

## MJM (Palm Oil Mill) Sdn Bhd Audit Summary Report

<b>Organization:</b>	<b>MJM (Palm Oil Mill) Sdn Bhd</b>		
<b>Address:</b>	<b><u>MJM (Palm Oil Mill) Sdn Bhd (HQ)</u></b> 2 <sup>nd</sup> Floor, Bangunan Bei, Lot 1180, Jalan Krokop 2, 98000 Miri, Sarawak.  Contact person.: Mr Lim Hui Chang (Mill Engineer) Contact No.: 012 8777669 Email: <a href="mailto:hclimited08@gmail.com">hclimited08@gmail.com</a>  <b><u>MJM (Palm Oil Mill) Sdn Bhd</u></b> Lot No. 2081, Block 17, Sibuti Land District, 98150 Bekenu, Miri, Sarawak		
<b>Standard(s):</b>	<b>MS2530-4:2013 Part 4 : General Principles for Palm Oil Mills</b>	<b>Accreditation Body(s): DEPARTMENT STANDARDS MALAYSIA (DSM)</b>	
<b>Representative:</b>	<b>Mr. Tian Foon Howe (Mill Manager)</b> <b>Mr Lim Hui Chang (Mill Engineer)</b>		
<b>Site(s) audited:</b>	<b>MJM (Palm Oil Mill) Sdn Bhd</b>	<b>Date(s) of audit(s):</b>	<b>28<sup>th</sup> May 2019</b>
<b>Visit Type:</b>	<b>MSPO Audit Stage 2</b>	<b>Type of certification assessment</b>	<b>Main Audit</b>
<b>Lead auditor:</b>	<b>Abdul Khalik Bin Arbi (AKA)</b>	<b>Additional team member(s): Audit Member (AM)</b>	<b>Jeffrey Denis Ridu (JDR)</b>
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### 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 FFB and Production of CPO and Palm Kernel in compliance to the MSPO Certification Standard MS2530-4:2013 Part 4**

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

Validation of processes for production and service provision

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

Yes

No

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

### 3. Current 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:  2  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

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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

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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<b>Address</b>	<b><u>MJM (Palm Oil Mill) Sdn Bhd (HQ)</u></b> 2 <sup>nd</sup> Floor, Bangunan Bei, Lot 1180, Jalan Krokop 2, 98000 Miri, Sarawak.  Contact person.: Mr Lim Hui Chang (Mill Engineer) Contact No.: 012 8777669 Email: <a href="mailto:hclimited08@gmail.com">hclimited08@gmail.com</a>  <b><u>MJM (Palm Oil Mill) Sdn Bhd</u></b> Lot No. 2081, Block 17, Sibuti Land District, 98150 Bekenu, Miri, Sarawak		
<b>MPOB License No.:</b>	577582004000	<b>Expiry date:</b>	01.10.2018 – 30.09.2019
<b>Visit Number:</b>	<b>02 (Stage 2)</b>	<b>Actual Visit Date:</b>	<b>28<sup>th</sup> May 2019</b>
<b>Proposed Next Audit</b>	<b>March 2019</b>		
<b>Visit Due by Date:</b>	<b>Nil</b>	<b>For auditor information only</b>	
<b>Lead Auditor :</b>	<b>Abdul Khalik Bin Arbi (AKA)</b>		
<b>Audit Member</b>	<b>Jeffrey Denis Ridu (JDR)</b>		
<b>Additional Attendees and Roles</b>	<b>Nil</b>		
<b>Standard(s):</b>	<b>MS2530-4:2013 Part 4: General principles for Palm Oil Mills</b>		
<b>Audit Language:</b>	English & Malay		
<b>Audit Scope:</b>	1.The audit covered Three (3) site performing the following scope: Operations, comprising of management systems, process of Fresh Fruit bunches (FFB), documentation and site assessment. 2.The audit covered all the MSPO 2530 Part 4 requirements with no permissible exclusion of clause in compliance to the standard document		

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Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
28 <sup>th</sup> May 2019	7.00 am	AKA, JDR	Depart to MJM POM	Mill Personnel
			Arrive at MJM POM	
			Audit Process (Site Visit)	
			<ul style="list-style-type: none"> <li>• Principal 1: Management commitment and responsibility</li> <li>• Principle 2: Transparency</li> <li>• Principle 3: Compliance to legal requirements</li> <li>• Principal 4: Social responsibility, health, safety and employment condition</li> <li>• Principal 5: Environment, natural resources, biodiversity and ecosystem services</li> <li>• Principal 6: Best Practice</li> <li>• Principal 7: New Development</li> </ul>	
	12.30pm		Lunch	
	1.00pm		Continue Audit Process (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
	4.00pm		Auditor Discussion	
5.00pm	Closing Meeting			
6.00pm	Depart to Miri Town`			

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Location and Maps

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

**Table 1: GPS Location**

Mill	Location Address	Coordinate	Capacity (mt/hr)
MJM (Palm Oil Mill) Sdn Bhd	Lot 2081, Block17, Sibuti Land District, Miri, Sarawak	4 <sup>0</sup> 23'38.33" N 114 <sup>0</sup> 1'4.46" E	70

Figure 1: MJM (Palm Oil Mill) Sdn Bhd Locality Map



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### Description of Mill Production

The FFB are sourced from the estate which are individually managed by MJM (Palm Oil Mill) Sdn Bhd. The crop yield from these is mention in **Table 2** below.

**Table 2: FFB Production**

MJM (Palm Oil Mill) Sdn Bhd	FFB Production (MT)		CPO (MT)		PK (MT)	
	Year 2018 (Actual)	Year 2019 (Projection)	Year 2018 (Actual)	Year 2019 (Projection)	Year 2018 (Actual)	Year 2019 (Projection)
January	22588.74	25,100	4775.50	5,402	1118.20	1,167
February	18022.63	20,900	3838.32	4,530	899.60	981
March	20640.80	23,000	4349.27	4,976	960.68	1,047
April	27768.32	30,350	6051.23	6,707	1425.64	1,477
May	24814.53	27,200	5313.75	5,849	1112.45	1,255
June	22877.23	25,100	4787.00	5,355	969.61	1,097
July	27209.78	30,350	5688.35	6,527	1169.68	1,428
August	32,150.47	35,600	6827.59	7,732	1464.81	1,595
September	37,219.64	40,850	7987.60	8,969	1735.25	1,883
October	35,199.03	37,700	7464.57	8,192	1566.84	1,734
November	32,169.81	33,500	6744.54	7,203	1445.46	1,583
December	31,671.83	30,350	6518.43	6,598	1361.04	1,431
<b>Total</b>	<b>332,332.81</b>	<b>360,000</b>	<b>70,346.15</b>	<b>78,040</b>	<b>15,229.26</b>	<b>16,678</b>

**Table 31: Actual and Projected Mill Processing Data**

MJM (Palm Oil Mill) Sdn Bhd	Actual FY (2018)		Projected (FY 2019)	
	CPO	PK	CPO	PK
Mt	70,346.15	78,040	15,229.26	16,678
%	OER: 21.17%	KER: 4.58%	OER: 21.66%	KER: 4.63%





## 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/mjm-palm-oil-mill-sdn-bhd>

Stakeholder consultation took place in the form of meetings and interviews. Due to this is the pilot 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 MSPO Policy was sighted available as per MSPO requirement dated 1<sup>st</sup> October 2018. It was signed by Dato’ Pui Yuh Tzer (Executive Director). The policy emphasize commitment with MSPO, MJM (Palm Oil Mill) Sdn Bhd are committed to follow sustainable practices through continuous improvement in all our our operation.</p> <p>The Policies are all displayed at office and other strategic places.            List of training as per Training Plan Year 2019.            Among the training planned are:            (1) Chemical handling            (2) Fire Drill            (3) First Aid training            (4) LOTO            (5) Authorized Entrance and Standby person</p> <p>It was observed the last minutes of meeting for “Mesyuarat JKPP” was held on 28<sup>th</sup> March 2019 attended by 15 persons. Item 4.0 New matters arising - SHO has conducted several workplace inspections and reported a number of issues eg. Used batteries and empty lubricant drums found at workshop should be placed at proper designated area for scheduled waste</p> <p><u>Internal Audit –</u>            Internal audit latest conducted: 29<sup>th</sup> October 2018</p> <p>From mill internal audit, 22 findings was raised. Corrective action was taken, and the report was produced showing corrective action taken.</p> <p>Internal Audit Procedure was available as per Doc Control No. MJM-P1-001 dated 1/10/2018. Flowchart has been established on page 5 of the procedure.</p> <p>Report of internal audit was made available during mill management review under item no. 2 - Results of Internal Audit. It indicate audit findings, root cause, corrective action and status.</p>
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	<p>The management review meeting was conducted on 17<sup>th</sup> December 2018. It can be verified in File - Management Review.</p> <p><u>Management Review –</u> The management review conducted on 17<sup>th</sup> December 2018. The agenda of meeting was:</p> <ul style="list-style-type: none"> <li>i. Review of MSPO Policy.</li> <li>ii. Review of results of internal audits.</li> <li>iii. Review the continual improvement progress.</li> <li>iv. Review on transparency.</li> <li>v. Review on new or proposed legislation or regulations.</li> <li>vi. Review on social responsibility, health, safety and employment condition.</li> <li>vii. Review on environmental and biodiversity.</li> <li>viii. Review on best practice.</li> <li>ix. Review any changes that could affect the MSPO sustainability system.</li> </ul> <p><u>Continual Improvement -</u> The Management review report on continual improvement includes the following:</p> <ul style="list-style-type: none"> <li>1) For Key Performance Index, some criteria were found to be simple to achieve which result in lower score distributed to critical factor.</li> <li>2) Road at canteen main entrance and to ramp always flooded after rain.</li> <li>3) Waste water and oil spillage at vehicle workshop was directly discharged to nearby drain during housekeeping.</li> </ul> <p>Other future improvements has 5 items with plan, action plan, person in charge and expected completion date stated.</p> <p>The source of new techniques are from: Suppliers, contractor, Website, Newspaper, research paper etc.</p> <p>The Head of Business will organise a meeting / discussion with relevant personnel to evaluate the practicality, function effectiveness and suitability.</p> <p>.</p> <p>Item no. 5 in the management review report was on new or proposed legislation or regulations. There is a new regulation from DOE requiring all Palm Oil Mill to install Electrostatic Precipitator (ESP). Date of implementation to be announced. It was informed that the dateline has been shifted to a number of years more.</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 in the Communication Procedure as per</p>

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	<p>Document No : MJM-P2-001 dated 1/10/2018.</p> <p>The management will communicate with interested stakeholders on information requested and reply accordingly.</p> <p>Latest Stakeholders meeting was recorded on 15<sup>th</sup> October 2018 at Mill Multi purpose Hall. It was attended by 50 attendees of several stakeholders.</p> <p>Management documents for the mill are made publicly available upon request. Website can be accessed at <a href="http://www.mjmpom.com">www.mjmpom.com</a></p> <p><u>Transparent method of communication and consultation</u> – The company has established a Procedure on The mill stakeholders communication in Document No: MJM-P2-001 dated 1/10/2018 for consultation and communication with the relevant stakeholders.</p> <p>The document also includes a flow chart of ‘Request Info from Stakeholders and responses’</p> <p>The Complaints and Grievances Box was made available at site office. The Complaints and Grievances procedure document : MJM-P4-001 dated 1/10/2018 was made available. The flow chart shows time line to settle issues raised. There were complaints/suggestions received starting 21/11/2018. Examples:</p> <ul style="list-style-type: none"> <li>(1) 22/11/2018 - Jalma, FFB supplier - use of jack dangerous and slow. Action taken: Temporary suspend all usage of automation grading system at ramp.</li> <li>(2) 26/11/2018 - Fredrik Michael - Price of FFB keep decreasing. Action taken: Will notify smallholders all prices based on MPOB price.</li> </ul> <p>List of external and internal stakeholders was made available on site which includes Government agencies, companies, supplier etc.</p> <p><u>Traceability</u> – The Traceability Procedure has an objective to have a transparent method of Crude Palm Oil (CPO) and Palm Kernel (PK) origin from palm oil mill to refinery.</p> <p>They have a flowchart to show how to trace back a delivery form the FFB source.</p> <p>The management has provided Traceability Procedure (Doc No. MJM-P2-004) dated 1<sup>st</sup> October 2018.</p>
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	<p>Within the procedure, traceability flowchart was sighted as per page 3 in the procedure.</p> <p>Example ;</p> <p>Dated: 27<sup>th</sup> May 2019          Receiving FFB : 8380 kg          Example Docket No.: 0243237          From Estate: MJM Plantation Sdn Bhd (Internal)          Time: 0706 am          Vehicle No: QM8897C          Transporter: MJM Palm Oil Mill Transporter          Grading record : N/A</p> <p><u>Despatch to Refinery:</u>  <u>PK:</u>          MJM POM Ticket No:_002375          Net Weight: 35.43MT</p> <p>Bintulu Edible Oils Sdn Bhd          Docket No. 0021948 dated 26/05/2019          Vehicle No. : QTM1555          Transporter: Tong Yen Transport          Material: Palm Kernel          Refinery Net weight: 35,430 Kg</p> <p><u>CPO:</u>          MJM POM Ticket No:_D545548          Net Weight: 40.060MT</p> <p>Bintulu Edible Oils Sdn Bhd          Receiving Note No: 8370110330479          Vehicle no: MALAYSIA965527          Transporter: Tong Yen Transporter          Material: CPO          Refinery net weight: 40.140MT          Varian: 80 MT</p>
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<p>Comment on Principle 3</p>	<p><u>Regulatory requirements</u> –          Compliance to Applicable local state and national law.          Legal requirement procedure as per Doc control No: MJM-P3-001 dated 1/10/2018.</p> <p>It was observed the following legal documents available:</p> <p>(a) MPOB License : No Lesen : 577582004000          Validity : 1/10/2018-31/09/2019          Daya pemrosesan yang dibenarkan: 330,000MT FFB/Yr          1.License: menjual &amp; mengalih          FFB, PK, CPO, SPO#          2.Membeli &amp; mengaih</p>
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	<p>FFB, PK, CPO#  <b>3. Menyimpan</b>          PK, CPO, SPO#  <b>4. mengilang</b>          FFB#          (a) DOE Jadual Pematuhan : 004920          Tempoh Lesen: 1 July 2018-30 Jun 2019.</p> <p>(b) Land Title          Lease of State Land Lot number 2081 in Block 17 containing 457.9 Ha, Sibuti Land District.          TRN : 04-LCLS-023-017-02081</p> <p>Based on interview with legal officer Mr. Yong Tze Yee, mechanism to track changes or new amendments in law using website.</p> <p><u>Legal land use rights</u> –          MJM (Palm Oil Mill) Sdn Bhd located within Lot number 2081 in Block/ Number 17 containing 457.9 hectares.          Lease of State Land          Locality : Sungai Kapal and Sungai Kelulut, Sibuti..          Classification : Mixed Zone          Category : Country Land          Land register          Date : 16/12/2014          Map Sheet Siri Permohonan: 3204/2014 from Land and Survey</p> <p>It was sighted Tenancy Agreement between Multi Majusama Sdn Bhd (Landlord) and MJM (PALM Oil Mill) Sdn Bhd, made 11<sup>th</sup> Day of January, 2012.</p> <p>Mill Complex Area          Total Area : 40.469 ha          Total Ponds : 13          Treatment Plant : 1          Water Reservoir : 1          Housing Units : 89 units</p> <p>The management able to provide documents showing legal ownership or lease during the audit conduct. It can be verified in file Principle 3: Compliance to Legal Requirement.</p> <p><u>Customary Land Rights</u>          The legal acquisition was proven via availability of land title from Land and Survey Sarawak.</p> <p>Commencement and Expiry Date:          17/10/2005 - 16/10/2065</p> <p>Registered Office: Miri</p> <p>The legal acquisition was proven via availability of land title from Land and Survey Sarawak.</p> <p>The legal acquisition was proven via availability of land title from Land and Survey Sarawak.</p>
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	<p>NO FPIC procedure due land obtain thru Land survey land application process for state land area.</p>
<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment</u> –  The stakeholders meeting has been conducted on 15.10.2018 with only attend by 12 attendees. Noted that total stakeholders are 67. The meeting conducted at MJM Palm Oil Mill Multipurpose hall.</p> <p>The meeting discussed on  -MSPO certification introduction and briefing  -Briefing on grievance procedure  -Briefing on all established policy for MJM POM</p> <p><u>Complaint and Grievances</u>  It was observed the Standards Operation Procedure for complains and grievances procedure was available, which can refer in file Standard Operation Procedure (SOP).</p> <p>Document No : MJMPOM-MSPO-P4-001, dated 1.10.2018</p> <p>Person in charge: Mr Lim Hui Chang</p> <p>One complaints was recorded for March 2019:</p> <p>1.No Name  Complaint regarding the “Gaji Harian Lewat”. Based on the complaint, the daily paid for the workers was against the Jabatan Tenaga Kerja (JTK) Regulation.</p> <p><u>Commitment to contribute to local sustainable developments</u> –  Commitment to local sustainable development :</p> <p>1. Sumbangan sempena Sukan Tahunan Sekolah Kali Ke-23 2109.</p> <p>The CSR record was kept by HQ management.</p> <p><u>Employees health and safety</u> –  Occupational Safety and Health Policy was available in the mill management record. The policy was display in the office, mill operation area and labour line.</p> <p>The Occupational Safety and health Policy was signed by the Pui Yuh Tzer (Executive Director) dated: 1<sup>st</sup> October 2018.</p> <p>Among the safety objective:</p> <ol style="list-style-type: none"> <li>1. Provide safe working environment to the workers / staff.</li> <li>2. To train all employee to be aware of their own responsibility.</li> <li>3. To provide appropriate medical and first aid facilities to safeguard the health and ware fare of all our employees</li> </ol>

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	<p>a) Safety and health policy was made available. However it was unsure either it was communicated to all mill workers. Interview with mill staff.</p> <p>b) It was observed the HIRARC report was available at the mill. It discussed work activities such as</p> <ol style="list-style-type: none"> <li>1. Moving vehicles at FFB reception area- Shovel, Lorries and agricultural tractors.</li> <li>2. Unloading of fruit</li> <li>3. Traffic control for night shift.</li> <li>4. Walk down/ up using staircase at FFB receiving ramp.</li> </ol> <p>In each of the station identified, the following is tabulated :</p> <ul style="list-style-type: none"> <li>- 1. Hazard Identification</li> <li>- 2. Risk analysis</li> <li>- 3. Risk control</li> </ul> <p>c) The occupational safety and health plan known as ‘Annual Training Programme Jan – Dec 2019 ‘ cover the following:</p> <p>Topics listed that include:</p> <ul style="list-style-type: none"> <li>✓ Spill kit usage &amp; spillage</li> <li>✓ Smoking Zone &amp; Prohibition</li> <li>✓ SDS Understanding</li> <li>✓ PPE Usage and Disposal</li> <li>✓ Chemical &amp; Fire Drill</li> <li>✓ ERT &amp; First Aid</li> <li>✓ Motorcycle Parking &amp; Prohibition</li> <li>✓ Food Safety</li> <li>✓ Chemical Handling</li> <li>✓ AESP Refreshing Training</li> <li>✓ Fire Drill</li> <li>✓ First Aid Refresher Training</li> <li>✓ Fire Fighting Training</li> <li>✓ LOTO</li> <li>✓ PPE Refreshing Training</li> <li>✓ Chemical Handling</li> <li>✓ Chemical Drill</li> <li>✓ Class Regulation Training</li> <li>✓ Transport Safety</li> <li>✓ Conveyer Safety</li> </ul> <p>As evidence, the training on First Aid Refresher Training was conduct on 21<sup>st</sup> May 2019, venue MJM POM Hall. Morning Section 9.00 – 11.00 am Attended by 99 attendees.</p> <p>Evening Section 3.00 – 5.00 pm Attended by 92 attendees.</p> <p>It can verified in Training File record.</p> <p>d) It was sighted PPE issuance record was sighted. It was properly record and documented. During site visit at the mill operation one</p>
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	<p>sampled sighted name Irfan Bin Malauna, the mill management provide him Safety Helmet, Safety Shoes and Leather Gloves.</p> <p>e) The management has established the Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. Copy was sighted as hardcopy.</p> <p>f) The management had appointed Mr. Kho Shi Kian which responsible person for workers safety and health at the workplace. Dated of appointed on 12.11.2018 by Mr Tian Foon Howe (Mill Manager).</p> <p>g) Minutes Meeting for OSH committee was available in the mill management record. The latest OSH meeting was conduct on 28<sup>th</sup> March 2019 (Bil.1) at MJM Office Conference Room. The coming next OSH meeting will held on June 2019.</p> <p>h) It was sighted accident and emergency procedures was available in the mill management record. With control No.: MJM-P4-003, revision 0. Based interview with worker at the mill area namely Irfan Bin Maulana, he aware regarding the emergency escape routes if emergency occurred.</p> <p>i) It was sighted, first Aider was available at the mill operation area. List of the first aider list as below:</p> <ul style="list-style-type: none"> <li>✓ Roesmina Rozie anak Tambat (No.Sijil: 10945)</li> <li>✓ Richard Lau Chik King (No. Sijil: 10950)</li> <li>✓ Hasma Wati Binti Ahmad (No. Sijil: 10953)</li> </ul> <p>j) Records of all accidents was properly record. Latest accident occurs on 16.05.2016 and recorded in Accident Summary Ledger File. It also reported to JKPP, with reference no.: SW/SKEM/19/00518.</p> <p><b>Major 1 (4.4.4.2)</b> Occupational safety and health implementation aspect was found lacking.</p> <p>Evidence sighted as follows:</p> <ol style="list-style-type: none"> <li>1. It was sighted, emergency escape route at the labour quarters was obstructed.</li> <li>2. Upon site visit at mill operation area, moving parts of machine were found not covered.</li> </ol> <p><u>Employment conditions</u> – For MJM (Palm Oil Mill) Sdn Bhd, it was sighted Human Rights Policy, Sexual Harassment Policy and No Child Labour Policy signed by Executive Director, Dato' Pui Yuh Tzer dated 1/10/2018.</p> <p>Interview with worker shows that he is aware with the policy.</p>
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	<p>There is no evidence of discrimination practices in the operating units. Mills operating included all worker on their training and equal usage facilities.</p> <p>Management ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements and comply with minimum wages order.</p> <p>Samples of Payslips sighted:</p> <ol style="list-style-type: none"> <li>1. Anggit Ak Kanyan; IC No: 610206-13-5655; Employee No: DM0029; Gross wages: RM 2,241.56; Net pay: RM 2,095.80.</li> <li>2. Ilham Usman; Passport No: A 6535518; Employee No: DI0073; Gross wages: RM 2,483.44; Net wages: 2,353.45.</li> <li>3. Eliani Palewo; Passport No: A 6535521; Employee No: DI0071; Gross wages: RM 2,089.69; Net wages: RM 1,959.70.</li> </ol> <p>Employees of the contractor was monitored via payment list recipients submitted to the mill management.</p> <p>In the contract of foreign workers the following information is recorded such as :</p> <ol style="list-style-type: none"> <li>(1) Wages</li> <li>(2) Job specification &amp; responsibilities</li> <li>(3) Annual leave</li> <li>(4) Other work</li> <li>(5) Confidential information</li> <li>(6) Monthly deduction</li> <li>(7) Public holidays</li> <li>(8) Transfer of work place</li> <li>(9) Period of contract</li> <li>(10) Agreement on terms and conditions of Mill worker</li> <li>(11) Pay raise letter</li> </ol> <p>In the contract for Local workers the following information is recorded such as :</p> <ol style="list-style-type: none"> <li>(1) Duties &amp; responsibilities</li> <li>(2) Remuneration</li> <li>(3) Probation period</li> <li>(4) Annual Leave</li> <li>(5) Sick Leave</li> <li>(6) Maternity Leave</li> <li>(7) Maternity Allowance</li> <li>(8) Public Holidays</li> <li>(9) Age of retirement</li> <li>(10) Termination Notice</li> <li>(11) Not to divulge secrets of the Company</li> </ol>
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	<p>(12) Agreement on terms and conditions of Mill worker (13) Pay raise letter</p> <p><u>Training and competency –</u> The occupational safety and health plan known as ‘Annual Training Programme Jan – Dec 2019 ‘ cover the following:</p> <p>There are several topics listed in the training which include:</p> <ol style="list-style-type: none"> <li>1) Grading skills</li> <li>2) Accident Reporting</li> <li>3) Register of chemical Hazardous &amp; chemical handling</li> <li>4) HIRARC</li> <li>5) ERP</li> <li>6) First Aid Training</li> <li>7) Confined space</li> </ol> <p>MJM Palm Oil Mill has evidence of a Training programme for its staff. The training will be difference for the following position:</p> <ol style="list-style-type: none"> <li>1) Manager</li> <li>2) Engineer</li> <li>3) Supervisor/ Mechanic</li> <li>4) Clerk</li> <li>5) AP</li> <li>6) Worker</li> <li>7) Contractor</li> </ol> <p>The training programme is based on the following category :</p> <ol style="list-style-type: none"> <li>1) Policies and Procedures</li> <li>2) Operation</li> <li>3) Administrative</li> <li>4) Safety and Health</li> <li>5) Sustainability</li> <li>6) Competency Training</li> </ol>
<p>Comment on Principle 5</p>	<p><u>Environmental management programme –</u> The management has provided Environmental &amp; Biodiversity Policy.</p> <p>The policy signed by Executive Director PUI YUH TZER, dated 1<sup>st</sup> October 2018. The policy highly concerned and aware about the wastes and pollutants emitted daily which would bring negative impact to the environment. The following serves as essential guideline to make sure that the environment issues will be placed as our top priority consideration before making any decision to load any pollution into it.</p> <p>The management has provided continual improvement plan for MJM (Palm Oil Mill) Sdn Bhd for 2019.</p> <p>The mill management had provided assessment of all pollution activities. Item incorporate in the assessment are list as below:</p>

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- i. Mill Process
  - ii. Boiler Station
  - iii. Workshop Maintenance (Machinery)
  - iv. Vehicle Workshop
  - v. Contractor (Include Machinery and Vehicle)
- As example Effluent water record was taken by provided final discharge test analysis. Based on the laboratory analysis all the parameters below the compliance limits. The latest lab test was done on 1<sup>st</sup> March 2019. The in-situ parameters such as pH and Temperature was taken by mill personnel and the measurement was recorded in Daily effluent ponds record.

It was observed the training record was made available:

- i. Training/ Course: MSPO, Safety and Environmental Related Topic, dated 25<sup>th</sup> March 2019, venue MJMPOM Conference room, which attended by 28 attendees.

The continual improvement plan will be monitored by the mill management through their quarterly meeting

Example: “*Mesyuarat Jawatankuasa Pengawasan Prestasi Alam Sekitar*”. Dated of meeting 11.06.2018, meeting room of MJMPOM which attend by “*Ahli Jawatankuasa ERCMC MJM Palm Oil Mill*”. The next meeting will be held on June 2019.

The agenda discuss as below:

- i. Pengurusan/ Kawalan Efluen
  - Aerator
  - Geotube
- ii. Pengurusan Buangan Terjadual
- iii. Penundaan

Efficiency of energy use and use of renewal energy –

On the Energy Optimization Plan, the management has provides diesel consumption record that shows diesel usage record as below:

Usage of diesel record (Liters)

	2017	2018	2019*
Actual	556,362	705,555	133,680
Budget	560,000	784,000	128,000

\*as April 2019

Increasing usage of diesel due to low crop season where power plant not operation and it is increasing usage of genset to generate power supply.

Based on the assessment of internal record by the mill management. It was sighted monitoring records of consumption of non-renewal energy for 3 years past.

Diesel usage VS FFB process year 2018

High Peak

75,453 L of Diesel VS 37,199.03 mt FFB (October)

Low Peak

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	<p>53,137 L of Diesel VS 18,022.63 mt FFB (February)</p> <p><u>Waste Management and Disposal</u>  All waste products and sources of pollution was identified and documented. It can be verified in File Plan and Assessment. Apart of it, activities which identified list as below:</p> <ol style="list-style-type: none"> <li>a. Mill process</li> <li>b. Boiler station</li> <li>c. Workshop Maintenance (Machinery)</li> <li>d. Vehicle Workshop</li> <li>e. Contractor (Include Machinery and Vehicle)</li> </ol> <p>The management show record for its waste products in their 2019 inventories</p> <p>It was observed the Standard Operating Procedure for handling of used chemicals was made available at the mill premise. The document Name: Chemical Handling with Document ref no.: MJM-P4-004 dated 1<sup>st</sup> October 2018.</p> <p>Location of dumping site was made available, it was managing by mill itself and can be verified in MJM Dumping site, Drawing No. MJM/DS/19 (01).</p> <p>Based on site inspection at the scheduled waste store. The waste was properly managed and handled.</p> <p>Types of waste was list as below:</p> <ol style="list-style-type: none"> <li>i. Effluent Water</li> <li>ii. Decanter Cake</li> <li>iii. Empty Fruit Bunch</li> <li>iv. Boiler Ash</li> <li>v. Used Gear Oil</li> <li>vi. Used Hydraulic Oil</li> <li>vii. Used Rag (Cotton)</li> <li>viii. Used Engine Oil</li> <li>ix. Used Battery</li> </ol> <p>Waste Management Plan document guidance: MJM –P5-003 consists of</p> <ol style="list-style-type: none"> <li>1.Type of Waste <ol style="list-style-type: none"> <li>a) Domestic Waste</li> <li>b)Empty Fruit Bunches</li> <li>c)Product Waste</li> <li>d)Boiler Ash</li> <li>e)Palm Oil Mill Effluent (POME)</li> <li>f)Decanter Cake</li> </ol> </li> </ol> <p>Document on disposal of hazardous material it was available in file DOE INSPECTION – Scheduled Waste Inventory Report. Within the report January 2019, there was for waste code was sighted,</p> <ol style="list-style-type: none"> <li>a. SW102 (Used Battery)</li> <li>b. SW305 (Used Oil)</li> <li>c. SW410 (Rags)</li> </ol>
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	<p>d. SW410 (Used Filter)</p> <p><b>Major 2 (4.5.3.2)</b> Implementation of waste management plan to reduce pollution was found lacking.</p> <p>Evidence sighted as follows:</p> <ol style="list-style-type: none"> <li>1. It was sighted empty M-Oil containers (Scheduled Wastes) were disposed inside the domestic waste dumping pit.</li> <li>2. Empty Chemical / M-oil containers (Scheduled Wastes) were sighted at labour quarters without proper mitigating measures taken.</li> </ol> <p>The management has provided SOP on Chemical Handling (MJM-P4-004)</p> <p>Components within the document</p> <ol style="list-style-type: none"> <li>1. Introduction</li> <li>2. Scope</li> <li>3. Definitions</li> <li>4. Role &amp; Responsibilities</li> <li>5. Procedure <ul style="list-style-type: none"> <li>- Requesting of chemical</li> <li>- Chemical Storage</li> <li>- Chemical Transporting</li> <li>- Chemical Handling</li> <li>- Chemical Spillage</li> </ul> </li> <li>6. Chemical Handling on site <ul style="list-style-type: none"> <li>- Before Handling</li> <li>- During Handling</li> <li>- After Chemical Handling</li> </ul> </li> <li>7. Records</li> </ol> <p><u>Reduction of pollution and emission –</u> The management has provided :</p> <p>1.Environment Monitoring report (stack- latest : July- December 2018 Stack Emission Monitoring Report</p> <p>Based on the report stack emission monitoring for MJM (Palm Oil Mill) Sdn Bhd was complied with the required limit Of 0.400 g/Nm<sup>3</sup>, corrected to 12% CO<sub>2</sub>.</p> <p>There was no open burning sighted during the site inspection conduct.</p> <p>Action plan to reduce significant pollutants and emission was established and implemented. Example of plan to reduce the pollutant by used boiler ash for land application. Based on mill records boiler ash was sell to:</p> <ol style="list-style-type: none"> <li>1. Woodman Plantation Sdn Bhd, Date 16.05.2019, Docket No.:0021746 (23,810 kg)</li> <li>2. MJM Plantation Sdn Bhd, Date 14.05.2019, Docket No.:0021714 (17,430 kg)</li> </ol> <p><u>Natural water resources –</u> The management has provided 1.water testing analysis for drinking water (latest 8<sup>th</sup> September 2019)</p>
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	<p>Reference No.: 009588.</p> <p>Water source from reservoir within mill compound area. The water will be treated and used for drinking water and mill processing.</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>The mill management had taken necessary action to optimize water and nutrient usage and reduce wastage. By that, daily inspection was conducted by process supervisor. Based on site visit in the mill area, it was sighted Pipe Recycle Sludge pit pipe was leakage,</p> <p>Daily Breakdown and Maintenance records.</p>
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<p>Comment on Principle 6</p>	<p><u>Mill management –</u></p> <p>The management has provided SOP on Mill Operations with regards to MSPO which includes:</p> <ol style="list-style-type: none"> <li>1. FFB Reception Station (Control No: MJM-STD-ML01)</li> <li>2. FFB Grading Manual (Control No: MJM-STD-ML02)</li> <li>3. Sterilization Station (Control No: MJM-STD-ML03)</li> <li>4. Threshing Station (Control No: MJM-STD-ML04)</li> <li>5. Press &amp; Depericarping Station (Control No: MJM-STD-ML05)</li> <li>6. EB Press Station (Control No: MJM-STD-ML06)</li> <li>7. Clarification Station (Control No: MJM-STD-ML07)</li> <li>8. Kernel Station (Control No: MJM-STD-ML08)</li> <li>9. Boiler Station (Control No: MJM-STD-ML09)</li> <li>10. Power Station (Control No: MJM-STD-ML10)</li> </ol> <p>Other Procedures with regards to MSPO for example:</p> <ol style="list-style-type: none"> <li>1. Internal Audit (MJM-P1-001)</li> <li>2. Management Review (MJM-P1-002)</li> <li>3. Traceability (MJM-P2-004)</li> <li>4. Legal Requirements (MJM-P3-001)</li> <li>5. Complaints &amp; Grievances (MJM-P4-001)</li> <li>6. Hazard Identification, Risk Assessment, Risk Control (MJM-P4-002)</li> <li>7. Employment (MJM-P4-008)</li> <li>8. Waste Management (MJM-P5-002)</li> </ol> <p>Work Instruction examples:</p>
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	<ol style="list-style-type: none"> <li>1. Smoking Prohibited (MJM-WI- HS02)</li> <li>2. Traffic &amp; Safety (MJM-WI- HS06)</li> <li>3. Hazardous Chemical (MJM-WI- HS08)</li> <li>4. Work at Height (MJM-WI- HS12)</li> <li>5. Confined Space (MJM-WI- HS13)</li> <li>6. Noise Hazard (MJM-WI- HS15)</li> <li>7. FFB Reception Station (MJM-WI- ML01)</li> <li>8. Sterilization Station (MJM-WI- ML03)</li> <li>9. Clarificatin Station (MJM-WI- ML07)</li> <li>10. Boiler station (MJM-WI- ML09)</li> <li>11. Laboratory (MJM-WI- ML11)</li> <li>12. Long Fibre Plant (MJM-WI- ML12)</li> <li>13. Workshop (MJM-WI- ML13)</li> </ol> <p>The SOP will be amended by the Mill Engineer in charge of process, checked by Head of Section and approved by Mill Manager.</p> <p><u>Economic and Financial Viability Plan</u> The management has provided a Yearly Projection in MT:</p> <table style="margin-left: 40px;"> <thead> <tr> <th>Year</th> <th>FFB</th> <th>CPO</th> <th>PK</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>360,000</td> <td>78,040</td> <td>16,678</td> </tr> </tbody> </table> <p>OER: 21.66% KER: 4.63%</p> <p><u>Transparent and fair pricing dealing</u> – The mill management receives FFB from internal supplier and external suppliers.</p> <p>Pricing mechanism: The pricing mechanism for MJM POM for FFB purchase are spelt out in the Internal Contract Agreement as it receives crop from internal sources as well as outside. (1) Contract Agreement for Sale and Purchase of FFB made on 22/08/2016 between MJM (Palm Oil Mill) Sdn Bhd and Anggan Ak Pagan.</p> <p>Inside the terms include: FFB Quality; FFB Weight; FFB Pricing; Payment; Validity,; etc.</p>	Year	FFB	CPO	PK	2019	360,000	78,040	16,678
Year	FFB	CPO	PK						
2019	360,000	78,040	16,678						

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	<p>(2) Contract Agreement for Sale and Purchase of FFB made on 01/11/2013 between MJM (Palm Oil Mill) Sdn Bhd and Ace Possible Sdn Bhd.</p> <p>Similarly for the sale of Crude Palm Oil and Palm Kernel Oil are spelt out in the Contract Agreement.</p> <p>CPO to the following refineries:</p> <p>(1) Borneo Edible Oils Sdn Bhd</p> <p style="padding-left: 40px;">Eg. Despatch List for Crude Palm Oil; Ref No: DL/CPO/BEORH/19(12) dated '21/05/2019; Contract No: RH/MJM/CPO1905/L002; Contract Quantity: 8.65 MT.</p> <p>(2) Bintulu Edible Oils Sdn Bhd</p> <p style="padding-left: 40px;">Eg. Despatch List for Crude Palm Oil; Ref No: DL/CPO/BEO/19(33) dated '06/05/2019; Contract No: BEO/01P1904/0051L; Contract Quantity: 3,500 MT.</p> <p>(3) SOP Edible Oils Sdn Bhd</p> <p style="padding-left: 40px;">Eg. Despatch List for Crude Palm Oil; Ref No: DL/CPO/SOP/19(24) dated '21/05/2019; Contract No: P/19/R/0412; Contract Quantity: 1,000 MT.</p> <p>(4) Kirana Palm Oil Refinery Sdn Bhd</p> <p style="padding-left: 40px;">Eg. Despatch List for Crude Palm Oil; Ref No: DL/CPO/KPOR/19(23) dated '06/05/2019; Contract No: R19051411; Contract Quantity: 1,000 MT.</p> <p>Same for the sale of Palm Kernel:</p> <p>(1) Bintulu Edible Oils sdn Bhd</p> <p style="padding-left: 40px;">Eg. Despatch list for Palm Kernel Ref No: DL/PK/BEO/19(24) dated 21/05/2019; Contract No: BEO/36P1904/0052L; Quantity: 700MT.</p> <p>(2) Kirana Palm Oil Refinery Sdn Bhd</p> <p style="padding-left: 40px;">Eg. Despatch list for Palm Kernel</p>
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	<p>Ref No: DL/PK/KPOR/19(22)  Dated 13/05/2019; Contract No:  K19051191; Quantity:250MT.</p> <p><u>Contractor –</u>  The management has provided list of contractors:  (1) Tong Yen Transport Sdn Bhd for the Transport of Crude Palm Oil &amp; Palm Kernel. Agreement dated effective 1/03/2015.Signed by Mr Lau Siew Tong, Director.  (2) In place of Contract Agreement, a Service Order issued by E-Concern (M) Sdn Bhd on collection of Scheduled Wastes. A Consignment Note for Scheduled Wastes No. H 03691 dated 17/12/2018. Contractor &amp; Facility: E-Concern (M) Sdn Bhd.</p> <p>A Terms and conditions for Contractor is sighted for Tong Yen Transport Sdn Bhd dated 1/12/2018. The agreement is on compliance to MSPO.</p> <p>For Sale &amp; Purchase of Fresh Fruit Bunches, Contract for sale and purchase of FFB for :</p> <ol style="list-style-type: none"> <li>1. Anggan Ak Pagan</li> <li>2. Ace Possible Sdn Bhd.</li> </ol>
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## 7. Nonconformities

### MS2530-4:2013 Part 4

Non Conformity	N°1 of 2		Major 1			
	Date Recorded>	28 <sup>th</sup> May 2019	Due Date>	28 <sup>th</sup> July 2019	Date Closed>	26 <sup>th</sup> July 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 4 4.4.4.2	
Document Ref.:	Criteria 4: Employees safety and health		Issue / Rev. Status:		Open	
Details of Nonconformity:	Occupational safety and health implementation aspect was found lacking.					
Objective Evidence:	<ol style="list-style-type: none"> <li>3. It was sighted, emergency escape route at the labour quarters was obstructed.</li> <li>4. Upon site visit at mill operation area, moving parts of machine were found not covered.</li> </ol>					
Close-out evidence:	<p>The mill management had provided evidence</p> <ol style="list-style-type: none"> <li>1. Memo given out to all workers regarding the awareness of emergency route behind labour quarters.</li> <li>2. Moving parts of machine was covered.</li> </ol> <p>Kindly refer Appendix A</p>					

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<b>Non Conformity</b>	N° 2 of 2		Major 2			
	<b>Date Recorded&gt;</b>	28 <sup>th</sup> May 2019	<b>Due Date&gt;</b>	28 <sup>th</sup> July 2019	<b>Date Closed&gt;</b>	26 <sup>th</sup> July 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 4 4.5.3.2	
Document Ref.:	Criteria 3: Waste Management and Disposal		Issue / Rev. Status:		Open	
Details of Nonconformity:	Implementation of waste management plan to reduce pollution was found lacking.					
Objective Evidence:	3. It was sighted empty M-Oil containers (Scheduled Wastes) were disposed inside the domestic waste dumping pit. 4. Empty Chemical / M-oil containers (Scheduled Wastes) were sighted at labour quarters without proper mitigating measures taken.					
Close-out evidence:	The mill management had provided evidence to close the noncompliance as follows: 1. Memo given out to all workers regarding the awareness of chemical/ M-Oil container (Schedule Waste) at quarters area. 2. Memo also issue out with content, Chemical / M-Oil container are not allowed in quarters area.  Kindly refer Appendix A					

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.

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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 MJM 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:

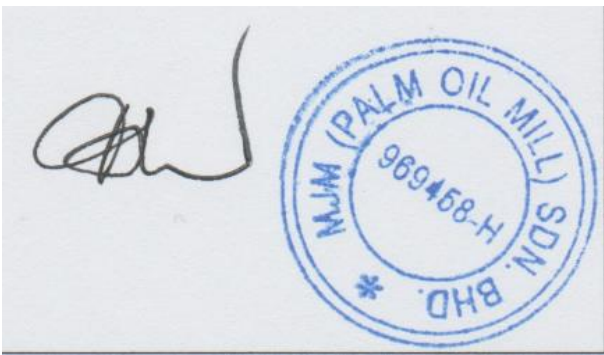
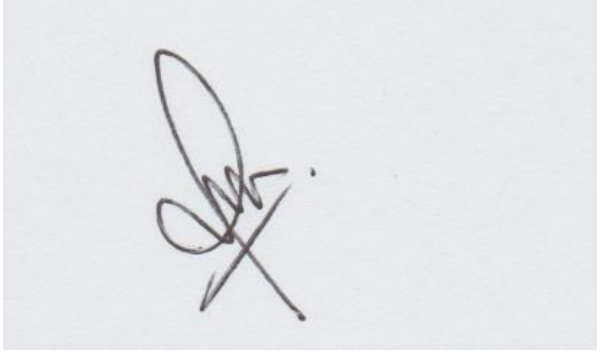
- The management should review the Standard Operation Procedure (SOP) for monitoring and continues improvement accordingly to ensure all aspect of the operation covered. Including grievance & complains SOP, safety & health SOP and domestic waste management SOP.

### Appendix 2: List of Stakeholders Interviewed

Stakeholder	Issue Raised	Remarks
<b><u>The Tong Yen Transport</u></b> Manager	No issue raised	No issue raised. All payment made on time.
<b><u>MJM Plantation Sdn Bhd</u></b> External Supplier Estate Manager	No issue raised	
WWF External  <u>Interview via phone call</u> WWF-Malaysia (Sarawak Office) Tel: 082-247420/ 257420  Interview via phone (time call: 1 <sup>st</sup> Call: 2.48pm)	No issue raised	No Issue
Jabatan Keselamatan Kesihatan dan Pekerja (JKKP)	No issue raised	No issue

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External		
Pemerisa kilang dan jentera 085-428151		
Supri Wardani; Passport No: B8473263; Sex: Male; Date of birth: 06/09/1986; Date of joining: 1/01/2018	No issue	No issue

Signed on behalf of <b>MJM (Palm Oil Mill) Sdn Bhd</b>	Signed on behalf of <b>SGS Malaysia Sdn Bhd</b>
	
Mr. Tian Foon Howe Mill Manager	Mr. Abdul Khalik Bin Arbi Lead Auditor

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