



MY05237

DD Palm Oil Mill Sdn. Bhd. Audit Summary Report

Organization:	DD Palm Oil Mill Sdn. Bhd.		
Address:	Lot 123, 133, & 32, Selezu Land District, Sebauh, 97100, Bintulu, Sarawak. Contact: Mr Ting Kwong Chie (Mill Manager) Tel: 013-619 6889		
Standard(s):	MS2530-4 : Part 4 : General Principles For Palm Oil Mills	Accreditation Body(DSM): DEPARTMENT STANDARDS MALAYSIA	
Representative:	Mr Loo Siong Ching (Senior General Manager)		
Site(s) audited:	1. DD Palm Oil Mill	Date(s) of audit(s):	21 st January 2019
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)
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

The audit covered one site performing certification scope:

Processing of Fresh Fruit Bunches (FFB) for 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

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

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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 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

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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:

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Address:	Lot 123, 133, & 32, Selezu Land District, Sebauh, 97100, Bintulu, Sarawak. Contact: Mr Ting Kwong Chie (Mill Manager) Tel: 013-619 6889		
MPOB License No.:	601019004000	Expiry date:	31/07/2019
Scope of Activity:	1. Menjual dan mengalih (FFB, PK, CPO, SPO) 2. Membeli dan mengalih (FFB, PK, CPO) 3. Menyimpan (PK, CPO, SPO) 4. Mengilang (FFB)		
Date of certificate issued and validity	Nil (New application)		
Other Sustainability Certification	Nil		
Proposed date of next surveillance audit	January 2020		
Visit Number:	02 (Stage 2)	Actual Visit Date:	21st January 2019
Visit Due by Date:	Nil	For auditor information only	
Lead Auditor:	Dickens Mambu (DM)		
Team Member(s):	Abdul Khalik Arbi (AKA)		
Additional Attendees and Roles	Nil		
Standard(s):	MS2530-4 : 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 plantation management systems, production of Fresh Fruit bunches (FFB), Production of Crude Palm Oil (CPO) and Palm Kernel (PK), documentation and field assessment. 2. The audit covered all the MS2530-4:2013 Part 4 requirements with no permissible exclusion of clause in compliance to the MSPO Certification Standard		

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Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
21 st Jan 2019	7.00am 7.55am	DM, AKA	Depart from Kuching to Bintulu Arrived at Bintulu Airport	Mill Personnel
	8.00am		Depart to Mill <u>DD Palm Oil Mill Sdn. Bhd.</u> MSPO 2530:4: Part 4 Palm Oil Mills Opening Meeting Audit Process (Site Visit) <ul style="list-style-type: none"> • Principal 1: Management commitment and responsibility • Principle 2: Transparency • Principle 3: Compliance to legal requirements • Principal 4: Social responsibility, health, safety and employment condition • Principal 5: Environment, natural resources, biodiversity and ecosystem services • Principal 6: Best Practice 	Mill Personnel
	12.30pm		Lunch	
	1.00 pm		Continue Audit Process (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
	4.00 pm		Auditor Meeting	
	5.00 pm		Closing Discussion	
	6.00 pm		Depart to Bintulu Town	

Location and Maps

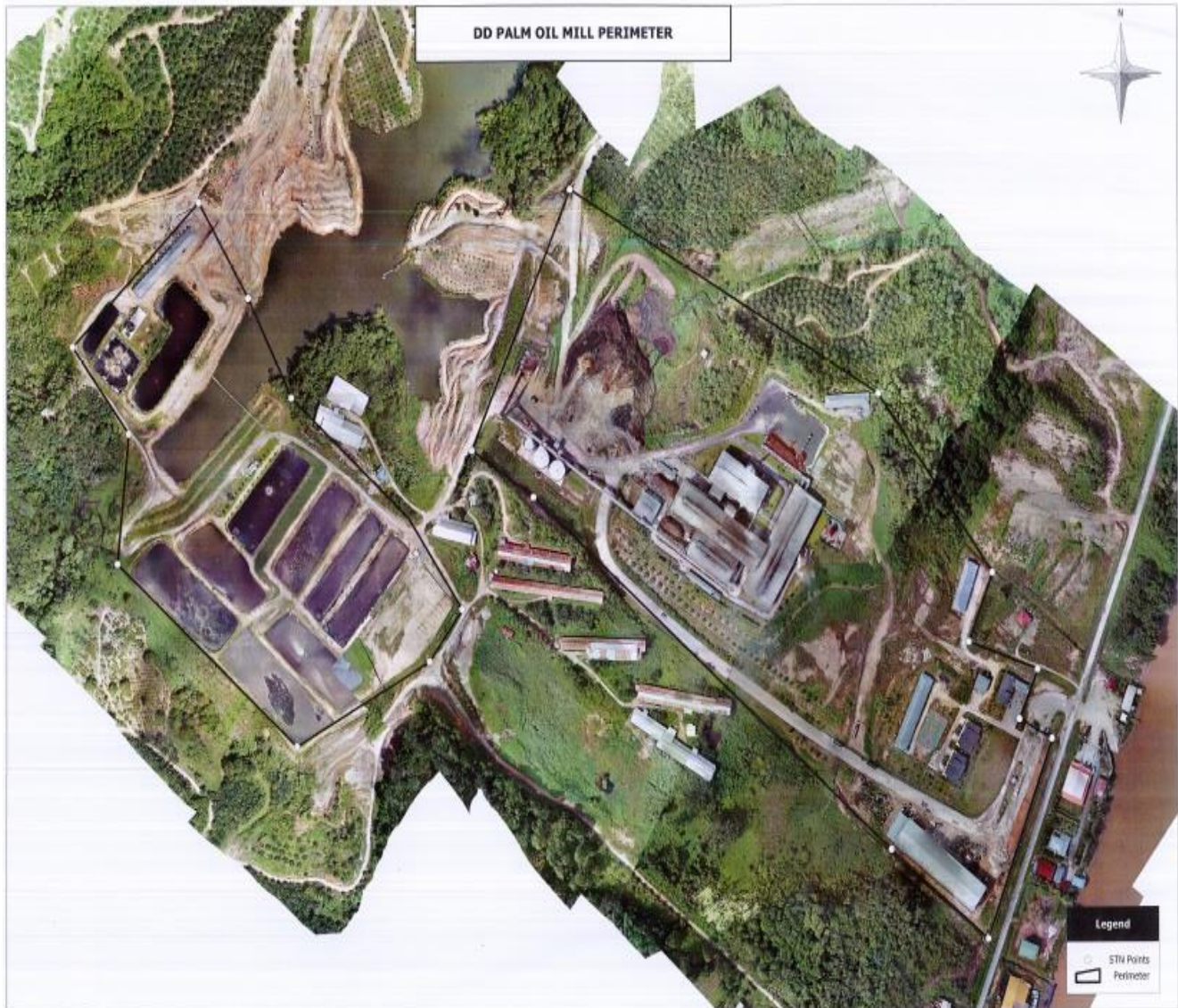
DD Palm Oil Mill Sdn Bhd project is located in Sebauh, Bintulu area immediately northwest of Bintulu Division. The main access to the project area are Miri- Bintulu Road . The GPS locations of the estate is shown in Table 1.

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Table 1: DD Palm Oil Mill Sdn. Bhd. GPS Location

Mill:	Location Address:	GPS Coordinate(s):	Area Certified(HA):
DD Palm Oil Mill Sdn. Bhd.	Sebauh, Bintulu, Sarawak	113°18.389 E 3°08.631 N	23.997

Figure 1: DD Palm Oil Mill Locality Map



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Description of FFB Production

The FFB are sourced from the mill which are directly managed by DD Palm Oil Mill Sdn. Bhd. The crop yield from the estate as mention in **Table 2** below.

Table 2: Actual and Projected Mill Processing Data

Name of Mill	Actual last FY	Actual last FY		Estimated New FY	Estimated new FY	
	FFB Process (MT)	CPO	PK	FFB Process (MT)	CPO	PK
DD Palm Oil Mill Sdn. Bhd.	384921.99	Prod: 79694.57MT	Prod: 15796.84MT	400000	Prod: 84000MT	Prod: 16000MT
		OER: 20.7%	KER: 4.10%		OER: 21%	KER: 4%

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/77B8B18E7F1F43E3847920FBFB77DA92.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 estate office. Detail can be referred to **Appendix 1**:

Comment on MS2530-4 Compliance Status:

Comment on Principle 1 MSPO Policy		<p><u>Criteria 1: Malaysian Sustainable Palm Oil (MSPO) Policy</u> DD Palm Oil Mill Sdn. Bhd. has established a policy on sustainable palm oil production. The statement is evident in section “is committed to complying with the requirements of Malaysian Sustainable Palm Oil (MSPO) Standards”.</p> <p>The policy has been signed by Tan Sri Yee Ming Seng, Managing Director of DD Palm Oil Mill Sdn. Bhd. on 1st August 2018.</p> <p>As per the company motto on Environmental, Safety and Health is Everyone’s Responsibility, the policy did include their commitment towards continual improvement.</p>						
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	<p>The policy is communicated to the workers during the first time of employment. The policy is displayed at the notice board in the office and made accessible to all employees.</p> <p><u>Criterion 2: Internal audit</u></p> <p>Noted DD Palm Oil Mill Sdn. Bhd. had established MSPO Internal Audit Procedure which is prepared by Production Engineer, Mr. Law Kiong Song and approved by the Mill Manager, Mr. Ting Kwong Chie. The procedure was established in 18 August 2018.</p> <p>The purpose of the procedure was to describe the methods for planning and conducting internal audit. It can be verified in MSPO File. The audit plan was sighted, which is for 2018 (Ref Form No. DDPOM-P1MC-AUDPLAN/01).</p> <p>Latest Internal audit report was evident during the time of audit. It was conducted from 25 October 2018 which covers from Principle 1 to Principle 6 from the MSPO Standard Part 4. The internal audit was led by Ms Martina Su and assisted by audit member Mr Law Kiong Song. The next internal audit scheduled for DD Palm Oil Mill (DDPOM) will be in October 2019. Also sighted the Internal Audit Itinerary Plan that was prepared by Ms Martina Su. There was 2 NCs and 3 Observations was raised.</p> <p><u>Criterion 3: Management review</u></p> <p>It was observed the latest management review report was conduct on 14th November 2018, regarding the findings from MSPO internal audit section. The meeting was discussed regarding the findings raised during the internal audit. It can verified in Internal Audit File - Management Review Report Ref DDPOMMRM181114.</p> <p>From the meeting minute, sighted the management had discussed on the internal audit findings raised.</p> <p>All the corrective action had been carried out within 30 days as per organization's Internal Audit Procedure except for NC no. (i) on map of titled land and boundary markers.</p> <p><u>Criterion 4: Continual Improvement</u></p> <p>It was observed the action plan for continual improvement was observed in the Internal Audit file :</p> <ol style="list-style-type: none"> 1. Regulator - dust emission system to reduce total particulate matter. 2. Regulator - Biogas plant. 3. Standard & documentation - MSPO Management System. 4. EQA (Scheduled wastes) regulations, 2005.
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	<p>5. OSHA - classification, labelling and safety.</p> <p>6. Fire safety.</p>
<p>Comment on Principle 2 Transparency</p>	<p><u>Criterion 1: Transparency of information and documents relevant to MSPO requirements</u> No records of requests and responses.</p> <p>It was observed that during the stakeholders meeting, no issues were raised. Only briefing on awareness of MSPO was carried out. The complaint and grievance box and form available at guard post.</p> <p>Safety and Health Plan was made available for year 2018. It can be verified in the Safety and Health Training File and Safety and Health Committee File.</p> <p><u>Criterion 2: Transparent method of communication and consultation</u> Audit. Ref no. DDPOM-TRANSMTD dated 18th August 2018. Appointment letter for MSPO Social Liasion Officer dated 1st August 2018, Mr. Ling Chiew Yu. Appointed by General Manager, Mr Vernon Chew.</p> <p>Stakeholder Lists divided into 2 lists. Namely Internal and external:</p> <p>Internal: Executives, Staffs and station workers. Yet to come up with the list.</p> <p>External: Smallholder, Government bodies, Longhouses, Transporters, FFB suppliers, Contractors and Suppliers. Dated 17th October 2018.</p> <p><u>Criterion 3: Traceability</u> An SOP of traceability had been established by DD Palm Oil Mill namely Traceability Issue 1 – Rev 0. It was established on 18 August 2018 by Theresa Ak Mujah and approved by the mill manager dated 18 August 2018.</p> <p>As evidence In/out FFB Dated 27 September 2018 Grading form ticket no:011551 39.19kg tally with weighbridge advice ticket serial no.: 078832</p> <p>PK Transaction No. 078924 dated 27/8/2018 where all details match with seller ticket detail as in the Traceability System Inspection report.</p> <p>Sighted an appointment letter had been issued to mill personnel responsible for traceability in the mill. Ms. Theresa Ak Mujah was appointed as person in charge by the mill management. The effective date of the letter is 1st August 2018.</p>

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	<p>The person in charge is responsible to carried out monthly checklist mainly to check on traceability of FFB Reception, CPO and PK delivery. the checklist is carried out every end month.</p>
<p>Comment on Principle 3 Regulation Requirements</p>	<p>Legal Register was sighted available during the time of audit. it was last updated on 31 October 2018 by Mr. Ting Kwong Chie.</p> <p>Appointment Letter for Legal Person in Charge: Mr.Vernon Chew & Mr Ting Kwong Chie. Effective date: 1st August 2018</p> <p>No review since 31/10/2018.</p> <p><u>Major 1</u> <u>Principle 4.3.1.1</u></p> <p>Mill operations was found not in full compliance with applicable local, state, national and ratified international laws and regulations.</p> <p>During document verification in mill site office, it was found that several recommendation in the CHRA which to comply with FMA and OSH Act was found not in full compliance.</p> <p>1. Chemical Exposure Monitoring as required in the FMA, USECHH etc. was found not conducted. This is mention in the CHRA report CK/OSH 109-0162/16</p> <p>3. Health Surveillance for Laboratory, Workshop & Clay bath section was not available as required in the FMA, USECHH etc. was found not conducted. This is mention in the CHRA report CK/OSH 109-0162/16.</p> <p>Appointment Letter for Legal Person in Charge: Mr.Vernon Chew & Mr Ting Kwong Chie. Effective date: 1st August 2018</p> <p><u>Criterion 2: Land use rights</u></p> <p>DD Palm Oil Mill Sdn. Bhd. has a number of valid land titles in the Selezu Land District, with mill Hectare: 35 ha.</p>
<p>Comment on Principle 4 Social Responsibility, Health, Safety and Employment Condition</p>	<p><u>Criterion 1: Social Impact Assessment</u></p> <p>DD Palm Oil Mill (DDPOM) has presented the Social Impact Assessment, however, it still in draft and will be verified during stage 2 audit.</p> <p>Social Impact Assessment (SIA) report is available that contains the followings:</p> <ul style="list-style-type: none"> - Introduction - Project background - Objective and Scope of SIA - Methodology - Identification and analysis of stakeholders and sample - Formulation - Meeting of stakeholders - Collation and assessment of stakeholders responses

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	<ul style="list-style-type: none"> - Result of Assessment - Major Social Impacts - Social impact 1: Water supply and quality - Social impact 2: Local economy - Conclusion <p>MCPOM stakeholders meeting with smallholders was conducted on 17th October 2018.</p> <p><u>Criterion 2: Complaint and grievances</u> Complaints and grievance and procedure was made available in the MSPO File with Title form: COMPLAINTS & GRIEVANCES, Control No.: DDPOM-COMPGRIE, Revision: 1(18-08-2018). Currently no complaints record.</p> <p>COMPLAINTS & GRIEVANCES, Control No.: DDPOM-COMPGRIE, Revision: 1(18-08-2018).</p> <p>From the procedure, there was no time frame allocated to solve the issues raised. It depend on the cases difficulty.</p> <p>Major 2 Principle 4.4.2.2 The system was established: Control No.: DDPOM-COMPGRIE, Revision: 1(18-08-2018). However, from the procedure, it was unclear how the system can resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties</p> <p>COMPLAINTS & GRIEVANCES, Control No.: DDPOM-COMPGRIE, Revision: 1(18-08-2018) was sighted</p> <p>There is no involvement of complainant (either to accept or not) on the solution provided.</p> <p>Currently there was no record made availability of complaint and grievance was sighted.</p> <p><u>Criterion 3: Commitment to contribute to local sustainable development</u> It was observed the mill manager was taking action to ensure Corporate Social Responsibility (CSR) visited conducted and list as below:</p> <p>1. Stakeholders off DD Palm Oil Mill Sdn. Bhd., were visited to Rh Chendari Abu, Rh. Tan & Rh.Sulu.</p> <p><u>Criterion 4: Employees safety and health</u> Occupational Safety and Health Policy was made available in the mill estate which sign by Tan Sri Yee Ming Seng (Managing Director) dated 1st August 2018</p>
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Major 3

Principle 4.4.4.1

An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) has been established, however it was lacking in the implementation.

During mill site tour, several issue was sighted.

1. Unsafe condition of staircase
2. Insulation of Hot Pipes was found inadequate
3. Composition of attendees for safety committee meeting was found inappropriate – numbers of attendees, no reason of absentee and inclusion of non-members in the meeting was not justified.
4. Chemical Exposure and Health Surveillance for Laboratory, Workshop & Clay bath section was not available as required in the FMA, USECHH etc. was found not conducted. This is mentioned in the CHRA report CK/OSH 109-0162/16.
5. Emergency Shower installation was found not correct

Major 4

Principle 4.4.4.2

The occupational safety and health plan to cover the following

- a) The risk of all operations shall be assessed and documented.
- b) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:
 - i. All precautions attached to products should be properly observed and applied;
- c) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).

During site tour, it was sighted

- a) The risk assessment for working during night shift was not available. In the emergency action plan, there is no action to be taken in an event of power loss / electric breakdown during night shift.
- b) Several workers was found working at height (30m) doing maintenance. But there is no PPE usage and issuance of PPE record for working at height also was not available. The risk assessment for working at height was also not available in the HIRARC
- c) It was sighted chemical storage (Bleach, Sodium Oxychloride) was done not according to the SDS recommendation
- d) Safety signage's was found inadequate at the chemical storage, water treatment, final discharge and reservoir area.

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e) Electrical wiring was found improper sighted outside the final discharge treatment plant which can lead to electrocution

Criterion 5: Employment Condition

It was observed the Respecting Human Rights Policy was made available in the mill premises which sign by Tan Sri Yee Ming Seng (Managing Director) on 18th August 2018. It was display at Mill's notice board.

The top management of DD Palm Oil Mill Sdn. Bhd. is committed to implement the equal opportunity within their organization. Their commitment is clearly described with the statement indicated in the "Human Right Policy". Within this statement, it was mentioned

- i. Respect and support the Universal Declaration of human rights and treat all employees fairly
- ii. Promote a safe, healthy and harmonious working environment that is free of sexual harassment.
- iii. Provide fair and equal employment opportunities for all employees regardless of race, religion or sex
- iv. Provide training and development to employees to ensure achievement of their full potential
- v. Uphold the right of freedom of association and eliminate all forms of forced and child labour.

Interview with workers (including foreign workers) indicates that there is no such discrimination occurs in the workplace.

Workers interviewed :

- 1.Martina Su (MSPO executive)
- 2.Preshellia Maxsherry anak Nila (MSPO Clerk)
- 3.Mr Law Kiong Song (Training engineer)

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.

**Major 5
Principle 4.4.5.11**

The water quality lab analysis : 27th September 2018 found that E.coli and coliform was available in the treated water.

It was unclear how mill management inform their workers on safe drinking water awareness on latest water quality status to avoid health issue occur.

Water source: Water harvesting & Water treatment plant.

Total Housing mill :62 units

Shared : Single / not married

Mill staff and workers are provided : Fridge, dining table, bed , mattress and wardrobe

In case of house damage / broken: Request will be made to asset person in charge.

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	<p><u>Criterion 6: Training and competency</u> The plan known as 'Annual Training Programme 2019 cover the following:</p> <p>There are several topics listed that include:</p> <ul style="list-style-type: none"> 1. OSH Policy 2. Safety in laboratory 3. Chemical handling and storage 4. PPE Training 5. Training on safety data sheet 6. Hooklift safety 7. Log –out / Tag-out 8. Training working at height 9. Training OSH Nandopod regulations 10. Training OSH Safety committee 11. Training on hearing conservation 12. Training OSH confine space 13. Training CHRA 14. Training genset and maintenance 15. Training response and preparedness plant 16. Training fire fighting 17. Training pasukan keselamatan dan kebakaran 18. Training First aid <p>Observed that an annual training programme is available that covers all activities at the estates including safety & health issues.</p> <p>An annual training programme record also showed the personnel/department that required to attend the related training.</p> <p>Training implemented for a specific activities has been recorded in the "Training Report".</p>
<p>Comment on Principle 5</p> <p>Environment, natural resources, biodiversity and ecosystem services</p>	<p><u>Criteria 1: Environmental management plan</u></p> <p>The management has provided Health Safety & Environment Policy Statement. The policy has been signed by Tan Sri Yee Ming Seng, Managing Director of DD Palm Oil Mill Sdn. Bhd. on 1st August 2018.</p> <ul style="list-style-type: none"> a) To comply with the principle 1 to principle 7 of the Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principals for Oil Palm Plantations and Organized Smallholders guidelines on certification. b) The company will respect the environment and biodiversity and utilize proven, environmentally- friendly technology in its plantation operations. c) Establishing, maintaining and continually improving sustainable plantation management system both internally and externally.

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- d) To set targets and implementation actions to allow the Group to become resource efficient on waste utilization, energy and water usage within our to day operations.
- e) Eliminating any potential adverse impacts on environment and biodiversity arising from our plantations activities, educating and enhancing awareness among stakeholders on environment and biodiversity aspect.
- f) The company shall carry out the assessment on our operations to ensure the efficient use of our energy to reduce pollution and emission.
- g) The company promotes the policy on recycling.
- h) The company shall establish a water management plan to maintain the quality and availability of natural water resources.
- i) Company with all applicable environmental rules and regulations in the palm oil industry through proper management practices.

The policy was signed by Tan Sri Yee Ming Seng (Managing Director) dated 22nd May 2018.

The management has provided continual improvement plan for DD Palm Oil Mill for 2018.

Criterion 2: Efficiency of energy use and use of renewable energy

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)

On the Energy Optimization Plan, the management has provides diesel consumption record that shows diesel usage/ FFB record

Diesel usage

<u>Usage of Diesel (Liter)</u>		
Year	Actual	Budget
2016	626,695	-
2017	577,978	600,000
2018	565,888	600,000

FFB record (mt)

Year	Actual	Estimate
2016	221,691	-
2017	243,278	-
2018	249,589	-

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	<p><u>Water consumption record</u></p> <p>The water consumption was available November 2018 the record of water can be verified in water record log book.</p> <p>The management provides monthly water consumption record and</p> <p>1. Monthly water consumption record maintenance department the latest Water Tank Cleaning Record was on 15th May 2018.</p> <p>The management shows evidence using boiler for mill processing with electricity usage record</p> <p><u>Criterion 3: Waste management and disposal</u></p> <p>It was observed waste identification was found inappropriate</p> <p>Major 6 Principle 4.5.3.1</p> <p>During site visit, it was identified used rags mixed with oil filters in a scheduled waste drum meant for used oil filters. CHRA : September 2016, conducted by Henry Wong Leh Wei (CHRA Assessor: JKKP HIE 127/171-2(71).</p> <p>The domestic waste was collect by BDA council.</p> <p>Waste management plan had been developed and implemented. It can be verified in File name: Environment Document, file code: 5.3-M-DD1-02-04. Last review July 2018.</p> <p>It was observed the records of disposal was made available in File name: Laopran Buangan Terjadual (Scheduled Waste) 5.3-M-DD1-02-01</p> <p>It was observed file SOP for handling of used chemicals was made available in file name: MSPO, SOP TITLE: Chemical Handling, Control No.: DDPOM-CHEMHAND, Revision: 1(18-08-2018).</p> <p>It was observed the dumping site for the mill is available. The frequency to collect domestic waste is 3 times per week (Monday, Wednesday and Friday) at the designated area.</p> <p><u>Criterion 4: Reduction of pollution and emission including greenhouse gas</u></p> <p>The management has provided:</p> <p>1. Environment Monitoring report (stack- latest January – June 2018), conduct by ESI Sampling Sdn Bhd</p> <p>The management had taken necessary action plan to reduce the pollutants and emissions had been established.</p>
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	<p>The management has provided records on POME test report with latest report 11th October 2018. (Lab No.:ELWE/18/1489)</p> <p>From the record, POME final discharge limits is accordance with the DOE final discharge limits.</p> <p><u>Criterion 5: Natural water resources</u></p> <p>It was observed the water management plan was available in MSPO File. The details of the report list as below:</p> <p>i. Natural Water Resources, Document Control No.: DDPOM-NAWARES, Revision: 1(18-08-2018)</p> <p>The report covers water extraction from industrial and domestic uses and wastewater discharges. The plan has been developed in compliance with regulatory requirement that needs to be followed by mill in order for better water conservation, utilization and control of water pollution in the oil palm mills.</p> <p>The accredited laboratory was appointed to analysis the drinking water. The monitoring of the implementation of water management plan is overall done by the mill Manager.</p> <p>It was observed the mill practice using POME 2015. The action plan to reduce the discharge of POME can be verified in Natural Water Resources Procedure.</p>
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<p>Comment on Principle 6</p> <p>Best Practices</p>	<p><u>Criterion 1: Mill management</u></p> <p>Procedures available:</p> <p>1. Good Milling Process covering General Process, Ramp Operation, Sterilization, Threshing, EFB Pressing, EFB Discharge, Digestion & Pressing, Oil Clarification, CPO Storage, Kernel Recovery, PK Storage, Boiler and Engine House Operation and Maintenance prepared by Mill Manager, Mr. Abdul Karim Bin Sahni and approved by COO Milling Operation, Mr. Teoh Kheng Hock. The document was last updated on 2nd April 2018.</p> <p>Apart from that, Safety Standard Operation Procedure had also been established by the Safety Executive, Pn. Asmarina Binti Asim.</p> <p><u>Criterion 2: Economic and financial viability plan</u></p> <p>Business and management was available for review. It was demonstrate to economic and financial viability through long term management planning.</p> <p><u>Criterion 3: Transparent and fair price dealing</u></p> <p>The mill management receives FFB from internal estate and also from smallholder.</p> <p>Total registered with DD Palm Oil Mill list as below:</p>
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	<p><u>Smallholders</u></p> <ul style="list-style-type: none"> i. Lee Pick Wong ii. Daud Anak Panau iii. Nasib Belaja iv. Tindit Anak Bulit v. Ugai Anak Chaong vi. Seloh Anak Marepat <p><u>FFB Suppliers</u></p> <ul style="list-style-type: none"> vii. Sebungan, Mutiara, Bakong viii. Semai Mekar Sdn Bhd ix. Tabung Haji x. Sg. Mas xi. DD Mutiara 3 xii. Jendela Padu <p>Pricing mechanism: According to the SOP Accountant HQ , the pricing mechanism for Lassa CPO Mill for smallholder FFB crops are ;</p> <ol style="list-style-type: none"> 1.The smallholder price is calculated with reference to MPOB published CPO,PK and CPKO prices 2.Oil extraction rate and kernel extraction rate for each grading will be considered 3.FFB prices will be less with processing fee deduction 9in line with industry practices and market rate) <p>Sales and purchase agreements Only available for main contributor for the mill. The main contributor list as below:</p> <p>External</p> <ol style="list-style-type: none"> 1) Tabung Haji estate 2) Jendela Padu estate <p><u>Criterion 4: Contractor</u></p> <p>The management has provided list of contracts and the job as mention below</p> <ol style="list-style-type: none"> 1.Fire extinguisher services 2.Air Con services 3.Canteen services <p>Findings from contractor compliances to MSPO, within the contract agreement, it is founded that availability of compliances with MSPO by the contractor.</p> <p>Example : Contract Document Emo Industrial Supplies Sdn Bhd clause 18 on Company’s Policies, Guidelines and Procedures etc, mentioned on the contractor aware with the company requirement on MSPO and any related sustainability policy.</p>
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7. Nonconformities

Corrective Action Request and Observation

MS2530-3: 2013 Part 4: General principles for Palm Oil Mills

CAR #	Indicator	CAR Detail					
Major 1 MS2530-4:2013 Part 4	4.3.1.1	Date Recorded>	20 th January 2019	Due Date>	20 th March 2019	Date Closed>	1 st March 2019
		Non-Conformance:					
		Mill operations was found not in full compliance with applicable local, state, national and ratified international laws and regulations.					
		Objective Evidence:					
		During document verification in mill site office, it was found that several recommendation in the CHRA which to comply with FMA and OSH Act was found not in full compliance. 1. Chemical Exposure Monitoring as required in the FMA, USECHH etc. was found not conducted. This is mention in the CHRA report CK/OSH 109-0162/16 3. Health Surveillance for Laboratory, Workshop & Clay bath section was not available as required in the FMA, USECHH etc. was found not conducted. This is mention in the CHRA report CK/OSH 109-0162/16.					
		Close-out evidence:					
1. Purchase order have been issued for Chemical Exposure Monitoring and Health Surveillance. 2. Refer to attachment doc. 4.3.1.1.							

CAR #	Indicator	CAR Detail					
Major 2 MS2530-4:2013 Part 4	4.4.2.2	Date Recorded>	20 th January 2019	Due Date>	20 th March 2019	Date Closed>	1 st March 2019
		Non-Conformance:					
		The system was established: Control No.: DDPOM-COMPGRIE, Revision: 1(18-08-2018). However, from the procedure, it was unclear how the system can resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties					
		Objective Evidence:					
		COMPLAINTS & GRIEVANCES, Control No.: DDPOM-COMPGRIE, Revision: 1(18-08-2018) was sighted. There is no involvement of complainant (either to accept or not) on the solution provided.					
		Close-out evidence:					

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CAR #	Indicator	CAR Detail
		Standard operating procedure (Revision 2: 22-01-2019) have been modified by include the involvement of complainant (either to accept or not) on the solution provided. Refers to attachment doc. 4.4.2.2.

Major 3 MS2530-4:2013 Part 4	4.4.4.1	Date Recorded>	20 th January 2019	Due Date>	20 th March 2019	Date Closed>	1 st March 2019	
		Non-Conformance:						
		An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) has been established, however it was lacking in the implementation.						
		Objective Evidence:						
		During mill site tour, several issue was sighted. 1. Unsafe condition of staircase 2. Insulation of Hot Pipes was found inadequate 3. Composition of attendees for safety committee meeting was found inappropriate – numbers of attendees, no reason of absentee and inclusion of non-members in the meeting was not justified. 4. Chemical Exposure and Health Surveillance for Laboratory, Workshop & Clay bath section was not available as required in the FMA, USECHH etc. was found not conducted. This is mentioned in the CHRA report CK/OSH 109-0162/16. 5. Emergency Shower installation was found not correct						
		Close-out evidence:						
1. Staircase have been repaired. 2. Insulation of Hot Pipes was added. 3. Attendees for safety committee meeting is based on Safety Committee Member. 4. Purchase order have been issued for Chemical Exposure Monitoring and Health Surveillance. 5. Emergency Shower reconcrete bumper. 6. Refers to attachment doc. 4.4.4.1.								

CAR #	Indicator	CAR Detail					
Major 4 MS2530-4:2013 Part 4	4.4.4.2	Date Recorded >	20 th January 2019	Due Date>	20 th March 2019	Date Closed>	1 st March 2019
		Non-Conformance:					

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CAR #	Indicator	CAR Detail
		<p>The occupational safety and health plan to cover the following</p> <p>a) The risk of all operations shall be assessed and documented.</p> <p>b) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:</p> <p>ii. All precautions attached to products should be properly observed and applied;</p> <p>c) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p>
		<p>Objective Evidence:</p>
		<p>During site tour, it was sighted</p> <p>a) The risk assessment for working during night shift was not available. In the emergency action plan, there is no action to be taken in an event of power loss / electric breakdown during night shift.</p> <p>b) Several workers was found working at height (30m) doing maintenance. But there is no PPE usage and issuance of PPE record for working at height also was not available. The risk assessment for working at height was also not available in the HIRARC</p> <p>c) It was sighted chemical storage (Bleach, Sodium Oxychloride) was done not according to the SDS recommendation</p> <p>d) Safety signage's was found inadequate at the chemical storage, water treatment, final discharge and reservoir area.</p> <p>e) Electrical wiring was found improper sighted outside the final discharge treatment plant which can lead to electrocution</p>
		<p>Close-out evidence:</p>
		<p>1. Emergency action plan has updated by including the action to be taken in an event of power loss/ electric breakdown during night shift.</p> <p>2. Safety operation procedure and HIRARC for working at height was available, include safety body hardness and issuance of PPE record. Briefing and training for working at height was conducted.</p> <p>3. Safety signage was improved (chemical storage, water treatment, final discharge and reservoir area).</p> <p>4. Proper manage the electrical wiring.</p> <p>5. Refer to attachment doc. 4.4.4.2.</p>

Major 5 MS2530 -4:2013 Part 4	4.4.5.11	Date Recorded>	20 th January 2019	Due Date>	20 th March 2019	Date Closed>	1 st March 2019
		Non-Conformance:					

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	<p>On-site living quarters are provided to the mill workers and these quarters was identified to be habitable. However, the water quality for domestic water consumption found unsafe.</p>
	<p>Objective Evidence:</p>
	<p>The water quality lab analysis : 27th September 2018 found that E.coli and coliform was available in the treated water.</p> <p>It was unclear how mill management inform their workers on safe drinking water awareness on latest water quality status to avoid health issue occur.</p>
	<p>Close-out evidence:</p>
	<p>Safe drinking water awareness was conducted.</p> <p>Refers to attachment doc. 4.4.5.11.</p>

Major 6 MS2530 -4:2013 Part 4	4.5.3.11	Date Recorded>	20th January 2019	Due Date>	20th March 2019	Date Closed>	1st March 2019	
		Non-Conformance:						
		Waste identification was found inappropriate						
		Objective Evidence:						
		During site visit, it was identified used rags mixed with oil filters in a scheduled waste drum meant for used oil filters.						
		Close-out evidence:						
Schedule waste awareness was conducted. Refers attachment doc. 4.5.3.1.								

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 on an action plan and sent by the client to the auditor within 60 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

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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

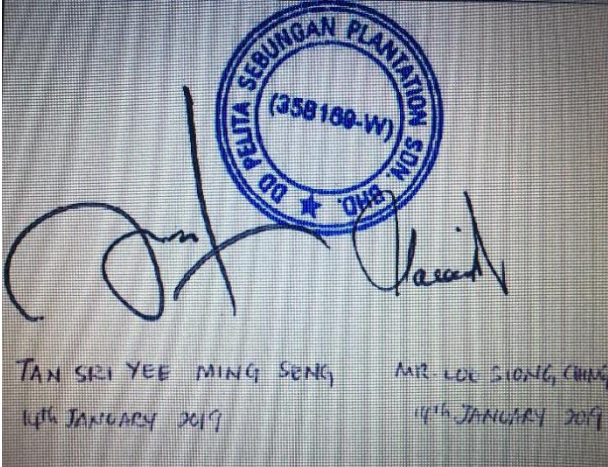

Positive Observations:

- The support from DD Palm Oil Mill Sdn. Bhd. 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.

Appendix 1: List of Stakeholders Contacted

Stakeholder	Type of Stakeholder	Issues raised	Comments/Action Taken
Transporter: Chendari Abu & Son Enterprise	External	No issues raised	Good cooperation and helping comment to estate management
Transporter: Catherine Jenah	External	No issues raised	Good cooperation and helping comment to estate management
Sarawak Land Custody and Development Authority	External	No issues raised	Good cooperation and helping comment to estate management
Monica Mone Malaysia Palm Oil Certification Council (MPOCC)	External Stakeholder (Government)	NIL	NIL

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Signed on behalf of DD Palm Oil Mill Sdn. Bhd.	Signed on behalf of SGS Malaysia Sdn Bhd
 <p data-bbox="284 801 593 875">Mr Loo Siong Ching Senior General Manager</p>	 <p data-bbox="837 801 1364 913">Mr. Dickens Mambu Certification and Business Enhancement Regional Head Certification</p>

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