

**MSPO CERTIFICATION  
INITIAL AUDIT (STAGE 2)  
SUMMARY REPORT**

**KECK SENG (MALAYSIA) BERHAD  
Masai Palm Oil Mill  
Masai, Johor, Malaysia**

<b>Certificate No:</b>	<b>INTERTEK MSPO 008A</b>
Start date:	10 Dec 2018
Expiry date:	09 Dec 2023
<b>Audit Type</b>	<b>Audit Dates</b>
Initial / Stage 2	28–30 Aug 2018
Annual Surveillance - 01	
Annual Surveillance - 02	
Annual Surveillance - 03	
Annual Surveillance - 04	
Re-Certification	

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## 1.0 SCOPE OF AUDIT

### 1.1 Introduction

This Initial Audit was conducted on the Estates / Oil Palm Plantations Grouping of Keck Seng (Malaysia) Berhad, from **28-30 Aug 2018**, to assess the organization's operations of the Masai Palm Oil Mill and its FFB supplying estates / plantations are in compliance against the **MSPO Standard for Palm Oil Mills (MSPO MS 2530-4: 2013)**.

The Masai Palm Oil Mill is registered under Keck Seng (Malaysia) Berhad and the FFB supply base are made up of a grouping of estates owned by Keck Seng (Malaysia) Berhad.

### 1.2 Location (address, GPS and map) of Palm Oil Mill and estates

The Masai Grouping consists of one palm oil mill, namely the **Masai Palm Oil Mill and eight (8) estates** as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estates. The estates are all directly or indirectly owned by Keck Seng (Malaysia) Berhad. The location maps are provided in **Appendix C**.

**Table 1: Address of Palm Oil Mill, Estates and GPS Location**

Name	Address	GPS Reference	
		Latitude	Longitude
Masai Palm Oil Mill Capacity (60 MT/hr)	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'25.9"	E 103°57'53.8"
1. Keck Seng Oil Palm Estate	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'23.4"	E 103°54'36.3"
2. Tong Hing Estate	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°29'45.0"	E 103°38'04.3"
3. Sg. Layang Estate	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°34'18.9"	E 103°58'55.9"
4. Kota Tinggi Oil Palm Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°33'33.1"	E 103°56'07.5"
5. Sin Lian Oil Palm Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°33'07.3"	E 103°57'39.5"
6. Lian Huap Oil Palm Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'08.7"	E 103°57'05.2"
7. Johore (Masai) Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'04.0"	E 103°57'08.3"
8. Lim & Lim Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°31'21.9"	E 103°59'39.2"

### 1.3 Description of FFB supply base

The supply base, i.e. FFB sources to the Masai POM are from the abovementioned Estates Grouping of 8 estates, Outside Crop Producers (OCP) and smallholders. The FFB from the Estates Grouping are certified FFB. The FFB from Outside Crop Producers (OCP) and smallholders are considered as non-certified FFB. The FFB supply from the said own estates contributed about 20-25% of the total supply to the POM.

Details of the planted hectareage for the FFB supply for the Estates Grouping are as shown in Table 2 below.



**Table 2: Estate Area Summary**

Estate	Area Summary (ha) (Year 2017)		Area Summary (ha) – Current (Jan to Dec 2018)	
	Certified Area	Planted Area	Certified Area	Planted Area
Keck Seng Oil Palm Estate	348.31	342.79	348.31	342.79
Tong Hing Estate	663.71	629.31	663.71	629.31
Sg. Layang Estate	82.40	81.11	82.40	81.11
Kota Tinggi Oil Palm Plantations	240.05	239.31	240.05	239.31
Sin Lian Oil Palm Plantations	347.39	345.99	347.39	345.99
Lian Huap Oil Palm Plantations	464.84	446.52	464.84	446.52
Johore (Masai) Plantations	425.64	381.41	425.64	381.41
Lim & Lim Plantations	839.70	798.03	839.70	801.63
<b>Total:</b>	<b>3,412.04</b>	<b>3,264.47</b>	<b>3,412.04</b>	<b>3,268.07</b>

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas, and the identified Conservation / unplanted areas including HCV (if any) marked out at the estates.
2. The estates sampled for this Assessment have been selected based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and any high conservation value areas.

#### 1.4 Summary of plantings and cycle

The estates been developed since 1983. Presently 7 out of the 8 estates are in their 2<sup>nd</sup> cycle of planting. The age profile is as shown in Table 3.

**Table 3: Age Profile of Planted Oil Palm (Year 2018)**

Estate Name	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha)
Keck Seng Oil Palm Estate	1986-2001	1 <sup>st</sup>	342.79	0	342.79
Tong Hing Estate	1986-2001	1 <sup>st</sup>	448.11	0	629.31
	2018	2 <sup>nd</sup>	0	181.20	181.20
Sg. Layang Estate	2004	2 <sup>nd</sup>	81.11	0	81.11
Kota Tinggi Oil Palm Plantations	2000	2 <sup>nd</sup>	239.31	0	239.31
Sin Lian Oil Palm Plantations	2000-2004	2 <sup>nd</sup>	345.99	0	345.99
Lian Huap Oil Palm Plantations	2003-2005	2 <sup>nd</sup>	446.52	0	446.52
Johore (Masai) Plantations	2001-2006	2 <sup>nd</sup>	381.41	0	381.41
Lim & Lim Plantations	1983-2000	1 <sup>st</sup>	683.24	0	421.22
	2009-2015	2 <sup>nd</sup>	0	376.81	376.81
		<b>Total</b>	<b>2,968.48</b>	<b>299.59</b>	<b>3,268.07</b>



### 1.5 Summary of Land Use, Conservation and HCV Areas

The summary of Land Use, Conservation and HCV Areas as identified in the Masai Grouping during this assessment is shown in Table 4 below:

Table 4: Conservation and HCV Areas

#	Statement of Land Use (Ha)	Year 2017 Hectarage – Ha	Year 2018 Hectarage – Ha
1	<b>Planted Area (ha) – Oil Palm</b>	3,264.47	3,268.07
	- Mature (Production)	2,710.65	2,968.48
	- Immature (Non-Production)	553.82	299.59
2	<b>Conservation Area (ha)</b>		
	- comprising buffer zones along small streams, hilly areas, swampy and unplantable areas	51.70	51.70
3	<b>HCV Area (ha)</b>		
	- comprising buffer zones near river riparian, forest reserves, water catchments, burial & religious sites	52.07	52.07

### 1.6 Other certifications held and Use of MSPO Trademarks

Currently, the other certifications held by the Masai POM and Estates Grouping are the RSPO P&C Certification, ISCC certification and the Food Safety Management System (ISO 22001), which are still valid.

The MSPO trademarks and logo are not used by the POM / Estates audited. Instructions for use were provided and acknowledged by the POM / Estates through a signed Memorandum of commitment agreeing to adhere to the latest “MSPO Rules on Use of Logos and Trademarks; provided prior to the Audit.

### 1.7 Organizational information / Contact Person

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### 1.8 Tonnages Verified for Certification

1.8.1 The breakdown of all the suppliers and their tonnages of FFB supplied to the POM for processing at the Masai Grouping based on the **actual for the past 12 months (Jan – Dec 2017)** is as in Table 5 below:

**Table 5: Tonnages Verified for Certification (Jan to Dec 2017)**

#	Estate /Supplier	FFB Processed (MT)	Main Receiving Palm Oil Mill	MSPO P&C Certification By CB
1.	Keck Seng Oil Palm Estate	3,139.63	Masai POM	Intertek
2.	Tong Hing Estate	8,077.71	Masai POM	Intertek
3.	Sg. Layang Estate	1,869.27	Masai POM	Intertek
4.	Kota Tinggi Oil Palm Plantations	4,152.41	Masai POM	Intertek
5.	Sin Lian Oil Palm Plantations	5,647.36	Masai POM	Intertek
6.	Lian Huap Oil Palm Plantations	8,581.31	Masai POM	Intertek
7.	Johore (Masai) Plantations	7,486.60	Masai POM	Intertek
8.	Lim & Lim Plantations	9,855.98	Masai POM	Intertek
<b>A</b>	<b>Sub-Total Masai Grouping Estates:</b>	<b>48,810.27</b>		
<b>B</b>	<b>Sub-Total Out-growers: 10 nos.:</b>	181,980.85		
<b>C</b>	<b>Sub-Total smallholders: 24 nos.:</b>	9,953.98		
	<b>Sub-Total Outgrowers and smallholders:</b>	<b>191,934.83</b>		
	<b>Total:</b>	<b>240,745.10</b>		

1.8.2 Total annual volumes / tonnages of FFB supplied from the supply base to Masai Grouping POM during the previous, current and projected period are as shown in Table 6 below:

**Table 6: Annual Tonnages of FFB**

Estate / Supplier	FFB Processed in Year 2017 - Actual	FFB Processed in Year 2018 – Actual + Projected	FFB for Processing in Year 2019 - Projected
	MT	MT	MT
Masai Grouping Estates	48,810.27	45,000.00	48,000.00

1.8.3 The annual tonnages of CPO and PK produced by the POM verified during this **current audit and projected for next 12 months** are detailed as follows:

**Table 7: Annual Tonnages – FFB, CPO & PK**

POM	2017 - Actual		2018 - Actual + Projected		2019 Projected	
Total Certifiable FFB Processed (MT)	48,810.27		45,000.00		48,000.00	
Total Certifiable CPO Production (MT)	8,951.80	OER: 18.34%	8,460.00	OER: 18.80%	9,072.00	OER: 18.90%
Total Certifiable PK Production (MT)	2,884.69	KER: 5.91%	2,745.00	KER: 6.10%	2,904.00	KER: 6.05%



### 1.9 Abbreviations Used

CB	Certification Body	KER	Kernel Extraction Rate
CHRA	Chemical Health & Risk Audit	LTA	Lost Time Accidents
CPO	Crude Palm Oil	MPOB	Malaysian Palm Oil Board
CSDS	Chemical Safety Data Sheets	MPOCC	Malaysian Palm Oil Certification Council
CSPO	Certified Sustainable Palm Oil	MSDS	Material Safety Data Sheets
CSPK	Certified Sustainable Palm Kernel	MSPO	Malaysian Sustainable Palm Oil
EFB	Empty Fruit Bunch	MTCS	Malaysia Timber Certification Scheme
EHS	Environmental Health & Safety	MU	Management Unit
EIA	Environmental Impact Audit	NCR	Non-Conformance Report
ETP	Effluent Treatment Plant	NGO	Non-Government Organization
FFB	Fresh Fruit Bunch	OER	Oil Extraction Rate
GAP	Good Agriculture Practice	OHS	Occupational Health & Safety
HCV	High Conservation Values	PEFC	Programme for the Endorsement of Forest Certification
Intertek	Intertek Certification International Sdn Bhd	PK	Palm Kernel
IPM	Integrated Pest Management	POM	Palm Oil Mill
ISCC	International Sustainability & Carbon Certification	POME	Palm Oil Mill Effluent
IUCN	International Union for Conservation of Nature	PPE	Personal Protective Equipment
JCC	Joint Consultative Council	SOP	Standard Operating Procedure



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## 2.0 AUDITING PROCESS

### 2.1 Auditing Methodology, Plan and Site Visits

Since 24 Jul 2018, Intertek has initiated stakeholder communications and notifications via emails to the relevant stakeholders before the audit to provide feedback and comments on their concern (if any) on the Masai Grouping regarding the environmental, biodiversity, community development and other relevant issues.

From 28-30 Aug 2018, the Assessment team of Intertek conducted the Initial Assessment during which 3 out of the 5 estates of Masai Grouping, namely Tong Hing Estate, Kota Tinggi Estate, Johore (Masai) Estate as well as the Palm Oil Mill were assessed for compliance against the MSPO requirements.

The number of estates sampled was based on the sampling methodology with reference to the RSPO Certification Scheme i.e. minimum sample of  $x$  estates =  $(0.8\sqrt{y}) \times z$ , where  $y$  is the number of estates and  $z$  is the multiplier as defined by the risk assessment. The  $z$  multiplier value was determined as High Risk ( $z = 1.4$ ) for this POM and Estates grouping considering the geographical location and distance of the estates, complexity of the labour force, landscape setting and presence of HCV or peat, complexity of supply sheds, number of communities and known conflicts, legality etc. Additionally the estates selection was made based on their potential risks on environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and HCV areas.

Note: The number of estates sampled based on the above sampling methodology is higher and meets the minimum as provided under the MSPO Certification Scheme.

During the on-site audit, relevant documents and records, including Standard Operating Procedures (SOP), management plans, hectareage development, FFB, CPO and PK production, oil palm age profile, operational controls and measures, operational data and records, training records, etc. were reviewed and verified for compliance.

The Audit team covered the palm oil mill and estate operations, agricultural practices, pest management, pesticide and fertilizer application, occupational health and safety, social accountability, environment and other requirements. Stakeholders' interviews were conducted during the audit and feedback obtained as part of information and evidence gathering. (See section 2.5 Process of stakeholder consultation).

The details of the Audit Plan (actual on-site) are provided in **Appendix B**.

Intertek has also performed the evaluation of conformity against the MSPO Certification System requirements for CBs. The audit report, findings and associated documents were evaluated through an independent review by the Intertek Internal Technical Review and the External Peer Reviews prior to the approval of this report and decision on certification by Intertek.

### 2.2 Date of next scheduled visit

The next scheduled visit will be the annual Surveillance Audit which will be carried out within a 12-month period of the certificate anniversary date.

### 2.3 Qualifications of the Lead Auditor and Audit Team

Competency details of the Lead Auditor and Audit Team are given in **Appendix A**.

### 2.4 Certification Body

Intertek Certification International Sdn Bhd is part of the Intertek Group, which is a worldwide technical services organisation dedicated to reducing clients' risks by providing technical inspection services, management system certification in quality, environmental, occupational safety & health and product certification, RSPO P&C, RSPO SCC, ISCC, Marine Sustainability Chain-of-Custody, MTCS and PEFC Chain-of-Custody certification in applicable industry sectors including the agricultural and forestry sectors. Intertek operates globally providing clients with a wide-ranging technical inspection expertise and access to thousands of skilled specialists worldwide. Intertek Group's certification business is ranked in the top 10 worldwide, and is available globally offering certification across a wide range of industries.

### 2.5 Process of stakeholder consultation

Stakeholder consultations began with notification of the upcoming audit via e-mails sent to the relevant stakeholders including government agencies, NGOs and local communities. E-mails and telephone enquiries were made prior to the actual audit and stakeholder's response and feedback received were followed up accordingly.





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During the audit, stakeholders (who were available) were interviewed and their feedbacks were recorded and followed up during audit. Among the stakeholders consulted were workers, trade union leaders, women representatives; local community leaders, representatives of government departments / agencies and NGOs, suppliers and contractors. Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

1. Department of Lands And Mines (Kuala Lumpur)
2. Department of Environment (Kuala Lumpur)
3. Department of Forestry Peninsular Malaysia (Kuala Lumpur)
4. Department of Immigration (Kuala Lumpur)
5. Department of Irrigation & Drainage (Kuala Lumpur)
6. Department of Labour (Kuala Lumpur)
7. Department of Occupational Safety & Health (Kuala Lumpur)
8. Department of Orang Asli Affairs (Kuala Lumpur)
9. Department of Wildlife & National Parks (Kuala Lumpur)
10. Department of Environment Johor
11. Department of Forestry Johor
12. Department of Immigration Johor
13. Department of Irrigation & Drainage Johor
14. Department of Labour Johor
15. Department of Occupational Safety & Health Johor
16. Department of Wildlife & National Parks Johor
17. Land and Mines Office Johor
18. Pertubuhan Keselamatan Sosial (SOCSO)

Statutory Bodies (by emails)

19. Malaysian Palm Oil Board (MPOB) - HQ
20. Malaysian Palm Oil Board (MPOB) - Northern Region
21. Malaysian Palm Oil Board (MPOB) - Central Region
22. Malaysian Palm Oil Board (MPOB) - Southern Region
23. Malaysian Palm Oil Board (MPOB) - Eastern Region
24. Malaysian Palm Oil Board (MPOB) - Sarawak Region
25. Malaysian Palm Oil Board (MPOB) - Sabah Region
26. Malaysia Palm Oil Association Kuala Lumpur (MPOA)
27. National Union of Plantation Workers (NUPW)
28. Malayan Agricultural Producers Association (MAPA) - HQ
29. Malayan Agricultural Producers Association (MAPA) – Southern Region
30. UNION – AMESU

NGOs and others (by emails)

31. All Women's Action Society (AWAM)
32. Center for Orang Asli Concerns COAC
33. Centre for Environment, Technology and Development, Malaysia – CETDEM
34. EcoKnights
35. ENO Asia Environment
36. Environmental Protection Society Malaysia (EPSM)
37. Friends of the Earth, Malaysia
38. Global Environment Centre
39. HUTAN - Kinabatangan Orang-utan Conservation Programme
40. JUST - International Movement for a Just World
41. Malaysian CropLife & Public Health Association (MCPA)
42. Malaysian Environmental NGOs – MENGO
43. Malaysian National Animal Welfare Foundation – MNAWF
44. Malaysian Plant Protection Society (MAPPS)
45. National Council of Welfare & Social Development Malaysia – NCWSDM
46. Partners of Community Organisations (PACOS)
47. Penang Institute previously known as Socio-Economic & Environmental Research Institute (SERI)
48. Pesticide Action Network Asia and the Pacific (PAN AP)
49. Proforest - South East Asia Regional Office
50. SUARAM – Suara Rakyat Malaysia
51. SUHAKAM – National Human rights Society – Persatuan Kebangsaan Hak Asasi Manusia
52. Tenaganita Sdn Bhd
53. TRAFFIC – the wildlife trade monitoring network
54. Transparency International – Malaysian Chapter
55. Treat Every Environment Special Sdn Bhd (TrEES)
56. United Nations Development Programme – UNDP Malaysia
57. Wetlands International (Malaysia)



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- 58. Wild Asia Sdn Bhd
- 59. World Wide Fund (WWF) - HQ

Local community (On-site interviews)

- 60. Consultative Committee & Gender representatives
- 61. Workers & Workers representatives
- 62. Village Heads & representatives
- 63. Suppliers & Contractors representatives



### 3.0 AUDIT FINDINGS

#### 3.1 Summary of findings

Certification Unit: Keck Seng (Malaysia) Berhad – Masai POM	
Auditor/s: Dr. Ooi Cheng Lee (OCL), Sazali Bin Hasni (SH) and Jumat Majid (JMD)	Audit Dates: 28-30 Aug 2018

#### P1: Management Commitment & Responsibility

Clause	Requirements	Evidence	Conformity
4.1.1	C1: MSPO Policy		
4.1.1.1	Indicator 1: Policy for the implementation of MSPO shall be established.	Keck Seng (Malaysia) Berhad (hereafter abbreviated as KSM) has documented the MSPO Policy dated 28 Mar 2018, which is available in its website: <a href="http://masai.keckseng.com/images/pdf/RSPO%20and%20MSPO%20Statement%20Policy.pdf">http://masai.keckseng.com/images/pdf/RSPO%20and%20MSPO%20Statement%20Policy.pdf</a> The company has documented its MSPO Policy to comply with all applicable legislation and sustainability requirements.	Complied
4.1.1.2	Indicator 2: The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation.	The policy include a statement on the company's commitment to continual improvement in the overall aspects of plantation management and community development.	Complied
4.1.2	C2: Internal audit		
4.1.2.1	Indicator 1: Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.	There is a documented procedure for conducting Internal audit. <b>The Internal Audit Procedure SPOP-GEN-01 Rev 0 (07/06/2017) stated that audit shall be carried out at least twice a year. The SOP should specify that internal audits shall be planned and conducted at a frequency that consider various factors such as the results of past audits, the number of non-conformances in the areas concerned, the risks involved, etc.</b>	Minor NC# OCL-01
4.1.2.2	Indicator 2: The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.	A procedure for internal audit was established and documented, i.e. <b>SPOP-GEN-01 Rev 0 (07/06/2018)</b> . Internal audit was not conducted on the POM.	Major NC# OCL-01
4.1.2.3	Indicator 3: Reports shall be made available to the management for their review.	There was no audit report available as internal audit was not conducted.	Major NC# OCL-02
4.1.3	C3: Management review		
4.1.3.1	Indicator 1: The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	<b>A procedure for management review was established and documented, i.e. SPOP-GEN-02 Rev 0 (03/07/2018). The management review procedure did not include the agenda for the review. Also, management review was not conducted for the POM.</b>	Major NC# OCL-03
4.1.4	C4: Continual improvement		
4.1.4.1	Indicator 1: The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.	Action plans for continual improvement have been specified and documented for the POM. The continual improvement covers social and environmental aspects and impacts.	Complied
4.1.4.2	Indicator 2: The company should establish a system to improve practices in line with	Meetings and consultations were conducted for the introduction and implementation of any new information or technology that is feasible and applicable to the company.	Complied



	new information and techniques; and for disseminating this information throughout the workforce.	Examples are: (1) Construction and commissioning a tertiary polishing plant to reduce BOD level to < 20 ppm in anticipation of stricter limit for BOD by DOE. (2) Additional digester tanks for Biogas plant.	
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**P2: Transparency**

Clause	Requirements	Evidence	Conformity
4.2.1	C1: Transparency of information and documents relevant to MSPO requirements		
4.2.1.1	Indicator 1: The management shall communicate adequate information to other stakeholders on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.	The management has adopted an open and transparent method of communication and consultation when dealing with relevant parties e.g. its workers, government agencies, contractors, neighbouring plantations by personal invitation to attend the internal and external stakeholders' consultation meetings. Languages used in written communications are in Bahasa Malaysia and English, coupled with verbal native dialects.	Complied
4.2.1.2	Indicator 2: Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	Management documents such as Policies, Stakeholder consultation processes, Financial Annual Reports are available upon request from KSM. Any commercially confidential information will need special request before being provided.	Complied
4.2.2	C2: Transparent method of communication and consultation		
4.2.2.1	Indicator 1: Procedures shall be established for consultation and communication with the relevant stakeholders.	The management had established procedures and mechanisms to conduct stakeholders consultations, handle complaints and grievances through stakeholders meetings, Gender Consultative Committee (GCC), Housing Committee (HC), Safety & Health Committee (SHC) and NUPW representatives (for local and foreign workers). Communication procedure is available in the SOP Doc. No: RSPO CRI-6.1.1 dated 11 May 2011 Procedure for Stakeholders' Consultation and Communication.	Complied
4.2.2.2	Indicator 2: The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1 (4.2.2.1).	The POM Manager is responsible for issues raised by local communities and other affected or interested parties. Sustainability Manager nominated to coordinate activities of the stakeholders, GCC, HC, SHC, etc. Appointment letter issued for the above.	Complied
4.2.2.3	Indicator 3: A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.	The lists of stakeholders at the estates are adequately maintained and kept current. The lists of stakeholders were used for inviting external stakeholders during external stakeholders' consultation. Records of consultation and communication included attendance lists, minutes of the meetings, photographs of the meetings and meeting notes. Minutes of meetings had noted deliberation of the issues raised and recommendations of actions to be taken and the follow-up.	Complied
4.2.3	C3: Traceability		
4.2.3.1	Indicator 1: The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.	KSM has established, implemented and maintained a procedure for traceability for traceability SOP-GEN-03 Rev 0 dated 24/05/2018. It covers cover the receipt of FFB from Masai Estates Grouping as certified FFB and traceability of CPO and PK delivered to its sole customer (which is the refinery owned by KSM).	Complied
4.2.3.2	Indicator 2: The management shall conduct regular inspections on compliance with the established traceability system.	The management did not conduct regular inspections, checking of records and internal audits to determine compliance with the traceability system.	Minor NC# OCL-02
4.2.3.3	Indicator 3: The management shall identify and assign	The Palm Oil Mill and Estates Organization Charts and job responsibilities of employees (Mill Manager, Estate	Complied



	suitable employees to implement and maintain the traceability system.	Managers, Assistant Manager, Engineers, Assistant Engineers, Technicians, Security Officer, Weighbridge Operator, Laboratory Chemist and clerks) have been suitably defined for the implementation and maintenance of the traceability procedure. Interviews of the relevant staff confirmed their knowledge of the traceability requirements for their respective areas of operations.	
4.2.3.4	Indicator 4: Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.	The Traceability Procedure documented had adequately covered controls for receiving and processing both certified and non-certified FFB (from external sources). All supplies of FFB were subjected to verification of FFB Delivery Note by weighbridge personnel and quality checks (grading chit) by the mill personnel to determine the origin, quantity and quality of the FFB. The FFB Delivery Note has details such as lorry number, field/area harvested, date of harvesting, harvesting interval, year of planting. The Weighbridge Ticket for FFB indicated the FFB supplier name, vehicle number, gross weight, tare weight, nett weight, deduction for dirt, OER, year of planting and Delivery Note No.. All records of incoming FFB transported / received, CPO and PK produced and delivered out, on a daily basis, were maintained and verified to be traceable via the Delivery Note and Weighbridge Ticket which were maintained at the POM office. The POM monitors the stock volumes of CPO in the storage tanks and PK in the silo on a daily basis and recorded in the Daily Progress Report.	Complied

**P3: Compliance to legal requirements**

Clause	Requirements	Evidence	Conformity
4.3.1	C1: Regulatory requirements		
4.3.1.1	Indicator 1: All operations shall be in compliance with applicable local, national and ratified international laws and regulations.	The Legal Requirements Register covering the applicable local and international laws and regulations is available at the estates. The relevant legislations identified and listed were among others regarding safety and health, environmental management, pollution management, chemical handling, usage & storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities. Levy and other deductions have been taken with the consent of the workers in accordance with the Employment Act 1955, FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines. Compliance with these regulations, especially Employment Act 1955, by contractors engaged with the PMU was verified as satisfactory. In addition to the interview session conducted with the contractors, pay slips, working permits and passports of the contractor workers, were examined and verified to be all in order. Licenses and permits (License for Trading, License for Employment of Foreign Workers, Workers Wages Deduction Permit, Domestic and Consumer Permit for Keeping Diesel, Petrol & Fertilizer, MPOB license, DOSH (Department of Occupational Safety and Health) Certificates, DOE (Department of Environment Permit, etc.) were renewed and evidenced to be valid. Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as hydraulic and used motor oils, rags, empty	Complied



		<p>chemical and lubricants containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals. Medical history records of the workers were available and noted to be maintained.</p> <p>Legal documents of foreign workers (including work permits and passports) are renewed and valid. Insurance coverage is maintained and available for foreign workers in the estates.</p> <p>Statutory returns to relevant authorities found to be in compliance. For example, JKKP8 for the reporting of incidences and accidents to DOSH and the Quarterly Return Form as per First Schedule of the Environmental Quality (Prescribed Premises) (Crude Palm-Oil) Regulations, 1977.</p> <p>The POM is in compliance with the requirements of the Factories and Machinery (Noise Exposure) Regulations 1989.</p>	
4.3.1.2	Indicator 2: The management shall list all relevant laws related to their operations in a legal requirements register.	The organization has placed soft copies of the local and international laws applicable to their operations and maintain a list of laws in a Legal Requirements Register (LRR) in its intranet.	Complied
4.3.1.3	Indicator 3: The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.	The organization has subscribed to a service provider, lawnet.com for notification of any changes to the laws and regulations.	Complied
4.3.1.4	Indicator 4: The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.	Tracking of regulatory requirements and communication of changes is performed by the HR Executive, KM Leong.	Complied
4.3.2	C2: Land use rights		
4.3.2.1	Indicator 1: The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.	Communities surrounding the POM are able to move freely without any issues or problems. Verified during site inspection that no such limitations had occurred.	Complied
4.3.2.2	Indicator 2: The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.	<p>The POM is located within Keck Seng Estate. Copies of the land titles of Keck Seng Estate were maintained and noted to be legally leased by KSM for 99 years with expiry on 03/01/2116.</p> <p>The original copies are maintained by the Corporate Head Office in Singapore.</p> <p>The legal use of the land occupied by the POM confirmed to be for the operation of a POM.</p> <p>There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition.</p>	Complied
4.3.2.3	Indicator 3: Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground, where practicable.	Locations of several boundary stones and markers were visited and verified to be within the boundary perimeter of the POM.	Complied
4.3.2.4	Indicator 4: Where there are, or have been disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous	<p>Verified that there was no dispute on the land occupied by the POM.</p> <p>As such, the process of fair compensation and FPIC is currently not required to be applied.</p> <p>Related procedures are:</p>	Complied





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	owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).	SOP RSPO CRI-6.3.1A Rev 01 dated 03 Nov 2011 Procedure for handling social disputes. SOP RSPO CRI-6.3.1B Procedure for handling boundary dispute.	
4.3.3	C3: Customary rights		
4.3.3.1	Indicator 1: Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.	Not applicable as this is titled land which is not encumbered by customary rights.	Not applicable
4.3.3.2	Indicator 2: Maps of an appropriate scale showing extent of recognized customary rights shall be made available.	Appropriate landscape maps with latitude & longitudes showing the legal boundary and neighbouring / surrounding areas of the POM were available and maintained. The lands at Masai Grouping are legally owned or leased by KSM and it is verified that there were no other users or affected parties in the land areas.	Complied
4.3.3.3	Indicator 3: Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.	Not applicable as the titled lands are not encumbered by customary rights.	Not applicable

**P4: Social responsibility, health, safety and employment condition**

Clause	Requirements	Evidence	Conformity
4.4.1	C1: Social impact Audit (SIA)		
4.4.1.1	Indicator 1: Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.	Social Impact Assessment (SIA) report and Management Plans at the POM were documented by the Sustainability Team. The plans included monitoring of negative impacts and enhancement of positive ones. SIA in 2018 for Keck Seng Masai POM and Estates Grouping was conducted on 28/6/2018. The external consultations were attended by external stakeholders including suppliers, contractors, neighbouring estates, transporters, government agencies, etc. Monitoring records were retained and made available as evidence that actions had been taken.	Complied
4.4.2	C2: Complaints and grievances		
4.4.2.1	Indicator 1: A system for dealing with complaints and grievances shall be established and documented.	In dealing with complaints and grievances, the management had established "Social Policy" ( <a href="http://masai.keckseng.com/images/pdf/KSM-%20Social%20Policy.pdf">http://masai.keckseng.com/images/pdf/KSM-%20Social%20Policy.pdf</a> ) in Oct 2011, signed by the Managing Director, Datuk Ho Kian Hock where in the second point of the policy it mentioned grievances from the stakeholders will be resolved fairly. In addition the POM also established a few procedures related to complaints and grievances as listed below. 1. Procedures "To Handle and Response The Request/Enquiries From Stakeholders" (RSPO-CRI-1.1.2) 2. Stakeholders Consultation and Communication Procedures (RSPO-CRI-6.1.1) 3. Handling of Social Dispute (RSPO-CRI-6.3.1A) A Complaints / Grievance Register is maintained. Verified that issues registered are mainly on housing repairs, road conditions, water and electricity disruptions, etc. The complaints are reviewed with appropriate actions taken and recorded.	Complied
4.4.2.2	Indicator 2: The system shall be able to resolves disputes in an effective, timely and appropriate	The procedure and flowchart outlined the mechanism whereby all complaints or grievances will be received and	Complied



	manner, which is accepted by all parties.	be acted upon by the Social Liaison Officers who will investigate the matter and resolve with the affected parties. Complaints and grievances are investigated, addressed and resolved based on their severity. Minor complaints will normally be resolved within 2-3 working days, whilst major complaints and grievances will be resolved based on priority and budget availability. No complaints related to sexual harassment received so far, but the procedures stated such issues will be handled with the utmost privacy and confidentiality by the GCC. Verified that there were no instances of any serious disputes.	
4.4.2.3	Indicator 3: A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.	All complaints and grievances received are documented either in the form of meeting minutes for the JCC, GCC, Safety meetings and annual stakeholder consultations or complaint forms. Decisions and actions/responses to the complaints and grievances received also very well documented with sufficient supporting documents. Other than reports made to the gender representatives, all other complaints and grievances are accessible to public. It was noted that numbers of grievances recorded from workers in the grievance books are declining. This decline is mainly due to many different avenues for the workers to raise their concerns to the management, especially through frequent meetings between workers and the management.	Complied
4.4.2.4	Indicator 4: Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.	The Management informed the invited employees and surrounding communities at the internal and external stakeholders' consultations regarding their complaint/grievance procedures and feedback mechanism. External consultation session for Keck Seng Masai POM and Estates Grouping was conducted on 28/6/2018. Participation of external stakeholders were verified from contractors, suppliers, government agencies, police, neighbouring estate, etc.	Complied
4.4.2.5	Indicator 5: Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.	The complaint forms that recorded the nature of complaints and the resolutions had been maintained and available for the past 3 years.	Complied
4.4.3	C3: Commitment to contribute to local sustainable development		
4.4.3.1	Indicator 1: Palm oil millers should contribute to local development in consultation with the local communities. Where the mill is an integral part of a plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.	Main contribution of the POM to the local development was demonstrated in the provision of facilities and monetary contributions, where feasible. The mill is also supplying free treated water and electricity to the nearby workers housing area belong to both the POM and Estates. The POM is also at the same time providing a considerably big number of job opportunities to the communities surrounding the POM.	Complied
4.4.4	C4: Employees safety and health		
4.4.4.1	Indicator 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 (Act139) shall be documented, effectively communicated and implemented.	Occupational Safety and Health Policies and Plans were established and verified to be in accordance with the OSH Act,1994 and Factories and Machinery Act 1967 (Act 139). The Plans have been reviewed (annually), up-dated and approved by the Mill Manager.	Complied





<p>4.4.4.2</p>	<p>Indicator 2: The occupational safety and health plan shall cover the following:</p> <p>a) A safety and health policy, which is communicated and implemented.</p> <p>b) The risks of all operations shall be assessed and documented.</p> <p>c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:</p> <p>i) all employees involved are adequately trained on safe working practices; and</p> <p>ii) all precautions attached to products should be properly observed and applied.</p> <p>d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk Audit and control such as Hazard Identification, Risk Audit and Risk Control (HIRARC).</p> <p>e) The management shall establish 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 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meetings shall be kept and the concerns of the employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p>	<p>Safety Policy and HIRARC documented for the POM.</p> <p>The HIRARC was reviewed in Jan 2018.</p> <p>The OSH Programme 2018 include the following:</p> <ul style="list-style-type: none"> <li>• Safety &amp; Health Committee meetings were held quarterly,</li> <li>• Annual medical surveillance,</li> <li>• Accident Reporting &amp; Investigation,</li> <li>• Workplace inspection,</li> <li>• CHRA assessment,</li> <li>• Air compressors annual inspection,</li> <li>• Warning signs,</li> <li>• Chemical Register,</li> <li>• SOP for safe work,</li> <li>• PPE usage,</li> <li>• MSDS/CSDS,</li> <li>• JKPP 8 reporting of accidents annually,</li> <li>• Emergency Response Plan (ERP),</li> <li>• Emergency drills,</li> <li>• Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection),</li> <li>• Monthly KPI Report on HSE performance,</li> <li>• Monthly Safety inspection &amp; audit by Safety Officer.</li> </ul> <p>CHRA report issued in 2015 is still valid and recommendations were verified to have been adhered on-site. Next CHRA assessment scheduled for year 2020.</p> <p>Risk assessment (HIRARC) conducted and reviewed for the POM and estates operations on 18/07/2018 and 05/07/2018 respectively. There were risks identified as significant and control measures determined to mitigate the risks. Significant hazards determined and documented include noise exposure, pesticides/ chemicals exposure, accident, fire. Procedures and actions implemented to mitigate the hazards.</p> <p>There was an assessment of noise levels in the POM conducted by an external qualified consultant. The report dated 25/07/2014 identified the work areas with high noise levels, viz., capstan driver (cages), boiler station, engine room, sterilization unit, oil clarification plant and kernel press where noise level exceeded 85 db. Mill management have taken steps to reduce the noise levels by construction of a room to isolate the gen sets, reducing the exposure time to high noise and mandatory use of both ear plugs and ear mufflers.</p> <p>The latest audiometric tests carried out for all 86 POM employees on 09 &amp; 11/10/2017 (next annual audiometric tests confirmed for 22 &amp; 29/10/2018). There were 4 employees whose audiometric reports indicated slight hearing impairment. The OSHA Doctor reported that there is no noise induced hearing loss (NIHL). The Doctor will only refer worker with Induced Hearing Loss to SOCSO for benefits in accordance with the regulations.</p> <p>Baseline audiogram and occupational and medical history records of workers maintained. The employees exposed to high noise levels were interviewed. The workers are aware of the danger of hearing loss due to prolonged exposure to high noise. The workers knew about the complaints process and mechanism available.</p> <p>Appropriate PPE (safety boots, safety helmets, rubber</p>	
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	<p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p>	<p>boots, cartridge masks, safety goggles, gloves, overalls, ear plugs, ear mufflers) verified to be provided to and being used by the workers. Associated training provided to address safety and health issues.</p> <p>Warning signs sighted at high noise areas and ear plugs and ear mufflers to be worn. There are also warning signs to use other PPE such as helmet and safety boots.</p> <p>An audit for determining compliance with the minimum standards had been conducted on all types of PPE used.</p> <p>Surveillance programmes for protecting workers' health and safety were satisfactorily implemented.</p> <p>Accident and emergency procedures had been established and briefed to staff, workers, contractors and visitors.</p> <p>Workers trained in First Aid were present in the mill and field operations.</p> <p>First Aid Kits were available at worksites.</p> <p>Records on all accidents had been verified to be maintained satisfactorily.</p> <p>Quarterly review on accident cases had been carried out during quarterly meeting of Occupational Safety &amp; Health (OSH) committee.</p> <p>Medical care had been provided to all the workers at the clinics noted to be nearby the POM office. Major cases will be immediately referred to panel clinics or hospitals.</p> <p>Transportation cost and medical fees at the panel clinics and hospitals are covered by the management.</p> <p>Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme (FWCS) with CHUBB insurance noted to be valid until Jul 2019.</p> <p>Records on Lost Time Accident (LTA) metrics and occupational injuries were available and verified to be satisfactorily maintained.</p> <p><b>These non-conformances were found during the audit:</b></p> <ol style="list-style-type: none"> <li><b>1. Metal plates alongside the rail track were buckled and pose a threat to safety.</b></li> <li><b>2. Water treatment workers and boiler operators at the POM with exposure to chemicals were not sent for the monthly medical check-up as recommended in the CHRA.</b></li> </ol> <p><b>In addition, the following observations were issued by JMD and SH respectively:</b></p> <ol style="list-style-type: none"> <li><b>1. Administration / Account Office is not part of either POM OSH Committee or Refinery OSH Committee. However, it was verified that all safety aspects in the POM are well covered by the POM OSH Committee.</b></li> <li><b>2. Briefing on accidents that occurred at the mill was conducted at the monthly roll call but without records of the agenda being briefed. The records only show workers attendance during the monthly roll call.</b></li> </ol> <p><b>There was no signage concerning entry restriction at the effluent area.</b></p>	<p><b>Major NC#</b> <b>JMD-01</b></p> <p><b>OBS#</b> <b>JMD-01</b></p> <p><b>OBS#</b> <b>JMD-01</b></p> <p><b>OBS#</b> <b>SH-02</b></p>
4.4.5	C5: Employment conditions		
4.4.5.1	Indicator 1: The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be	The management had established the "Social Policy" ( <a href="http://masai.keckseng.com/images/pdf/KSM-%20Social%20Policy.pdf">http://masai.keckseng.com/images/pdf/KSM-%20Social%20Policy.pdf</a> ) in Oct 2011, signed by the	Complied



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	signed by the top management and communicated to the employees.	Managing Director, Datuk Ho Kian Hock, which covered the necessary aspects of human rights related issues. The employees are informed through briefing during muster, at the GCC and ECC meetings. The policy is also displayed at notice boards in the office.	
4.4.5.2	Indicator 2: The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.	The first point in the Social Policy statements adopted by the POM as mentioned above recognises equal opportunity and this policy is widely available and displayed in English and Bahasa Malaysia. Interviews of workers (including foreign workers) and inspections of employment records, pay slips and allowable deductions of wages confirmed that this criteria were implemented and maintained.	Complied
4.4.5.3	Indicator 3: Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.	Documentation and conditions of pay for workers (including foreign workers) are available. Employment agreement with foreign workers, stated all statutory fringe benefits and eligible incentives, e.g. working hours, overtime, leave and medical benefits, maternity leave for women, insurance coverage, deductions, resignation notice period, company rules. Company procedures require the employment contract to be explained by management to potential foreign workers before contracts are signed. Pay slips are available for verification showed the workers were able to earn living wage that meet the Minimum Wage Order 2016. <b>It was found that insurance deduction for "Skim Perlindungan Insurans Kesihatan Pekerja Asing (SPIKPA)" was made without the agreement / application from the workers. It was based on assumption that the deduction was made compulsory by the Ministry of Health in 2011. However, effort was not made to confirm with Labour Department, whether or not the agreement / application from the workers are necessary.</b>	<b>OBS# JMD-02</b>
4.4.5.4	Indicator 4: Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.	The management ensured that employees of contractors are paid based on Minimum Wage Order 2016 by monitoring salary payment. At the POM, workers who received less than stipulated minimum wages are mainly due to absent from work without permission. This was verified as accurate during the audit. It is clear that workers who worked without absent for the whole month are able to achieve minimum wages.	Complied
4.4.5.5	Indicator 5: The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.	The management maintained lists of employees that recorded the full names, gender, date of birth, date of entry, wage and period of employment. A brief description of the work that the foreign workers will be performing is written into the employment contract. Full job descriptions are documented for senior positions, such as Managers, Social Liaison Officer, and Safety & Health Officer, etc.	Complied
4.4.5.6	Indicator 6: All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.	All employees are provided with employment contracts in accordance with the regulations. The terms of employment are clearly specified in the contracts, which included position offered, period of employment, salary, overtime rate, rest days every Sundays, rate of pay when working on rest days, days and hours of work, approved deductions, termination of employment, holiday pay, rate of pay when working on holidays, leave pay, sick leave, maternity leave,	Complied



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		<p>passage expenses, expatriations of remains and burial arrangement, insurance.</p> <p>The employment contract is signed by the Mill Manager or his Assistant and the employee.</p> <p>Interview with the employees confirmed that they received a copy of the employment contract.</p>	
4.4.5.7	Indicator 7: The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.	<p>The management had installed a time recording machine that records the working hours and is linked to the database containing the details of each employee.</p> <p>Data recorded by the time recording machine are used for calculating the working hours and overtime.</p>	Complied
4.4.5.8	Indicator 8: The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirement applicable.	<p>The working hours of the employees and overtime rates are specified in the employment contract, i.e. 8 hours per day. The working hours, breaks and overtime rates are in accordance with the regulations.</p>	Complied
4.4.5.9	Indicator 9: Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	<p>Pay slips clearly showed the basic pay or piece rate, number of days worked or total output, any allowable deductions and net amount.</p> <p>Any overtime, holiday pay, working on rest days or Sundays or Holidays, when applicable, are also shown on the pay slips.</p>	Complied
4.4.5.10	Indicator 10: Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings	<p>The employees are offered incentives on output, provided training, access to medical care and other benefits such as free housing, water and electricity supply. Also offered are free medical services to foreign workers and dependents of local workers.</p>	Complied
4.4.5.11	Indicator 11: In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.	<p>The POM complied with the Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) by providing adequate housing, water supplies, medical, educational and public amenities to their local and foreign workers.</p> <p>Workers are provided with free living quarters constructed of permanent materials that have living rooms, bedrooms, kitchen and toilets. All the houses are supplied with free treated water and electricity.</p> <p>The workers are provided with medical and public amenities. Linesite inspection is conducted once a week and Visiting Medical Officer's visit is scheduled once a month.</p>	Complied
4.4.5.12	Indicator 12: The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.	<p>The third point in the Social Policy statements adopted by the POM as mentioned above recognises the prevention of all forms of sexual harassment and violence at the workplace. This policy is widely available and displayed in English and Bahasa Malaysia.</p>	Complied
4.4.5.13	Indicator 13: The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations.	<p>The fourth point in the Social Policy statements adopted by the POM as mentioned above recognises the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain. This policy is widely available and displayed in English and Bahasa Malaysia.</p> <p>The POM had formed Foreign Workers Social Meeting as mechanism to cater for the collective bargaining needs of</p>	Complied



	Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.	the workers. Results of meetings were minuted and available for verification. The meeting as an alternative to workers union is scheduled to conduct their meeting annually. It was verified that each meeting is properly documented and filed. Participants in the meetings are workers representatives from different categories of workers such as general workers, drivers, laboratory, workshops, etc. The meeting minutes are accessible to all members in the committee and other workers as well. In each meeting, the meeting started with approval of previous meeting minutes and evaluate the status of issues raised.	
4.4.5.14	Indicator 14: Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.	The fifth and last point in the Social Policy statements adopted by the POM as mentioned above recognises children and young persons shall not be employed or exploited. This policy is widely available and displayed in English and Bahasa Malaysia. There was no evidence of any child labor being used at the POM. Inspection of the employment records including site visit to the POM confirmed that this requirement has been complied with.	Complied
4.4.6	C6: Training and competency		
4.4.6.1	Indicator 1: All employees and contractors shall be appropriately trained. A training programme shall include regular Audit of training needs and documentation, including records of training.	Training programme planned for year 2018 includes training for all categories of workers. Appropriate trainings on safe working practices are planned for workers exposed to machinery and high noise levels and workers working in confined space. The training programme included the various types of training such as firefighting and fire drill, exposure to high noise levels and control measures for protection of hearing and audiometric tests, understanding MSDS/CSDS and first aid training. The trainings were conducted for year 2018 and evaluation carried out on each of the trainings to determine its effectiveness. Appropriate PPE (such as safety helmets, shoes, ear plugs, goggles etc.) had been provided to mill workers, FFB unloaders at the place of work to cover all potentially hazardous operations. Records of training for each employee, including new employees were maintained.	Complied
4.4.6.2	Indicator 2: Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.	A formal training programme on all aspects of MSPO requirements have been established and implemented. Training for various categories of operators, including all operation and office staff, with regards to their duties and training needs had been reviewed and found acceptable. The training needs analysis discuss in Safety and Health meetings under the agenda of Safety & Health Training.	Complied
4.4.6.3	Indicator 3: A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.	Training programme planned for year 2018 includes training for all categories of workers. Trainings were conducted based on categories of work stations. Sampled trainings and records include first aid, fire drill and tractors driving.	Complied

**P5: Environment, natural resources, biodiversity and ecosystem services**

Clause	Requirements	Evidence	Conformity
4.5.1	C1: Environmental management plan		
4.5.1.1	Indicator 1: An environmental policy and management plan in compliance with the relevant	A policy on environment was developed in accordance with the relevant country and state laws. It is documented and communicated to all levels of the workforce through	Complied





	country and state environmental laws shall be developed, effectively communicated and implemented.	briefings and placement of the policy on notice boards. Briefing on the said policy and management plans was conducted in Jul 2018 to all staff and workers.	
4.5.1.2	Indicator 2: The environmental management plan shall cover the following: a) An environmental policy and objectives. b) The aspects and impacts analysis of all operations.	The Environmental Management Plan was prepared on 23 Aug 2018. It included only the environmental policy. The Environmental Aspects and Impacts Assessment (EIA) was conducted and documented. The scope of assessment had included the management of mill effluents, management of pests and disease palms (IPM), maintenance of roads, drainage system fertilizing, spraying, transportation of FFB, schedule waste and garbage disposal, accordingly to the local requirements. The EIA report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones. The assessment had also included the relevant stakeholders to identify impacts and develop the mitigation measures such as relevant conservation activities. <b>The environmental policy, objectives and the aspects and impacts analysis were not included in the management plan. The continual improvement program was also not indicated in the document. The environmental management plan available was not suited to the MSPO requirement.</b>	<b>Major NC# SH-01</b>
4.5.1.3	Indicator 3: An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.	The EIA document had also included the development of the Environmental Improvement Plan for the mitigation of negative impacts and promotion of positive impacts. Buffer zones along streams were demarcated. Maintenance, desilting and clearing of overgrown natural vegetation and debris along the reservoir in the estate, meant for mill and domestic use, was also carried out. The POME and EFB are delivered/recycled to the plantation for fertiliser and moisture retention purposes. Waste materials (mostly fertilizer bags and plastics) were recycled and recorded in a register book. The implementation and monitoring of the documented environmental improvement plan were found to be satisfactorily implemented.	Complied
4.5.1.4	Indicator 4: A programme to promote the positive impacts should be included in the continual improvement plan.	A Continual Improvement Plan has been developed and implemented for the promotion of positive impacts such as the maintenance of the fencing for the water ponds, placing of signages such as no hunting at areas bordering the forest, riparian signage at strategic locations around the POM.	Complied
4.5.1.5	Indicator 5: An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.	There were a number of training programmes established and being implemented. <b>However, at the POM, awareness training programme to ensure employees understood the policy and objectives of the environmental management and improvement plans was not available and implemented to achieve the desired result.</b>	<b>Major NC# SH-02</b>
4.5.1.6	Indicator 6: Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.	<b>There was no record of meetings being conducted to address the concerns of workers about environmental quality.</b>	<b>Major NC# SH-03</b>
4.5.2	C2: Efficiency of energy use and use of renewable energy		
4.5.2.1	Indicator 1: Consumption of non-renewable energy shall be optimized and closely	Usage of non-renewable energy is monitored monthly. Record on the usage of diesel and electricity is available for review. Monthly records on the consumption were	Complied



	monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.	maintained for comparison to optimize the use of the non-renewable energy at the POM.	
4.5.2.2	Indicator 2: The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.	Records on the usage of non-renewable energy for machineries involved in the plantation operations were maintained and available. Monthly records on energy consumption, i.e. diesel both for own machinery, transport & field operations including the diesel usage provided to contractors for estate road maintenance, FFB and EFB transportation were monitored and maintained at the estates offices. Data is being compiled for comparison and monitored to optimize efficiency on the use of non-renewable energy. Records maintained had showed proper control of the fuel usage.	Complied
4.5.2.3	Indicator 3: The use of renewable energy should be applied where possible.	At the POM, use of renewable energy is mainly in the use fibre and shell as fuel for the boiler.	Complied
4.5.3	C3: Waste management and disposal		
4.5.3.1	Indicator 1: All waste products and sources of pollution shall be identified and documented.	All waste products and sources of pollution were identified and documented.  The documentation and identification of all the waste products such as scheduled waste, domestic waste, clinical waste and recyclable waste such as metal, plastic, mill waste and polluting materials, e.g. EFB, POME, stack emissions and boiler ashes were maintained and monitored.  Scheduled Waste identified included spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers/drums (SW 409), used filters (SW 410), clinical waste (SW 404) and used batteries (SW 102).	Complied
4.5.3.2	Indicator 2: A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products.	A waste management and disposal plan has been documented and implemented.  Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in all the estates visited. Proper storage areas were identified for the storage of the recyclable wastes at the estates.  Schedule waste disposal was done by an appointed contractor that is licensed by the Department of Environment.  The solid waste management and disposal plan for household waste is subcontracted to Urus Kekal Enterprise and disposal was to sites approved by local authority. Recycling of crop residues / biomass i.e. fronts and POME (decanter cake) had been implemented.  <b>Metal waste found at location bordering the refinery was not properly managed.</b>	<b>OBS# SH-01</b>
4.5.3.3	Indicator 3: The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.	Standard operating procedure for the handling of used chemicals classified as Scheduled Waste has been developed and adhered to accordingly. Record on the usage and disposal were well recorded and documented at estates.	Complied



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4.5.3.4	Indicator 5: Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	The disposal of household waste was contracted out to third party handlers and the disposal is in accordance to the rules and regulation of the local authority. No landfill practise being conducted here.	Complied
4.5.4	C4: Reduction of pollution and emission		
4.5.4.1	Indicator 1: An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.	All polluting activities were assessed through the aspect and impact method, and are documented. The activities are inclusive of green gas emissions, chemicals, fertilizer, scheduled waste, solid waste and household waste.  Data relating to such activities were collected and analysed. GHG emissions calculation is up to date and has been compiled for Jan-Dec 2017.	Complied
4.5.4.2	Indicator 2: An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	The action plan has been established and implementation is ongoing. Improvement such as on consumption of diesel and fertilizers are noted during the audit.	Complied
4.5.4.3	Indicator 3: Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.	Significant pollutants and greenhouse gas (GHG) emissions were identified, e.g. POME, diesel / fuel usage have been documented at the POM. This has been verified on-site.  Monitoring and reporting of the significant pollutants to water, gaseous emissions to air and contamination on land are available and adhered to and is within the Malaysian Environmental Air Quality Regulations, 1978 Standard and Limits.  Tools and systems used include the DOE online CEMS monitoring for air emissions, water quality at discharge points as per DID regulations and SW disposal were adhering to DOE requirements.  It was verified that the POME is treated using aerobic and anaerobic ponds, tank digester and tertiary filtration membrane, before the final discharge. Water samples were regularly taken monthly and tested by POM environment officer in charge and analysed to ensure compliance to DOE requirements at the final discharge point. The discharged water is 100% used for land application into the nearby Keck Seng estate and not to any water courses directly.  Water quality analysis of Sungai Serai is done monthly. Records are maintained and verified on-site to have met the permissible regulatory limits (e.g. BOD < 100 ppm). For the mill, the reading has always been less than 30 ppm.  Water samples collected and analysis carried out at twice a year for treated water. The treated water for domestic use meets all the required parameters, including that of bacterium count (WHO Specification for Drinking Water Quality).  Monthly report on the environmental monitoring was also done and submitted to DOE, latest report was dated 19 <sup>th</sup> July 2018.	Complied
4.5.5	C5: Natural water resources		
4.5.5.1	Indicator 1: The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a) Assessment of water usage and sources of supply.	A water management plan was documented on 3 Aug 2018 and will be reviewed next year. The plan had indicated the sources of water supply to the POM and line site.  There is no named river crossing the estates. There are only small streams that later lead to the main river outside the estate boundary, i.e Sungai Serai and Sungai Johor.  The Water Quality Index of these natural small streams was monitored twice a year. Record on the water quality was made available during the audit. No rain water	Complied





	<p>b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.</p> <p>c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p>	harvesting being conducted at the housing site for other alternative uses.	
4.5.5.2	Indicator 2: Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.	The POME was discharged for land irrigation at the nearest estate, i.e. Tong Hing Estate and not to any water courses directly.	Complied

**P6: Best practices**

Clause	Requirements	Evidence	Conformity
<b>4.6.1</b>	<b>C1: Mill management</b>		
4.6.1.1	Indicator 1: Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	<p>POM has documented the following SOPs:</p> <ol style="list-style-type: none"> <li>(1) POM-PRO-01 Operation of Weighbridge &amp; FFB Grading</li> <li>(2) POM-PRO-02 Operation of Loading Ramp</li> <li>(3) POM-PRO-03 Operation of Capstan</li> <li>(4) POM-PRO-04 Operation of Sterilizers</li> <li>(5) POM-PRO-05 Operation of Crane</li> <li>(6) POM-PRO-06 Operation of Thresher</li> <li>(7) POM-PRO-07 Operation of Pressing Station</li> <li>(8) POM-PRO-03 Operation of Deprecaper</li> <li>(9) POM-PRO-04 Operation of Kernel Plant Recovery</li> <li>(10) POM-PRO-05 Operation of Clarification</li> </ol> <p>Occupational Safety &amp; Health documents includes hazards identification, risk assessment and control measures. The hazards include noise, chemicals, heat, fire, fuel spillage, working at heights, working in enclosed space, hot work, lightning, electrocution, machinery, etc. Control measures include the use of PPE, fire drill training, first aid training, etc. and "permit to work system" for the mill. Records of 'Permit to Work' including gas entry and stand-by permits issued by NIOSH to the competent personnel at the POM was verified to be maintained and found to be in order</p> <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.</p>	Complied
4.6.1.2	Indicator 2: All palm oil mills shall implement best practices.	<p>The POM had adhered to its SOPs and Best Management Practices (BMP).</p> <p>BMP implemented include:</p> <ul style="list-style-type: none"> <li>• Water Management QM-WM-01 Rev 01 (25/01/2015)</li> <li>• POM Waste &amp; Pollution Management Plan QM-W&amp;PMP-03 Rev 04 (02/01/2017)</li> <li>• Recycling – sludge oil and boiler ash</li> <li>• Renewal Energy – 100% biomass burned</li> </ul>	Complied
<b>4.6.2</b>	<b>C2: Economic and financial viability plan</b>		
4.6.2.1	Indicator 1: A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	<p>Business Plans for 3 years (2017, 2018, 2019) for the POM have been established, documented and reviewed.</p> <p>Details of the Business Plans for the POM include the following:</p> <ol style="list-style-type: none"> <li>(1) Mill extraction rates = OER and KER trends;</li> <li>(2) Cost of Production = Cost/MT CPO trends;</li> <li>(3) Forecast prices;</li> </ol>	Complied



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		(4) Financial indicators = Cost of labour, cost of supervision, depreciation costs, salaries/allowances, cost of materials, etc.).	
4.6.3	C3: Transparent and fair price dealing		
4.6.3.1	Indicator 1: Pricing mechanisms for the products and other services shall be documented and effectively implemented.	Verified that the POM has signed contracts with the FFB suppliers. The POM applied the pricing mechanism according to PORLA formula and MPOB prices. There was also no evidence to suggest any unfair business practices with the other service providers as seen in the signed contracts.	Complied
4.6.3.2	Indicator 2: All contracts shall be fair, legal and transparent and agreed payments shall be made in a timely manner.	Based on contracts agreed between contractors/service providers and the estates, it is evident that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.  Interview with parties concerned confirmed that business practices with local businesses were conducted in a fair and transparent manner. It was further verified that payments to contractors and other service providers were within the period specified in the contract agreement.	Complied
4.6.4	C4: Contractor		
4.6.4.1	Indicator 1: In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.	During external stakeholder's consultations and during training, the contractors are made to understand MSPO requirements. Information such as policies and procedures are provided.  Monitoring records on Road Tax, Driving license and Insurances is available. Checks done on sample basis verified that the licenses and insurance coverage were still valid.	
4.6.4.2	Indicator 2: The management shall provide evidence of agreed contracts with the contractor.	Contract agreements are signed between KSM and the contractors. The terms and conditions of the contract are explained to the contractor.  A copy of the contract is given to the contractors.	Complied
4.6.4.3	Indicator 3: The management shall accept MSPO approved auditors to verify the Audits through a physical inspection, if required.	Acceptance is confirmed by the Management prior to the audit via acceptance of Audit contract and Audit Plan and the 5-year MSPO certification programme.	Complied



### 3.2 Status of Identified Noncompliance and Corrective Actions, Observations and Positive Elements.

The status of the Noncompliances (NCR) and Observations (OBS) identified against the MSPO Compliance Indicators is as per the details below:

Audit Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Initial Audit / Stage 2	2018	9 (7 Major & 2 Minor)	4	Next Surveillance Assessment

#### 3.2.1 Year 2018: 7 Major NCRs

NCR	MSPO Indicator	Details of NCR	
Major OCL-01	4.1.2.2 MS 2530-4 POM	Date issued: 30/08/2018	
		<b>Indicator requirement:</b> The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.	
		<b>Noncompliance:</b> <b>A procedure for internal audit was established and documented, i.e. SPOP-GEN-01 Rev 0 (07/06/2018). Internal audit was not conducted on the POM.</b>	
		<b>Root Cause and Corrective Action(s): by Auditee Representative</b>	
		<b>Root cause:</b> Lack of understanding on indicator requirement.	
		<b>Corrective Action:</b> Mill internal audit was carried on 05/09/2018.	
		<b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b>	
		<b>MAJOR NC:</b> On-site / <del>Off-site</del> Verification on date: <b>15/10/2018</b> Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Internal audit of mill conducted on 05/09/2018 and evidenced by the mill internal audit checklist. Conclusion: <b>[ x ] Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <b>[ ] No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment	
		<b>Minor NC: N.A</b> On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <b>[ ] Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.	
		<b>NC status verified by auditor: Closed by OCL</b>	



	Verification of effectiveness: Next Assessment
	NC status verified by auditor: - Date verified: -

NCR	MSPO Indicator	Details of NCR
Major OCL-02	4.1.2.3 MS 2530-4 POM	Date issued: 30/08/2018
		<b>Indicator requirement:</b> Reports shall be made available to the management for their review.
		<b>Noncompliance:</b> <b>There was no audit report available as internal audit was not conducted.</b>
		<b>Root Cause and Corrective Action(s): by Auditee Representative</b>
		<b>Root cause:</b> No internal audit been carried out and so no audit report.
		<b>Corrective Action:</b> Internal audit carried out and audit report prepared.
		<b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b>
		<b>MAJOR NC:</b> On-site / <del>Off-site</del> Verification on date: <b>15/10/2018</b> Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Audit report verified to be satisfactory. Conclusion: <b>[ x ] Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <b>[ ] No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment
		<b>Minor NC: N.A</b> On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <b>[ ] Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.
		<b>NC status verified by auditor: Closed by OCL</b>
	Verification of effectiveness: Next Assessment	
	NC status verified by auditor: - Date verified: -	

NCR	MSPO Indicator	Details of NCR
Major OCL-03	4.1.3.1 MS 2530-4 POM	Date issued: 30/08/2018
		<b>Indicator requirement:</b> The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.
		<b>Noncompliance:</b>



	<p><b>A procedure for management review was established and documented, i.e. SPOP-GEN-02 Rev 0 (03/07/2018). The management review procedure did not include the agenda for the review. Also, management review was not conducted for the POM.</b></p>		
	<p><b>Root Cause and Corrective Action(s): by Auditee Representative</b></p>		
	<p><b>Root cause:</b> Lack of understanding on indicator requirement.</p> <p><b>Corrective Action:</b> Standard agenda for management review included in the revised SOP for Management Review. Management Review meeting conducted on 07/09/2018 and minutes prepared.</p>		
	<p><b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b></p>		
	<p><b>MAJOR NC:</b> On-site / <del>Off-site</del> Verification on date: <b>15/10/2018</b> Corrective actions taken: As stated by Auditee in their RC &amp; CA Supportive evidences: Revised SOP for Management Review SPOP-GEN-02 Rev 1 (05/09/2018) verified to be satisfactory. Management Review meeting conducted on 07/09/2018 and minutes verified to be satisfactory. Conclusion: <b>[ x ] Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <b>[ ] No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p>		
	<p><b>Minor NC: N.A</b> On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <b>[ ] Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>		
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NCR	MSPO Indicator	Details of NCR
Major JMD-01	4.4.4.2 MS 2530-4 POM	Date issued: 30/08/2018
		<b>Indicator requirement:</b> The occupational safety and health plan shall cover the following: a) A safety and health policy, which is communicated and implemented. b) The risks of all operations shall be assessed and documented.
		<b>Noncompliance:</b>
		<b>(1) Metal plates alongside the rail track were buckled and pose a threat to safety. (2) Water treatment workers and boiler operators at the POM with exposure to chemicals were not sent for the monthly medical check-up as recommended in the CHRA.</b>



	<b>Root Cause and Corrective Action(s): by Auditee Representative</b>	
	<b>Root cause:</b> 1. Lack of maintenance. 2. Overlooked by SHO and lab manager.	
	<b>Corrective Action:</b> 1. Metal plates alongside the rail track repaired on 09/09/2018. 2. Monthly medical check-up carried out on 05/09/2018 for the water treatment workers and boiler operators at the POM with exposure to chemicals as recommended in the CHRA. a) Sannu Kurmi b) Aung Kyaw Oo c) Pathak Sunil	
	<b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b>	
	<b>MAJOR NC:</b> On-site / <del>Off-site</del> Verification on date: <b>15/10/2018</b> Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: 1. Metal plates verified to be repaired. 2. Records of monthly medical check-up verified to be available and maintained. Conclusion: <b>[ x ] Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <b>[ ] No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment	
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	<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 15/10/2018</b>
Verification of effectiveness: Next Assessment		
NC status verified by auditor: -	Date verified: -	

NCR	MSP0 Indicator	Details of NCR
<b>Major SH-01</b>	<b>4.5.1.2 MS 2530-4 POM</b>	Date issued: 30/08/2018
		<b>Indicator requirement:</b> The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations.
		<b>Noncompliance:</b>
		<b>The environmental policy, objectives and the aspects and impacts analysis were not included in the management plan. The continual improvement program was also not indicated in the document. The environmental management plan available was not suited to the MSPO requirement.</b>
		<b>Root Cause and Corrective Action(s): by Auditee Representative</b>



		<p><b>Root cause:</b> Lack of understanding on indicator requirement.</p> <p><b>Corrective Action:</b> Environmental policy, objectives, aspects and impacts analysis, and continual improvement plan were added into the Waste and Pollution Management Plan, Doc No. QM-W&amp;PMP-01 Rev 05 (04/09/2018).</p> <p><b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b></p> <p><b>MAJOR NC:</b> On-site / <del>Off-site</del> Verification on date: <b>15/10/2018</b> Corrective actions taken: As stated by Auditee in their RC &amp; CA Supportive evidences: Environmental policy, objectives, aspects and impacts analysis, and continual improvement plan verified to be included and satisfactory. Conclusion: <b>[ x ] Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <b>[ ] No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p> <p><b>Minor NC: N.A</b> On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <b>[ ] Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p> <table border="1" style="width: 100%;"> <tr> <td><b>NC status verified by auditor: Closed by OCL</b></td> <td><b>Date closed: 15/10/2018</b></td> </tr> </table> <p>Verification of effectiveness: Next Assessment</p> <table border="1" style="width: 100%;"> <tr> <td>NC status verified by auditor: -</td> <td>Date verified: -</td> </tr> </table>	<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 15/10/2018</b>	NC status verified by auditor: -	Date verified: -
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NCR	MSPO Indicator	Details of NCR
Major SH-02	4.5.1.5 MS 2530-4 POM	Date issued: 30/08/2018
		<b>Indicator requirement:</b> An awareness and training programme shall be established and implemented to ensure that all employees understand the policy, objectives and management plans and are working towards achieving the objectives.
		<b>Noncompliance:</b>
		<b>At the POM, awareness training programme to ensure employees understood the policy and objectives of the environmental management and improvement plans was not available and implemented to achieve the desired result.</b>
		<b>Root Cause and Corrective Action(s): by Auditee Representative</b>
		<p><b>Root cause:</b> Lack of understanding on indicator requirement.</p> <p><b>Corrective Action:</b> An environmental awareness training for POM workers and staff was conducted on 10/09/2018. The environmental awareness training will be included into the POM annual training programme.</p>



	<p><b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b></p> <p><b>MAJOR NC:</b> On-site / <del>Off-site</del> Verification on date: <b>15/10/2018</b> Corrective actions taken: As stated by Auditee in their RC &amp; CA Supportive evidences: Records (training content, attendance list and photos) of the environmental awareness training for POM workers and staff that was conducted on 10/09/2018 verified to be satisfactory. Conclusion: <b>[ x ] Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <b>[ ] No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p> <p><b>Minor NC: N.A</b> On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <b>[ ] Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p> <table border="1"> <tr> <td><b>NC status verified by auditor: Closed by OCL</b></td> <td><b>Date closed: 15/10/2018</b></td> </tr> </table> <p>Verification of effectiveness: Next Assessment</p> <table border="1"> <tr> <td>NC status verified by auditor: -</td> <td>Date verified: -</td> </tr> </table>	<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 15/10/2018</b>	NC status verified by auditor: -	Date verified: -
<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 15/10/2018</b>				
NC status verified by auditor: -	Date verified: -				

NCR	MSPO Indicator	Details of NCR
Major SH-03	4.5.1.6 MS 2530-4 POM	Date issued: 30/08/2018
		<b>Indicator requirement:</b> Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.
		<b>Noncompliance:</b> <b>There was no record of meetings being conducted to address the concerns of workers about environmental quality.</b>
		<b>Root Cause and Corrective Action(s): by Auditee Representative</b>
		<b>Root cause:</b> Lack of understanding on indicator requirement. <b>Corrective Action:</b> An environmental quality meeting was held with the POM workers and staff on 12/09/2018 to discuss environmental quality issues. The environmental quality topic will be included into the S&H committee meeting agenda.
		<b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b>





	<p><b>MAJOR NC:</b> On-site / Off-site Verification on date: <b>15/10/2018</b> Corrective actions taken: As stated by Auditee in their RC &amp; CA Supportive evidences: Records (Minutes of meeting, attendance list and photos) of the environmental quality meeting that was held on 12/09/2018 verified to be satisfactory. The environmental quality topic has been included into the S&amp;H committee meeting agenda. Conclusion: <b>[ x ] Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <b>[ ] No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p>
	<p><b>Minor NC: N.A</b> On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <b>[ ] Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>
	<p><b>NC status verified by auditor: Closed by OCL</b>      <b>Date closed: 15/10/2018</b></p>
	<p>Verification of effectiveness: Next Assessment</p>
	<p>NC status verified by auditor: -      Date verified: -</p>

3.2.2 Year 2018: 2 Minor NCs

NCR	MSPO Indicator	Details of NCR
Minor OCL-01	4.1.2.1 MS 2530-4 POM	Date issued: 30/08/2018
		<b>Indicator requirement:</b> Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.
		<b>Noncompliance:</b> <b>The Internal Audit Procedure SPOP-GEN-01 Rev 0 (07/06/2017) stated that audit shall be carried out at least twice a year. The SOP should specify that internal audits shall be planned and conducted at a frequency that consider various factors such as the results of past audits, the number of non-conformances in the areas concerned, the risks involved, etc.</b>
		<b>Root Cause and Corrective Action(s): by Auditee Representative</b>
		<b>Root Cause:</b> Lack of understanding on indicator requirement.  <b>Corrective Action:</b> SOP revised to add in the considered factors for determining the frequency of internal audit.
		<b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b>



		<p><b>MAJOR NC: N.A</b></p> <p>On-Site / Off-site Verification on dates: Corrective actions taken: Supportive evidences: Conclusion:  <input type="checkbox"/> <b>Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.  <input type="checkbox"/> <b>No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure.            Subject to further follow-up verification on (dates):</p>						
		<p><b>Minor NC:</b></p> <p>On-site / <del>Off-site</del> Verification on date: <b>15/10/2018</b> Corrective Actions taken: As stated by Auditee in their RC &amp; CA Supportive evidences: Revised Internal Audit Procedure SPOP-GEN-01 Rev 1 (04/09/2017) satisfactorily addressed the requirement. Conclusion:  <input checked="" type="checkbox"/> <b>Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>						
		<table border="1"> <tr> <td><b>NC status verified by auditor: Closed by OCL</b></td> <td><b>Date closed: 15/10/2018</b></td> </tr> <tr> <td colspan="2">Verification of effectiveness: Next Assessment</td> </tr> <tr> <td>NC status verified by auditor: -</td> <td>Date verified: -</td> </tr> </table>	<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 15/10/2018</b>	Verification of effectiveness: Next Assessment		NC status verified by auditor: -	Date verified: -
<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 15/10/2018</b>							
Verification of effectiveness: Next Assessment								
NC status verified by auditor: -	Date verified: -							

NCR	MSPO Indicator	Details of NCR
Minor OCL-01	4.2.3.2 MS 2530-4 POM	Date issued: 30/08/2018
		<b>Indicator requirement:</b> The management shall conduct regular inspections on compliance with the established traceability system.
		<b>Noncompliance:</b>
		<b>The management did not conduct regular inspections, checking of records and internal audits to determine compliance with the traceability system.</b>
		<b>Root Cause and Corrective Action(s): by Auditee Representative</b>
		<b>Root Cause:</b> Lack of understanding on indicator requirement.
		<b>Corrective Action:</b> Checks for compliance with the traceability system carried out during the internal audit conducted on 05/09/2018 using the internal audit checklist.
<b>Verification on Corrective Action(s): by Lead Auditor / Auditor</b>		



		<p><b>MAJOR NC: N.A</b></p> <p>On-Site / Off-site Verification on dates:</p> <p>Corrective actions taken:</p> <p>Supportive evidences:</p> <p>Conclusion:</p> <p><input type="checkbox"/> <b>Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p> <p><input type="checkbox"/> <b>No</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure.</p> <p>Subject to further follow-up verification on (dates):</p>						
		<p><b>Minor NC:</b></p> <p>On-site / <del>Off-site</del> Verification on date: <b>15/10/2018</b></p> <p>Corrective Actions taken: As stated by Auditee in their RC &amp; CA</p> <p>Supportive evidences:</p> <p>The checks for compliance with the traceability system in the internal audit checklist satisfactorily addressed the requirement.</p> <p>Conclusion:</p> <p><input checked="" type="checkbox"/> <b>Yes</b> - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>						
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;"><b>NC status verified by auditor: Closed by OCL</b></td> <td style="width: 30%;"><b>Date closed: 15/10/2018</b></td> </tr> <tr> <td colspan="2">Verification of effectiveness: Next Assessment</td> </tr> <tr> <td>NC status verified by auditor: -</td> <td>Date verified: -</td> </tr> </table>	<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 15/10/2018</b>	Verification of effectiveness: Next Assessment		NC status verified by auditor: -	Date verified: -
<b>NC status verified by auditor: Closed by OCL</b>	<b>Date closed: 15/10/2018</b>							
Verification of effectiveness: Next Assessment								
NC status verified by auditor: -	Date verified: -							

### 3.2.3 Year 2018: Initial Audit / Stage 2: 4 Observations

Ref # :	MSPO Indicator	Details of Observation	Status		
			Opened date	Closed date	Remarks (if any)
OBS# JMD-01	4.4.4.2	<p>1. Administration / Account Office is not part of either POM OSH Committee or Refinery OSH Committee. However, it was verified that all safety aspects in the POM are well covered by the POM OSH Committee.</p> <p>2. Briefing on accidents that occurred at the mill was conducted at the monthly roll call but without records of the agenda being briefed. The records only show workers attendance during the monthly roll call.</p>	30/08/2018	Next Assessment	
OBS# JMD-02	4.4.5.3	<p>Insurance deduction for "Skim Perlindungan Insurans Kesihatan Pekerja Asing (SPIKPA)" was made without the agreement / application from the workers.</p> <p>It was based on assumption that the deduction was made compulsory by the Ministry of Health in 2011. However, effort was not made to confirm with Labour Department, whether or not the agreement / application from the workers are necessary.</p>	30/08/2018	Next Assessment	
OBS# SH-01	4.5.3.2	Metal waste found at location bordering the refinery was not properly managed.	30/08/2018	Next Assessment	



<b>OBS#</b> SH-02	<b>4.4.4.2</b>	There was no signage concerning entry restriction at the effluent area.	30/08/2018	Next Assessment	
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### 3.2.4 Identified Positive Elements

- 1) The company has continued to maintain and carried out CSR activities such as financial funding for education, social and religious activities.
- 2) The company has continued to maintain and implement the safety measures and pollution prevention programs and activities.
- 3) The company provide employment opportunities for the local community and other youths.

### 3.3 Feedback Raised by Stakeholders and Findings

Prior to and during the Assessment, written and verbal feedback communicated from the stakeholders on the environmental and social performance of the POM operations were sourced. All pertinent feedback issues were reviewed and followed up for verification and these had been accordingly incorporated into the report findings. See table below:

#### 3.3.1 Feedback Raised by Stakeholders (Initial Audit / Stage 2 – Year 2018)

Communication done via email on 24 Jul 2018 to various categories of stakeholders (see list under **para 2.5**):

<b>Stakeholders' Feedback</b>	<b>PMU Response</b>	<b>CB verification / comments</b>	<b>Follow up comments (if any)</b>
<b>Government Agencies:</b> No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
<b>Non-Governmental Organizations:</b> No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site audit that no response needed.	Nil
<b>Local Communities - Stakeholders' Consultation:</b> Selected stakeholders representing the complete range of various stakeholder categories were invited for the Stakeholders' Consultation on 30/8/2018. A total of 11 stakeholders (including, government officials, suppliers, local communities) were present at the consultation. They were interviewed by the auditors without the presence of any of the POM staff. Concerns and suggestions received during interviews and stakeholder consultations: 1. Better maintenance bushes / undergrowth at the estate boundaries located near to houses of villagers to prevent snakes from entering the houses of the villagers. 2. Better maintenance of palm fronds for palm trees located at the road shoulders leading to the villages which in most cases interfering the operation of SAJ water tankers.	The POM Management responded that this matter will be reviewed by the management.	To be followed up during the next Audit.	



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3. Request for workers health profile based on the housing allocation.			
<b>Local Communities - Interviews:</b> Interviews of sampled staff and workers were also conducted by the auditors during field visits from 27-30 Aug 2018 at the PMU: Staff/Workers sampling: POM = 15 males, 6 females Estate = 33 males, 6 females No negative issues raised by the sampled staff and workers.	No response needed.	No response needed.	Nil
<b>Other Interested parties:</b> No feedback received.	No response needed.	No response needed.	Nil



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#### 4.0 AUDIT CONCLUSION AND RECOMMENDATION

Based on the findings above, Keck Seng (Malaysia) Berhad - Masai Palm Oil Mill had been able to demonstrate its compliance with the **MSPO (MS 2530-4:2013) Standard for Palm Oil Mill**.

Therefore, it is recommended that the certification of Keck Seng (Malaysia) Berhad - Masai Palm Oil Mill be approved.

Signed for and on behalf of  
Intertek Certification International Sdn Bhd

A handwritten signature in black ink, appearing to read 'Ooi Cheng Lee'.

Dr. Ooi Cheng Lee  
Lead Assessor

Date: 26 November 2018

#### 4.1 Acknowledgement of Internal Responsibility and Confirmation of Audit Findings

This is to acknowledge and confirm the Audit visits described in this report and the acceptance of the contents and findings in this Audit report.

Signed for and on behalf of  
Keck Seng (Malaysia) Berhad

Mr. Chua Teck Ngin  
General Manager (Factory division)

Date:



#### 4.2 INTERTEK – MSPO Certificate details for the POM

Certificate No:	<b>MSPO 008A</b>
Start date:	10 Dec 2018
Expiry date:	09 Dec 2023
Organisation	Keck Seng (Malaysia) Berhad
Address of Head Office:	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.
Name of POM	Masai Palm Oil Mill
Address of POM	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.
MPOB License No:	500026504000
Standards:	MSPO MS 2530-4:2013 for the Palm Oil Mill.
Certification scope:	<b>Production of Crude Palm Oil and Palm Kernel</b>

Details of the Mill and Supply bases covered by this certificate and the tonnage approved are:

Name	Address	GPS Reference		Certified Area (ha)
		Latitude	Longitude	
Masai Palm Oil Mill Capacity (60 MT/hr)	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'25.9"	E 103°57'53.8"	3,412.04
Keck Seng Oil Palm Estate	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'23.4"	E 103°54'36.3"	
Tong Hing Estate	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°29'45.0"	E 103°38'04.3"	
Sg. Layang Estate	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°34'18.9"	E 103°58'55.9"	
Kota Tinggi Oil Palm Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°33'33.1"	E 103°56'07.5"	
Sin Lian Oil Palm Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°33'07.3"	E 103°57'39.5"	
Lian Huap Oil Palm Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'08.7"	E 103°57'05.2"	
Johore (Masai) Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°32'04.0"	E 103°57'08.3"	
Lim & Lim Plantations	9 Miles, Kong Kong Road, 81757 Masai, Johor, Malaysia.	N 1°31'21.9"	E 103°59'39.2"	

The annual tonnages produced at the POM are detailed as follows:

Masai POM	Annual Tonnages (MT)
FFB	48,000.00
CPO	9,072.00
PK	2,904.00



## APPENDIX A:

### Qualifications of Lead Auditor and Audit Team

#### **Dr. Ooi Cheng Lee (OCL) Lead Assessor / Team Leader / Technical Expert**

(Palm Oil Mill, Environment, OHSAS, Social, HCV, Land Use and Supply Chain)

- PhD in Welding, Cranfield University, UK
- M.Sc. (Engineering) in Metallurgy, University of Birmingham, UK
- B.App.Sc (Hons), Science University of Malaysia
- Diploma in Translation for Science and Technology, Malaysia Translation Society

Dr. Ooi Cheng Lee is an IRCA Lead Auditor and Lead Tutor for ISO 9001. He is also involved in auditing in other integrated management systems. He has successfully completed the RSPO Lead Assessor Course for Principles and Criteria (RSPO P&C) and the RSPO Supply Chain Certifications (RSPO SCC). He is currently involved in the management of all types of system and process/product certification in Intertek. He has more than 32 years work experience in product and process specifications, research & development, inspection and testing, quality assurance, engineering development, training, product certification, auditing and quality management system certification. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Vietnam, Philippines, China, Myanmar, Cambodia and other regional countries. Assessments include those of rubber and oil palm plantations in Malaysia and Indonesia. His previous position as the General Manager of Lloyd's Register Quality Assurance (LRQA) Malaysia include the management of all types of systems certification, including that of environmental (ISO 14001), safety & health (OHSAS 18001) and Clean Development Mechanisms (CDM). He is currently the General Manager in Intertek Certification International Sdn. Bhd. He is a member of the Internal Review Panel for RSPO Assessment reports since May 2011. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2012.

#### **Mr. Sazali Hasni – Assessor / Technical Expert**

(Environment, Conservation and HCV area)

- Bachelor of Science (Forestry)

Mr. Sazali Hasni (SH) has over 25 years work experience in the forestry sector. He is an IRCA Auditor for ISO 9001 and auditor for the PEFC Chain-of-Custody Certification. He has successfully completed training in the Intertek In House RSPO P&C, MYNI. He was a member in the stakeholder consultation and development of the Malaysian Criteria & Indicators (MC&I) for Forest management Certification. He has been involved in the auditing of Forest Management Certification for the Perak State Forestry Department and Pahang State Forestry Department. He has also been involved with a German based company in testing their criteria for carbon tracing in an oil palm plantation in 2011. He had also acted as the regional consultant to International Tropical Timber Organization (ITTO) for the Asia Pacific region in the Evaluation and Monitoring of Projects funded by the organization from 1994 to 1998. Projects funded are mainly forestry related such as reforestation, conservation, community forestry apart from other research based projects.

#### **Mr. Jumat Majid – Assessor – Social Responsibility and Workers Welfare**

– BSc (Social Science)

Mr Jumat Majid (JM) has over 13 years work experience in the agriculture sector. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001:2008 and RSPO P&C MY-NI Lead Assessor course. He has also successfully completed training programs in Organic Agriculture Development and had performed organic agriculture inspections and assessments for more than 6 years. He has been involved in NGO work in the areas of social impact assessments within the South East Asia region. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2010.





Appendix B:

Audit Plan (Actual) – POM and Estates Grouping audited simultaneously

Date	Time	Assessors and Assessment Activity		
		Assessment Team		
27 Aug 2018 Monday (Day 1)	7.30 am – 10.00 am	Travel to Masai Palm Oil Mill		
	10.00 am – 11.30 am	<b>Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)</b>		
	11.30 am – 1.00 pm	Document Review and Audit by Auditors on respective MSPO Principles :1 to 6 for POM and 1 to 7 for Estates		
	1.00 pm – 2.00 pm	Lunch Break		
	2.00 pm – 5.00 pm	<b>OCL</b>	<b>SH</b>	<b>JMD</b>
		<b>Site Audit at Mill</b> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices	<b>Site Audit at Mill</b> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services	<b>Site Audit at Mill</b> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social responsibility, health, safety and employment condition
		• Verification of effectiveness of corrective actions for non-conformances (previous audit – if applicable)		
	5.00 pm – 6.00 pm	Travel to Hotel & Break		
6.00 pm – 7.00 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity		
		OCL	SH	JMD
28 Aug 2018 Tuesday (Day 2)	8.30 am – 12.30pm	<b>Site assessment at Tong Hing estate</b> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices • P7 New Planting	<b>Site assessment at Tong Hing estate</b> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services	<b>Site assessment at Tong Hing estate</b> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social responsibility, health, safety and employment condition
		Lunch Break		
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	<b>Continue site assessment at Tong Hing estate</b>		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

Date	Time	Assessors and Assessment Activity		
		OCL	SH	JMD
29 Aug 2018 Wednesday (Day 3)	8.30 am – 12.30pm	<b>Site assessment at Kota Tinggi estate</b> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements	<b>Site assessment at Kota Tinggi estate</b> • P1 Management Commitment • P3 Compliance to Legal requirements	<b>Site assessment at Kota Tinggi estate</b> • P1 Management Commitment • P3 Compliance to Legal requirements



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		<ul style="list-style-type: none"> <li>• P6 Best Practices</li> <li>• P7 New Planting</li> </ul>	<ul style="list-style-type: none"> <li>• P5 Environment, natural resources, biodiversity and ecosystem services</li> </ul>	<ul style="list-style-type: none"> <li>• P4 Social responsibility, health, safety and employment condition</li> </ul>
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm - 5.30 pm	<b>OCL</b>	<b>SH</b>	<b>JMD</b>
		<b>Site assessment at Johore (Masai) estate</b> <ul style="list-style-type: none"> <li>• P1 Management Commitment</li> <li>• P2 Transparency</li> <li>• P3 Compliance to Legal requirements</li> <li>• P6 Best Practices</li> <li>• P7 New Planting</li> </ul>	<b>Site assessment at Johore (Masai) estate</b> <ul style="list-style-type: none"> <li>• P1 Management Commitment</li> <li>• P3 Compliance to Legal requirements</li> <li>• P5 Environment, natural resources, biodiversity and ecosystem services</li> </ul>	<b>Site assessment at Johore (Masai) estate</b> <ul style="list-style-type: none"> <li>• P1 Management Commitment</li> <li>• P3 Compliance to Legal requirements</li> <li>• P4 Social responsibility, health, safety and employment condition</li> </ul>
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		

Date	Time	Assessors and Assessment Activity		
		OCL	SH	JMD
30 Aug 2018 Thursday  (Day 4)	8.30 am – 12.30 am	<b>Site assessment at Palm Oil Mill</b> <ul style="list-style-type: none"> <li>• P1 Management commitment and responsibility</li> <li>• P2 Transparency</li> <li>• P3 Compliance to legal requirements</li> </ul>	<b>Stakeholders' Consultation on the following categories (see Notes 1 and 2 below – subject to availability):</b> <ul style="list-style-type: none"> <li>• Contractors</li> <li>• Suppliers</li> <li>• Transporters</li> <li>• NGOs</li> <li>• Government Department / Agencies</li> <li>• Local Community</li> <li>• Settlers, in the case of independent and organized smallholders.</li> </ul> <b>Notes</b> <ol style="list-style-type: none"> <li>1. It is mandatory for the PMU to inform Intertek and provide the information (as a minimum the no. of stakeholders in each applicable category and contact number) on the stakeholders prior to the audit.</li> <li>2. This will facilitate the random and impartial selection of stakeholders (including independent and organized smallholders, where applicable) and to meet the sample size requirement.</li> </ol>	
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm – 3.00 pm	Preparation for Closing Meeting		
	3.00 pm – 4.30 pm	Team Meeting and Discussions with POM and Estate Management Representative		
	4.30 pm – 5.30 pm	<b>Closing Meeting &amp; Briefing at Palm Oil Mill Office</b>		
	5.30 pm onwards	Travel back to Kuala Lumpur		

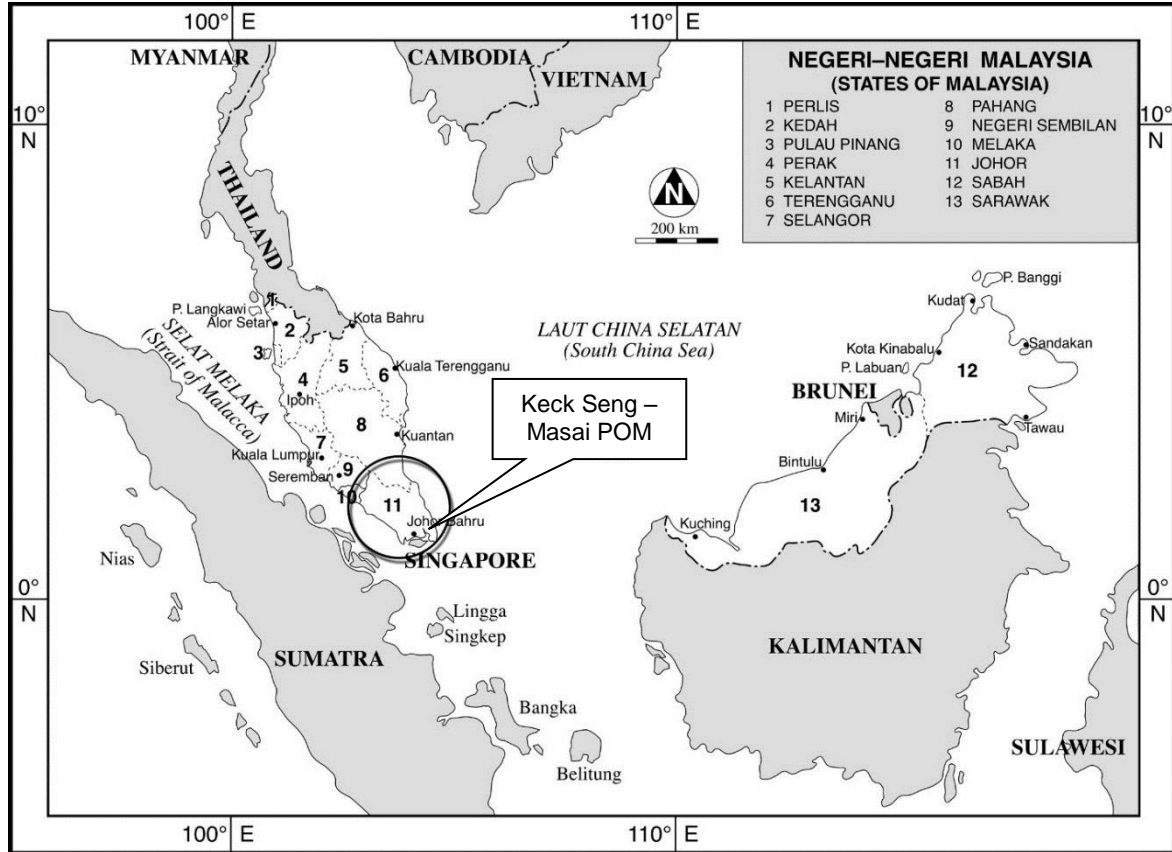
Appendix: Audit Team Competency Matrix (Audit Areas)

MSPO Principles	Areas	Auditors (A) / Technical Experts (TE)		
		OCL (LA/TE)	SH (A/TE)	JMD (A/TE)
P1	Management Commitment and Responsibility	√	√	√
P2	Transparency	√		
P3	Compliance to Legal requirements	√	√	√
P4	Social responsibility, health, safety and employment condition	√		√
P5	Environment, natural resources, biodiversity and ecosystem services	√	√	
P6	Best Practices at POM / Estates	√	√	√
P7	New Plantings	√		√



Appendix C-1:

Location Map of Keck Seng (Malaysia) Berhad, Masai POM, Johor, Malaysia





APPENDIX C-2:

Location layout of Keck Seng (Malaysia) Berhad, Masai Grouping

