of inquiry. All information relating to external stakeholder will be responded by HQ top management.</p> <p>The mill stakeholders communication flowchart was shown during audit Document No : SPOM 03-TM 03</p> <p>Thee management will communicate with interested stakeholders on information requested and reply accordingly.</p>

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	9 of 24	

	<p>Latest Stakeholders meeting was recorded on 24th May 2018 and 22th June 2018.</p> <p><u>Transparent method of communication and consultation –</u> The company has established a Procedure on Local Sustainable Development (SPOM-L3-SR03) dated 1st April 2018 for consultation and communication with the relevant stakeholders The document also includes a flow chart of ‘Request Info from Stakeholders and responses’</p> <p>Grievances Box was made available at security main gate.</p> <p>Grievances procedure document : SPOM -L3- SR02 Was made available at site</p> <p>List of external and internal stakeholders was made available on site which includes Government agencies, companies, supplier etc.</p> <p><u>Traceability –</u> In the Mill Manual, the document for the implementation and maintenance of the requirements for traceability is documented.</p> <p>Traceability and Mass Balance It include the following sections:</p> <ol style="list-style-type: none"> 1) Purpose 2) Scope 3) Responsibilities 4) Definition 5) Procedure <p>They have a flowchart to show how to trace back a delivery from the FFB source.</p>
<p>Comment on Principle 3</p>	<p><u>Regulatory requirements –</u> Compliance to Applicable local state and national law</p> <p>It was observed the machineries validity was up-to-date; Some of the validity list as below under Factories and Machineries Act Perakuan Kelayakan Dandang : FMA 1967 Regulations 10 (2) No Pendaftaran SW PMD 1111, Valid till: 07/06/2019</p> <p>MPOB License : No Lesen : 500151204000 (1/04/2018 till 31/03/2019) DOE Jadual Pematuhan : 003003 Permit Barang Kawalan Berjadual: MIR/SK 01/12</p> <p><u>Legal land use rights –</u> BLD Sawai Palm Oil Mill located within BLD estate complex.</p>

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	10 of 24	

	<p>Overall Area: 4022 hectares Lease of State Land Code Number : 304/--/40 Locality : Sg Kabulu and Sungai Batu Niah, Niah Category : Mixed Zone Land register : September 1988 Lot No : 40</p> <p>Mill Complex Area Total Area : 75 ha Total Pond : 15 Treatment Plant : 1 Water Reservoir : 1 Housing Units : 146 unit</p> <p><u>Customary Land Rights</u> The legal acquisition was proven via availability of land title from Land and Survey Sarawak.</p> <p>Dated : 26th November 1988 Registered Office : Miri, Sarawak</p>
<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment</u> – BLD Sawai Palm Oil Mill presented the stakeholders meeting minute, feedback and list of stakeholders attended.</p> <p>Several stakeholders meetings have been conducted from May 2018 until July 2018 with total attendance of 38 persons. Noted that total stakeholders are 33.</p> <p>The meeting discussed on -MSPO certification introduction and briefing</p> <p><u>Employees health and safety</u> – Safety and health policy was incorporated within MSPO General policy.</p> <p>Inline to ensure the safety policy followed. Some of the training was conducted list as below:</p> <ol style="list-style-type: none"> 1) Chemical Spillage Training 13th July 2018 Attended by 16 persons 2) Fire Fighting Equipment Training & Fire Drill 26th May 2018 Attended by 97 persons 3) MSPO Awareness Briefing 5th July 2018

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	11 of 24	

	<p>Attended by 22 persons</p> <p>The document can be verified in File “Bintulu Lumber Development Sdn Bhd Internal Training”</p> <p><u>Employment conditions</u> – In the BLD Sawai Palm Oil Mill policy on ‘Social and Community Policy’ signed by Mr Terry Ng Kian Kee.</p> <p><u>Training and competency</u> – The occupational safety and health plan known as ‘Annual Training Programme Jan – Dec 2018 ‘ cover the following:</p> <p>There are 27 topics listed that include:</p> <ol style="list-style-type: none"> 1) Policy 2) SOP 3) New workers induction 4) Grading skills 5) Accident Reporting 6) Register of chemical Hazardous & chemical handling 7) HIRARC 8) ERP 9) First Aid Training 10) Confined space <p>The system to manage any risen grievance was found inadequate. One complaint was recorded in the complaint record. It was from Mr Ling Hua Hui (Canteen Operator) The complaint regarding bad smell from garbage collection area nearby canteen. The complaint was recorded on 20th June 2018.</p> <p>The record Taken By : Social Liaison Officer Mr Hu Chung Lai</p> <p>Action Taken: 10 Units of garbage bin was purchased (Date : 13 July 2018) It was sighted at the site that garbage bin has been purchased and allocated at site.</p> <p><u>Major 2</u></p> <p><u>Principle 4.4.2.2</u></p> <p>Management of grievance was found not adequate.</p> <p>One complaint was recorded in the complaint record. It was from Mr Ling Hua Hui (Canteen Operator) The complaint regarding bad smell from garbage collection area nearby canteen. The complaint was recorded on 20th June 2018)</p>
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Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	12 of 24	

	<p>The record Taken By : Social Liaison Officer Mr Hu Chung Lai</p> <p>Action Taken: 10 Units of garbage bin was purchased (Date : 13 July 2018) It was sighted at the site that garbage bin has been purchased and allocated at site.</p> <p>The closing of the complaint was not available indicating the complaint was closed. It was unsure whether the complaint still ongoing or closed. It was not clear whether the process need more attention or not.</p> <p><u>Major 3</u></p> <p><u>Principle 4.4.4.2</u></p> <p>Safety and Health Practice are not fully implemented.</p> <p>a) Safety meeting was not mentioned on accident / near miss injury segment. It was unsure either there is an injury (minor / major or loss time of work) happened as from observation in clinic record, there is high number of attendees from mill went to the clinic for health treatment. Record sighted from clinic May : 68 numbers June : 88 numbers July :53 numbers</p> <p>b) Safety risk identification It was found that during safety meeting, two risk was mentioned 1. Workers sit near forklift 2.Security guard walking under Hoist station</p> <p>This risk identification was not sighted in the HIRARC and follow up to ensure mitigation of these risk was not clear.</p> <p>c) Record on Safety briefing was only once sighted – 25th May 2018. Record on work safety briefing to the workers in continuous basis was not available. The awareness on safety was found lacking from the safety meeting which indicates mill staff are not aware for risk in the mill work environment</p> <p>d) It was not clear whether personnel attended the safety meeting was the member of the Mill Occupational Safety & Health Committee as their roles in the meeting was not available and the several list of attendees are found not in the safety committee.</p>
Principle 5	<p><u>Environmental management programme</u> – The management has provided Sustainability Policy which included environment component.</p> <p>The policy signed by Acting General Operation Manager dated : 24th April 2018</p>

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	13 of 24	

	<p>The policy commits to achieve environmental sustainability by</p> <ol style="list-style-type: none"> 1. Compliance to environmental regulations 2. Implementing MSPO principles and criteria 3. Maintain the culture of caring for environment within the works force. 4. Preventing Pollution by striving to minimize waste generations and resource consumptions <p>The management has provided continual improvement plan for BLD Sawai Palm Oil Mill for 2018.</p> <p>Item incorporate in the plan are</p> <ol style="list-style-type: none"> 1. Dust Emission System Installation 2. Biogas Plant Facility 3. Chemical Store Upgrading 4. Fire Certificate for fire safety facilities 5. MSPO Process and Performance and Conformance <p>The continual improvement plan will be monitored by the mill management through their monthly meeting</p> <p>Example: Capacity for scheduled waste store are limited. The management had taken action by rebuilt bigger capacity for scheduled waste store. This issue was highlighted by Mr Eng Ping Hooi and by Mr Terry Ng. The document can be verified from Form No.: SPOM-L3-TM02/F02.</p> <p><u>Efficiency of energy use and use of renewal energy –</u> The management has provided Improvement Plan which included biogas project to capture biogas for power generation and to reduce the release of methane gas into atmosphere (2018 Improvement plan)</p> <p>On the Energy Optimization Plan, the management has provides diesel consumption record that shows diesel usage</p> <p>Diesel Record: Latest May 2018 was sighted during audit.</p> <p><u>Waste Management and Disposal</u></p> <p>a) The management show record for its waste products in their 2018 inventories</p> <p>b) The identification of waste follow the definition within organisation</p>
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Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	14 of 24	

	<p>document : SPOM-L3-EN03</p> <p>1.Scheduled waste</p> <p>a) Laboratory waste</p> <p>b) Spent / waste oil</p> <p>2.Office waste / General Waste</p> <p>c) The management has provided record of Bunch Ash production (the mill have incinerator)</p> <p>Visual Inspection</p> <p>During the site inspection at dumping site it was observed the waste was covered with earths and new pit was made. However, There was no date of open and closing pit available. It can create difficulty to manage and estimated the waste management.</p> <p><u>Reduction of pollution and emission</u> –</p> <p>The management has provided :</p> <p>1.Environment Monitoring report (stack- latest : January to June 2018 Stack Emission Monitoring Report Boiler 1 & 3</p> <p>2.Environment Monitoring Report Incinerator : January to June 2018 Stack Emission Monitoring Report Boiler 2.</p> <p>The Green House Gas Emission Monitoring record was made available via SPOM-L3-ENO01/F01.</p> <p><u>Natural water resources</u> –</p> <p>The management has provided 1.water testing analysis for drinking water (latest 9 March 2018) Document Title : Natural Water Resources : SPOM/L3/EN04 December 2017</p> <p>From the analysis, it was noted that the domestic water quality was within permit limit for water consumption based on National Water Quality Standard (NWQS)</p> <p>Boiler water monthly (Latest report : 10th April 2018)</p> <p>The monitoring of the implementation of water management plan is overall done by the Mill Manager.</p> <p><u>Major 4</u></p> <p><u>Principle 4.5.1.2</u></p> <p>Implementation of Stack monitoring was found not in line with approved '<i>Kebenaran Bertulis</i>' by DOE for boiler 1 & 3.</p>
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Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	15 of 24	

	<p>It was found that the latest stack sampling requirement are not following the updated approved ‘<i>Keberanan Bertulis (KB)</i>’ by DOE.</p> <p><u>Major 5</u></p> <p><u>Principle 4.5.3.1</u></p> <p>Domestic Waste Management was found not adequate.</p> <p>It was found at the dumping site, signage on date of opening and date of closing was not available. This was sited during field inspection.</p> <p><u>Major 6</u></p> <p><u>Principle 4.5.3.3</u></p> <p>Scheduled waste was not labelled accordingly.</p> <p>It was found that the scheduled waste for mix chemical item was not labelled accordingly at the mill laboratory.</p>
<p>Comment on Principle 6</p>	<p><u>Mill management –</u> The management has provided SOP on Mill Operations with regards to MSPO which includes:</p> <ol style="list-style-type: none"> 1.Environmental Aspect, Environmental Impact (SPOM-L3-EN01) 2.Energy Management (SPOM-L3-EN02) 3.Waste Management (SPOM-L3-EN03) 4.Natural Water resources 5.Employment (SPOM-L3-HR01) 6.Training & Competency 7.Site Management (SPOM-L3-ML01) 8.Hazard Identification, Risk Assessment, Risk Control (SPOM-L3-SH01) 9.General Safety & Health 10.Personal Protective Equipment (SPOM-L3-SH03) 11.Accident Investigation & Reporting (SPOM-L3-SH04) 12.Emergency Preparedness and Response (SPOM-L3-SH05) 13.Chemical Handling (SPOM-L3-SH06) 14.Social Impact (SPOM-L3-SR01) 15. Complaints & Grievances (SPOM-L3-SR02) 16.Local Sustainable Development (SPOM-L3-SR03) 17.Internal Audit (SPOM-L3-TM01) 18.Management Review 19.Transparent Method 20.Traceability 21. Legal Requirements 22.Economic & Financial Viability Plan 23.Transparent & Fair price Dealing (SPOM-L3-TM07)

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	16 of 24	

Under No.7 Site Management for the Mill, there are Working Instructions Standard such as:

1. FFB Grading Manual (SPOM-L4.1-ML02)
2. FFB Reception Station (SPOM-L4.1-ML01)
3. Sterilization Station (SPOM-L4.1-ML03)
4. Boiler Station (SPOM-L4.1-ML09)

The SOP will be amended by the Head of Mill and approved by Top Management represented by Mr Terry Ng Kian Kee, Act. General Operation Manager.

Economic and Financial Viability Plan

The management has provided 5 years production projection for year 2018-2023 (in MT)

Year	FFB	CPO	PK
2018	235,341	49,892	11,414
2019	241,434	51,184	11,710
2020	241,434	51,184	11,710
2021	241,434	51,184	11,710
2022	243,434	51,608	11,807
2023	243,434	51,608	11,807

Review of 2 years production

	2017	2016
FFB Act	234,075	217,655
FFB Bud	295,174	300,483
Oil Act	69,712	70,543
Oil Bud	60,123	61,899

Transparent and fair pricing dealing –

The mill management receives FFB from internal as well as from external suppliers. There are 7 registered external suppliers including smallholders and internal suppliers comprise of BLD Estates 1, 2, 3, 4 and Lot 87 A & B.

Total smallholder registered with Sawai Palm Oil Mill is 17 smallholders.

Pricing mechanism:

According to Mr. Terry Ng, the pricing mechanism for Sawai Palm Oil Mill for FFB purchase are spelt out in the Contract Agreement.

Similarly for the sale of Crude Palm Oil and Palm Kernel Oil are spelt out in the Contract Agreement.

However, they follow the pricing set by MPOB and any changes will be informed by MPOB.

	<p><u>Contractor</u> –</p> <p>The management has provided list of contractors:</p> <ol style="list-style-type: none"> 1. Kunciraya Sdn Bhd for transporting of FFB 2. Metro Sepadan Sdn Bhd as sub-contractor for Kunciraya. 3. Nabbir Laboratory (Sarawak) Sdn Bhd for water sampling and laboratory 4. E-Concern (M) Sdn Bhd for Scheduled Waste transportation and storage. (DOE licence No. 003082 and No. 003083, both dated 8/8/2016 and expiry 30/4/2018) Renewal is being done. <p>Findings on contractor's compliance to MSPO, as seen in MSPO Terms and Conditions for Contractor (Ref: Form No. SPOM-L3-HR01/F01)</p> <p>Evidence seen as follows for:</p> <ol style="list-style-type: none"> 1. Kunciraya Sdn Bhd 2. Metro Sepadan Sdn Bhd 3. KT & T Company
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7. Nonconformities

MS2530-4:2013 Part 4

NonConformity	N° 1 of 6		Major 1					
	Date Recorded>	27 th August 2018	Due Date>	27 th October 2018	Date Closed>	29 th August 2018		
Department / Function:	Palm Oil Mill		Standard Ref.: Indicator		MS 2530:4: Part 4 (Palm Oil Mill) 4.1.4.1			
Document Ref.:	Criterion 4: Continual Improvement		Issue / Rev. Status:		Closed			
Details of Nonconformity:	The continual Improvement procedure was found lacking on monitoring and continuous improvement aspect.							
Objective Evidence:	During the document assessment on continual improvement procedure document: SPOM QAP 121: the procedure for the continual improvement on monitoring & continuous improvement flow were identified not available. It was unsure whether the improvement will							
Job n°:	MY05120	Report date:	28.08.2018		Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A		Issue n°:	10	Page n°:	18 of 24	

	be one off process or continuously in process.
Close-out evidence:	The procedure for continual improvement has been revised and the process of continuous monitoring for improvement has been added in. (Refer to <u>Support Document Ref. N1</u> : Continual Improvement Procedure - Doc No: POM-QAP-121).

NonConformity	N° 2 of 6	Major 2				
	Date Recorded>	27 th August 2018	Due Date>	27 th October 2018	Date Closed>	29 th August 2018
Department / Function:	Palm Oil Mill		Standard Ref.:	MS 2530:4: Part 4 (Palm Oil Mill)		
			Indicator	4.4.2.2		
Document Ref.:	Criterion 2: Complaints and Grievances		Issue / Rev. Status:	Closed		
Details of Nonconformity:	Management of grievance was found not adequate					
Objective Evidence:	<p>One complaint was recorded in the complaint record. It was from Mr Ling Hua Hui (Canteen Operator) The complaint regarding bad smell from garbage collection area nearby canteen. The complaint was recorded on 20th June 2018)</p> <p>The record Taken By : Social Liaison Officer Mr Hu Chung Lai</p> <p>Action Taken: 10 Units of garbage bin was purchased (Date : 13 July 2018) It was sighted at the site that garbage bin has been purchased and allocated at site.</p> <p>The closing of the complaint was not available indicating the complaint was closed. It was unsure whether the complaint still ongoing or closed. It was not clear whether the process need more attention or not.</p>					
Close-out evidence:	<p>a) The complainant is satisfied with the corrective action taken for the mentioned complaint, and the complaint confirm closed and signed by the Manager. (Refer to <u>Support Document Ref. N2(a)</u>: The mentioned Complaint Form duly signed by both Complainant and the Manager)</p> <p>b) The Complaint Form's format has been improved and revised to show the adding part – 'Part 5: Verification and Conformation of Action Taken'. This revised version of form shall be used with immediate effect. (Refer to <u>Support Document Ref. N2(b)</u>: Complaint Form [revised version])</p>					

NonConformity	N° 3 of 6	Major 3						
	Date Recorded>	27 th August 2018	Due Date>	27 th October 2018	Date Closed>	29 th August 2018		
Job n°:	MY05120	Report date:	28.08.2018		Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A		Issue n°:	10	Page n°:	19 of 24	

Department / Function:	Palm Oil Mill	Standard Ref.:	MS 2530:4: Part 4 (Palm Oil Mill)
		Indicator	4.4.4.2
Document Ref.:	Criterion 4: Employees Safety and Health	Issue / Rev. Status:	Closed
Details of Nonconformity:	Safety and Health Practice are not fully implemented		
Objective Evidence:	<p>a) Safety meeting was not mentioned on accident / near miss injury segment. It was unsure either there is an injury (minor / major or loss time of work) happened as from observation in clinic record, there is high number of attendees from mill went to the clinic for health treatment. Record sighted from clinic May : 68 numbers June : 88 numbers July :53 numbers</p> <p>b) Safety risk identification It was found that during safety meeting, two risk was mentioned 1. Workers sit near forklift 2. Security guard walking under Hoist station</p> <p>This risk identification was not sighted in the HIRAC and follow up to ensure mitigation of these risk was not clear.</p> <p>c) Record on Safety briefing was only once sighted – 25th May 2018. Record on work safety briefing to the workers in continuous basis was not available. The awareness on safety was found lacking from the safety meeting which indicates mill staff are not aware for risk in the mill work environment</p> <p>d) It was not clear whether personnel attended the safety meeting was the member of the Mill Occupational Safety & Health Committee as their roles in the meeting was not available and the several list of attendees are found not in the safety committee.</p>		
Close-out evidence:	<p>Accident / Near miss injury segment has been added in the agenda of Safety & Health Committee Meeting with immediate effect. (Refer to <u>Support Document Ref. N3(a)</u>: The Minutes of latest Safety & Health Committee Meeting held on 29/8/18)</p> <p>b) The two mentioned risks (1. Workers sit near forklift; & 2. Security guard walking under Hoist station) have been assessed and updated in HIRARC. (Refer to <u>Support Document Ref. N3(b)</u>: updated HIRARC).</p> <p>c) (i) It has been agreed by Safety & Health Committee during the Safety Meeting on 29/8/2018 that the basic safety briefing shall be conducted at least once a month to every staff involved in risk which shall take effect immediately. (Refer to <u>Support Document Ref. N3(a)</u>: The Minutes of latest Safety & Health Committee Meeting held on 29/8/18)</p> <p>(ii) A safety briefing was conducted on 28/8/18. (Refer to <u>Support Document Ref. N3(c)</u>: Safety Briefing – Attendance Records)</p>		

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	20 of 24	

	<p>d) The Mill Management has properly stated the members of Mill Safety & Health Committee, their attendances and their roles in the committee in the minutes of the meetings. This practice shall also be continued and clearly reflected in the minutes of the future similar meetings.</p> <p>(Refer to <u>Support Document Ref. N3(a)</u>: The Minutes of latest Safety & Health Committee Meeting held on 29/8/18)</p>
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NonConformity	N° 4 of 6		Major 4			
	Date Recorded>	27 th August 2018	Due Date>	27 th October 2018	Date Closed>	7 th September 2018
Department / Function:	Palm Oil Mill		Standard Ref.:		MS 2530:4: Part 4 (Palm Oil Mill)	
			Indicator		4.5.1.2	
Document Ref.:	Criterion 1: Environmental Management Plan		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Implementation of Stack monitoring was found not in line with approved ' <i>Keberanan Bertulis</i> ' by DOE for boiler 1 & 3.					
Objective Evidence:	It was found that the latest stack sampling requirement are not following the updated approved ' <i>Keberanan Bertulis (KB)</i> ' by DOE.					
Close-out evidence:	Upon our confirmation with Department of Environment (DOE), the mill shall conduct stack sampling in accordance to the rules and regulations specifying in the latest DOE License. A letter has been sent to ESI Sampling Sdn. Bhd. (Service Provider) and they had acknowledged and agreed on the necessary actions complying with the mentioned rules. (Refer to <u>Support Document Ref. N4</u> : Letter to ESI Sampling Sdn. Bhd. supported with DOE License of the Mill and its rules & regulations).					

NonConformity	N° 5 of 6		Major 5			
	Date Recorded>	27 th August 2018	Due Date>	27 th October 2018	Date Closed>	29 th August 2018
Department / Function:	Palm Oil Mill		Standard Ref.:		MS 2530:4: Part 4 (Palm Oil Mill)	
			Indicator		4.5.3.1	
Document Ref.:	Criterion 3: Waste Management and Disposal		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Domestic Waste Management was found not adequate.					
Objective Evidence:	It was found at the dumping site area, signage on date of opening and date of closing for the dumping pit not available.					
Close-out evidence:	Proper signage indicating the date of opening and the date of closing for the dumping site has been displayed.					

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	21 of 24	

(Refer to Support Document Ref. N5: Photo of Dumping Site with signage required).

NonConformity	N° 6 of 6		Major 6			
	Date Recorded>	27 th August 2018	Due Date>	27 th October 2018	Date Closed>	29 th August 2018
Department / Function:	Palm Oil Mill		Standard Ref.:		MS 2530:4: Part 4 (Palm Oil Mill)	
			Indicator		4.5.3.3	
Document Ref.:	MS2530:4: Palm Oil Mill		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Scheduled waste not labelled accordingly					
Objective Evidence:	It was found that scheduled waste for mix chemical item was not labelled accordingly at the mill laboratory.					
Close-out evidence:	Scheduled Waste Containers for mixed chemicals (SW422) have been labelled accordingly. (Refer to <u>Support Document Ref. N6</u> : Photo of Scheduled Waste Containers properly labelled).					

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 will perform a **follow up visit** within 60 days to 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 and sent by the client to the auditor within 9 months before next schedule annual surveillance 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.

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	22 of 24	

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

Positive Observations:

- The support from BLD Sawai Palm Oil Mill personnel, especially the ground staff contribute to the smoothness and successful of the audit process.
- The spirit of unity and enthusiasm of the personnel towards achieving MSPO certification is impressive.
- The unit has dedicated staffs who are assets to the company. Their cooperative, knowledgeable and hospitality are commendable
- Organised documentation & highly commitment towards certification

Important Observations and Opportunities for Improvements:

- The management should review the Standard Operation Procedure (SOP) for monitoring and continues improvement accordingly to ensure all aspect of the operation covered. Including grievance & complains SOP, safety & health SOP and domestic waste management SOP.

Appendix 2: List of Stakeholders Interviewed

Stakeholder	Type of Stakeholder	Issues raised	Comments/Action Taken
Diamond Dawat Estate Manager for Niamas Istimewa Sdn Bhd	External	NIL	As per interview session conducted, Mr Diamond Dawat was happy and satisfied with the Mill management.
Robin Ling Ing Kit Sales Executive- Spare Parts for SLS (EM) Sdn Bhd (Supply Spare-	External	NIL	Currently there is no issue with the mill operation. Any spare part supply to the mill will be paid accordingly.

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	23 of 24	

part)			
Mr Wong Seii Chai Smallholder (Supply FFB approximately 5 Years)	External	NIL	No issue arise. The mill also consulted the smallholders regarding FFB grading.

Signed on behalf of Bintulu Lumber Development Sawai Palm Oil Mill	Signed on behalf of SGS Malaysia Sdn Bhd
 <p>Ms Lim Chen Tzen Assistant to Manager 18th September 2018</p>	 <p>Mr Dickens Mambu Regional Head Certification (Sarawak) Manager, Palm Oil Base (East Malaysia) 18th September 2018</p>

Job n°:	MY05120	Report date:	28.08.2018	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	24 of 24	