

MALAYSIAN SUSTAINABLE PALM OIL PUBLIC SUMMARY AUDIT REPORT

CLIENT/COMPANY	FELCRA BERHAD (ZON C7KEMAMAN)	AUDIT NO.	132/18
ADDRESS	Wisma FELCRA, Lot PT 4780, JalanRejang, Setapak Jaya, Peti Surat 12254, 50772 Kuala Lumpur, Malaysia.		
PLANTATION UNIT(S)	1. Bukit Keladi Estate 2. DaratDatok Estate 3. Seri Bandi Estate		
TYPE OF ASSESSMENT	Main Audit		
GROUP MANAGER	En. Che Hassan Bin Daud		
EMAIL ADDRESS	tmr.seribandi@felcra.com.my		
WEB PAGE	www.felcra.com.my		
AUDIT STANDARD(S)	MS 2530-3:2013 - Malaysian Sustainable Palm Oil Part 3: General principles oil palm plantations		
AUDIT SCOPE	Provision of 5,163.661Ha of Sustainable Oil Palm Plantation.		
STAGE 2 AUDIT DATE	30 th & 31 st December 2018		
STAGE 1 AUDIT DATE	25 th November 2018 (stage 1 audit)		
NEXT AUDIT DATE	1 st Surveillance Audit tentatively plan on January 2020		
OTHER CERTIFICATION HELD	ISO 9001 :2015		
CERTIFICATE VALIDITY	14/03/2019 to 13/03/2024		
AUDITOR TEAM MEMBERS	LEAD AUDITOR	YusofKhairanNizar Ahmad Tarmizi (YKN)	
	AUDITOR	KhairulFarisSyamsurial (KFS)	

*These are your certification details.
Please inform us immediately if amendments are required.*

Audit Conclusion
Based on the documentation reviewed, records sampled, site visit and interview with relevant personnel's during this Stage 2 Audit , we conclude that, FELCRA – C7 ZON KEMAMAN , has effectively implemented its Malaysian Sustainable Palm Oil Part 3 General principles oil palm plantations Management System in accordance to the MS 2530-3:2013 requirements inline with the organization procedure & policy for the above mentioned scope.
Recommendation
The audit team has agreed to recommend for FELCRA – C7 ZON KEMAMAN to be awarded with MS 2530-3:2013 Certifications based on existing scope on the conditions that the raised NCRs are satisfactorily closed within the stipulated time frames subject to review by Certification Approval Panel (CAP).

Lead Auditor	YusofKhairanNizar Ahmad Tarmizi	Signature		Date	12/2/2019
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EXECUTIVE SUMMARY

Stage 2 Audit was satisfactorily conducted to evaluate MSPO implementation at FELCRA Berhad Wilayah Timur, FELCRA – C7 Zon Kemaman (FELCRA (Zon C7)). The Zon C7 area covering Bukit Keladi with the size of 1,632.671 Ha, Darat Datok with the size of 1,655.99 Ha and Seri Bandi with the size of 1,875.00 Ha. Stage 2 of MSPO certification was satisfactorily conducted by NIOSH Certification on 30-31st December 2018. NIOSH Certification is a certification body accredited by Standards Malaysia which providing a comprehensive certification services system mainly for management system of occupational safety and health, environment, quality and MSPO for various industries.

During the Closing Meeting held on 31st December 2018, the overall results of the audit are as follow:

- a. NIL – Major Nonconformity Report (NCR)
- b. TWO(2) – Minor Nonconformity Report (NCR)
- c. THREE (3) – Opportunities for Improvement (OFI)

ASSESSMENT TEAM MEMBER

Lead Auditor	<p>En. YusofKhairanNizar</p> <p>Has educational backgroundCertificate of Safety and Health Officer-Malaysian Insurance Institute (2003). Bachelor of Corporate Administration (Hons)-MARA University of Technology, Malaysia (2003), Master of Science in Occupational Safety and Health Management-Northern University of Malaysia (2011). Successfully attended courseISO 9001:2000 IRCA/IATC A Lead Auditor Training-International Management & Technology Limited (Kuala Lumpur), ISO 14001:2004 IEMA Approved EMS Advanced Lead Auditor Training Course-Aspects Moody Certification Ltd (UK). OH&SMSIRCA Certified Lead Auditor Training Course-Moody International (KL). MS 1722 Lead Auditor Training-Niosh Certification (KL) and RSPO – TUV Rheinland (Indonesia). MSPO Auditing – SGS (Malaysia). Also attended the Quality & Environmental MS Auditing Skills Based on Risk Management, Conformity Assessment – For Bodied Providing Audit and Certification (ISO/IEC 17021:2015) collaboration with Institute of Quality Malaysia</p> <p>Experience in managing, consulting, training and auditing quality, environmental, occupational safety and health management systems such as ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007, MS1722:2011 from 1996-Current. Contract Trainer of OSH & Environmental Legal & Other Requirements Lead Auditors course for SIRIM Training Services SdnBhd& NIOSH Certification Sdn Bhd. Contract Auditor for Quality, Environmental, Occupational Safety and Health Management System and Malaysia Sustainable Palm Oil (MSPO). OSH, Legal and Environmental Auditor for TUV Rheinland Malaysia RSPO Principles & Criteria. Contract Sirim QAS International Auditor (2006).Department of Occupational Safety and Health Malaysia (DOSH) Registered Safety and Health Officer (2003-2006). Approved Human Resources Development Fund (HRDF) Trainer (since 2011).</p> <p>Also appointed as Assessor for Prime Minister's Hibiscus Award (National Premier Environmental Award) involving assessment for oil and gas companies, plantations industries, manufacturing, utilities, cleaning and transportations services (since 2003).</p>
Auditor	<p>KhairulFarisSyamsurial</p> <p>KhairulFaris holds a Bachelor of Engineering (Hons) Chemical from MARA University of Technology, Malaysia and registered with Board of Engineers Malaysia as Grad. Eng. He has successfully obtained competency of Lead Auditor course for Malaysian Sustainable Palm Oil (MSPO), Quality Management System (ISO 9001:2015), Environmental Management System (ISO 14001:2015) and Occupational Safety & Health Management System (OHSAS 18001:2007 & MS 1722:2011). Also attended the Quality & Environmental MS Auditing Skills Based on Risk Management, Conformity Assessment – For Bodied Providing Audit and Certification (ISO/IEC 17021:2015) collaboration with Institute of Quality Malaysia, ISO/IEC 17021 Competence for Auditing by Standards Malaysia, Hazard Identification Risk Assessment and Environmental Aspect Impact comprehensive course. He is a practitioner and experienced auditor since 2014 for the mentioned MSPO, Quality, Environmental and OSH schemes with various of auditing experience in relevant areas of palm oil plantation & mill, manufacturing industries, governmental agencies, oil & gas, construction, telecommunication and petrochemical industries.</p>

AUDIT METHODOLOGY & AUDIT PROGRAMME

The assessment was conducted involving estates under FELCRA Berhad Wilayah Timur, FELCRA – C7 ZonKemaman (FELCRA (Zon C7)). The minimum manday has been justified as per ABC-OPMC 2 (Audit Duration for CB Operating Oil Palm Management Certification under MSPO scheme). The audit covers documentation review, internal policies and procedures, management system as well as records review in compliance with the audit criteria requirements based on initial review self-questionnaire and Stage 1 Audit assessment, the risk factor low (1.0) is determined.

The Stage 2 audit assessment has been conducted on sampling based on sampling size $1.0\sqrt{3}$ calculation resulted of 2 sampled estates. The assessment were cover documentation and records review, physical field observation covering all plantation processes, workshop, chemicals store, waste management, boundary & buffer zones, workers housing, stakeholders consultation, interview with internal & external stakeholders, workers and contractors.

SUMMARY AUDIT FINDINGS

During the audit closing meeting held on 31st December 2018, the overall results of the audit are as follows:

The following items represented positive observations by the audit team:

- a. Good commitment and support from sustainability team (HQ), Wilayah Timur and management and staff of C7 Kemaman during audit.
- b. Document control was obvious and easily retrieved and available as requested.

The overall results of the audit are as follows:

- a. **NONE** – Major Nonconformity Report (NCR);
- b. **TWO (2)** – Minor Nonconformity Report (NCR); and
- c. **THREE (3)** – Opportunities For Improvement (OFI)

**The grading of nonconformity (Major / Minor) is based on ISO/IEC 17021:2015 guidelines.*

The audit team has satisfactorily verified the corrective action plan provided by the client. The effectiveness on the action plan for the corrective action will be reviewed by NIOSH Certification's auditors during the next surveillance audit.

Review and follow-up on previous audit findings

Five (5) Areas of Concern raised during the previous audit found has been addressed adequately.

Stakeholders Consultation Session

Stakeholder consultation began with notification of upcoming assessment by official letter 3rd December 2018 to identify stakeholders. Emails, phone call and official letter were sent to applicable interested stakeholders. Audit team then visited some stakeholders to obtain positive / negative information or any issues in connection with Felcra Berhad Zon C7 Kemaman. It was started with a slide presentation by NIOSH Certification Sdn. Bhd. explaining about the objectives of the MSPO certification scheme

and purpose of stakeholder consultation. Agenda of discussion including legal compliance, environmental protection, biodiversity conservation, safety & social responsibility and development of community. No major adverse issue been raised as consulted during the audit: Among stakeholders attended the session: Among stakeholders consulted included:

1. Balai BOMBA Cheneh
No issue on open burning was reported involving FelcraBerhadZon C7 Kemaman. Among the common services related to renewal of fire fighting equipments used in the estates. No fire incident ever happened before involving premises in FelcraBerhadZon C7 Kemaman.
2. KoperasiPeserta-PesertaFelcra
Work contract were clearly established for work assigned with details job description and agreed fees. FelcraBerhadZon C7 Kemaman invited them to MSPO briefing and informing about the requirements that contractor has to fulfil. Recently, there was a case of late payment for invoices issued as a reason given due to new management of FelcraBerhad review and financial constraints. The management has noted to the proper action.
3. Ustaz Saudi (Imam Masjid)
FelcraBerhadZon C7 Kemaman has actively involved in Islamic Religion programme conducted by the mosque particularly contribution made during Hari Raya Korban, or religious activities and classes for the local community. Every week the mosque is organizing Fardu Ain classes which attended by the participated smallholders and staff of FelcraBerhad.
4. KetuaPeserta
The payment of dividend found a bit late recently as they were supposed to receive annual living allowance (2 times a year) but the second payment for 2018 still not being received by them. The maintenance and estate operation were considered satisfactorily managed by FelcraBerhad. Felcra has been providing a lot of contribution in helping them in improving their standard of living including children educations. The management has noted to the proper action.
5. Jumadi (Worker Representative)
Every month received a salary and meet the minimum wage salary that is RM 1,000/month. A payslip received accordingly every month. A working contract available and given when he started working with FelcraBerhad. Housing were provided with free water supply and subsidized electrical supply.
6. SarjanJaafar, Ketua Polis Cheneh
So far no report received on social issue on FelcraBerhadZon C7 Kemaman community. The only issue on nearby community are related to drug addictive. They requested the estates to provide a foreign workers namelist complete with their working permit validity and personal details for better monitoring on foreign workers status in the community.
7. En. Akram, PenyeliaLadang
Staff housing were provided and in good living condition. PPE & training were provided to them included a welfare of staff were taken care of by FelcraBerhad.
8. A visit to Sungai Pergam Orang Asli Community was made to meet TokBatinRoslanSemail. He mentioned that there was 112 orang Asli community participated in Felcra scheme which provide them a monthly income and 3 times annual interim bonus a year. They were satisfied with Felcra operation particularly in managing their estate at Sungai Pergam. No other issue related to land encroachment.

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DETAILS OF PLANTATION UNIT (S)				
NO	NAME	ADDRESS OF ESTATE	GPS COORDINATE	TOTAL TITLE AREA (Ha)
1	FELCRA Berhad Bukit Keladi	FELCRABerhadKawasan Bukit Keladi,BandarCeneh Baru,24000 Kemaman, Terengganu	4°08'16.7"N 103°14'53.2"E	1,632.671
2*	FELCRA Berhad Seri Bandi	FELCRABerhadKawasan Seri Bandi,Bandar Seri Bandi,24000 Kemaman, Terengganu	4°10'03.1"N 103°11'18.6"E	1,875.00
3*	FELCRA BerhadDaratD atok	FELCRABerhadKawasanDaratDatok, P/S 27,24207 KemasikKemaman, Terengganu	4°19'52.2"N 103°26'33.7"E	1,655.99

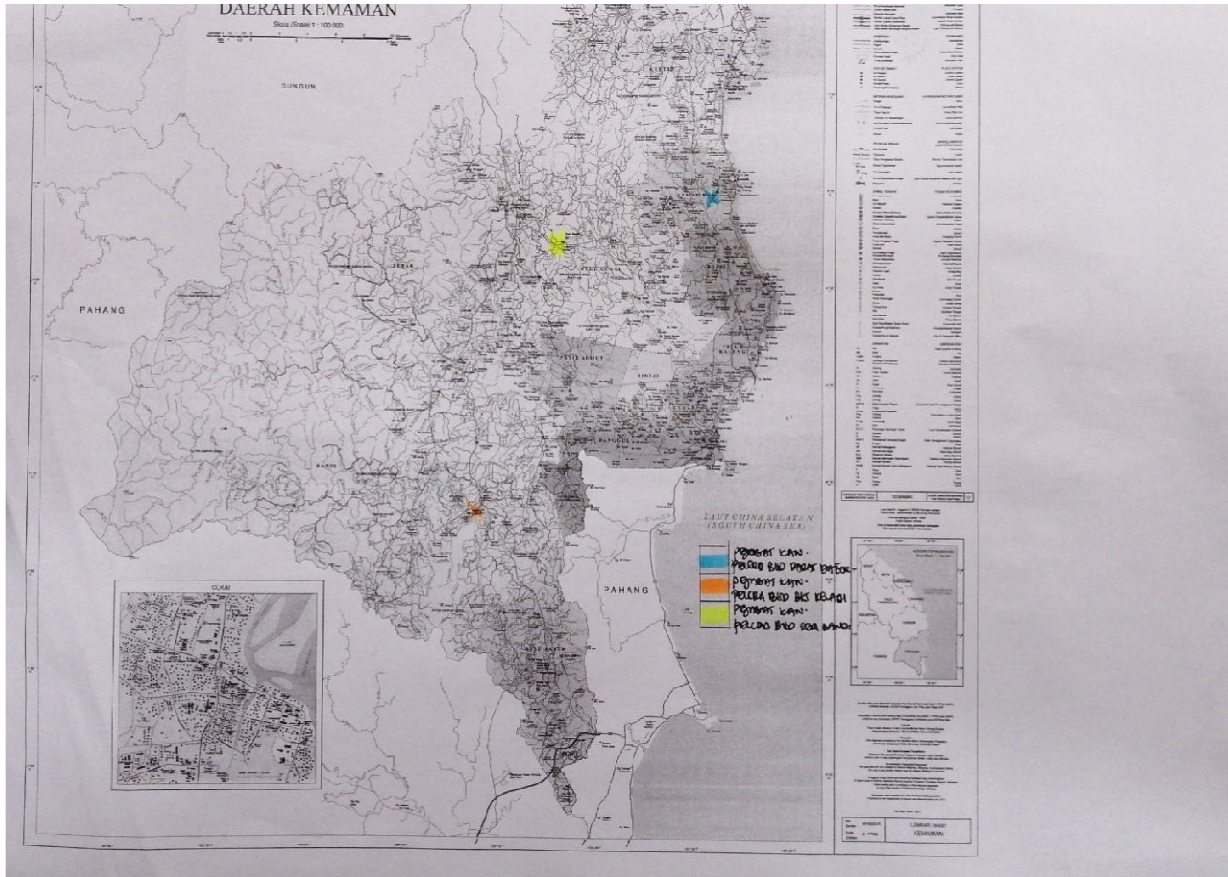
**The sampled Estates during Stage 2 Audit*

Area and FFB Production From Estates

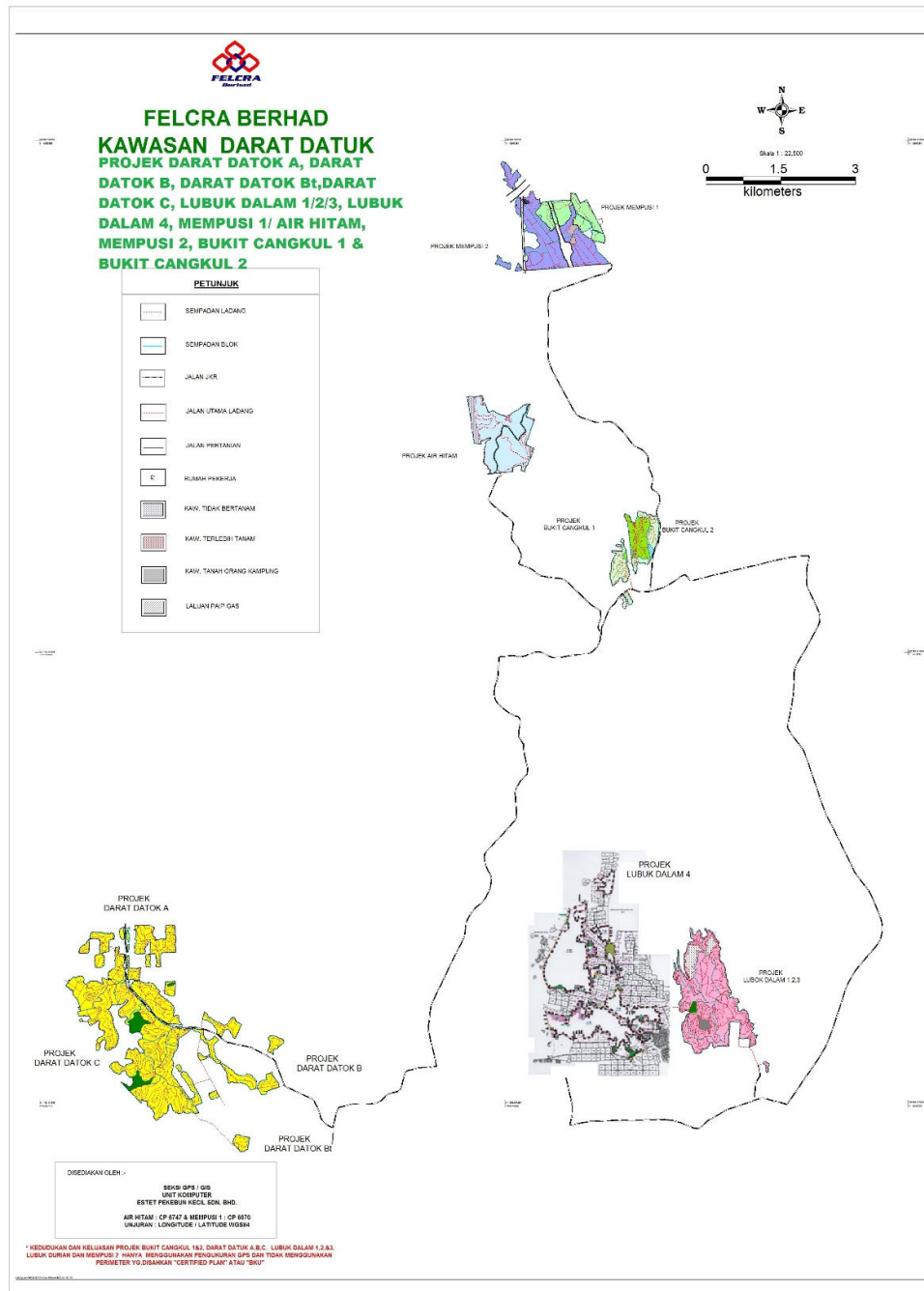
No	Name	Planted Area			Non – Planted Area		Total Title Area (Ha)	Annual FFB Production (MT)
		Immature Area (Ha) 0-3 yrs	Young Mature Area (Ha) >3-6 yrs	Prime Mature Area (Ha) >6 yrs	Conservation /HBV Area (Ha)	Others (Building, line sites, rivers etc.)		
1	FB BUKIT KELADI	147.771	221.46	1,246.32	-	17.12	1,632.671	26,500.66
2	FB SERI BANDI	-	46.07	1,711.62	-	117.31	1,875.00	28,659.15
3	FB DARAT DATOK	703.24	-	950.75	-	2.00	1,655.99	14,431.25
	TOTAL	851.011	267.53	3,908.69	-	136.43	5,163.661	69,591.06

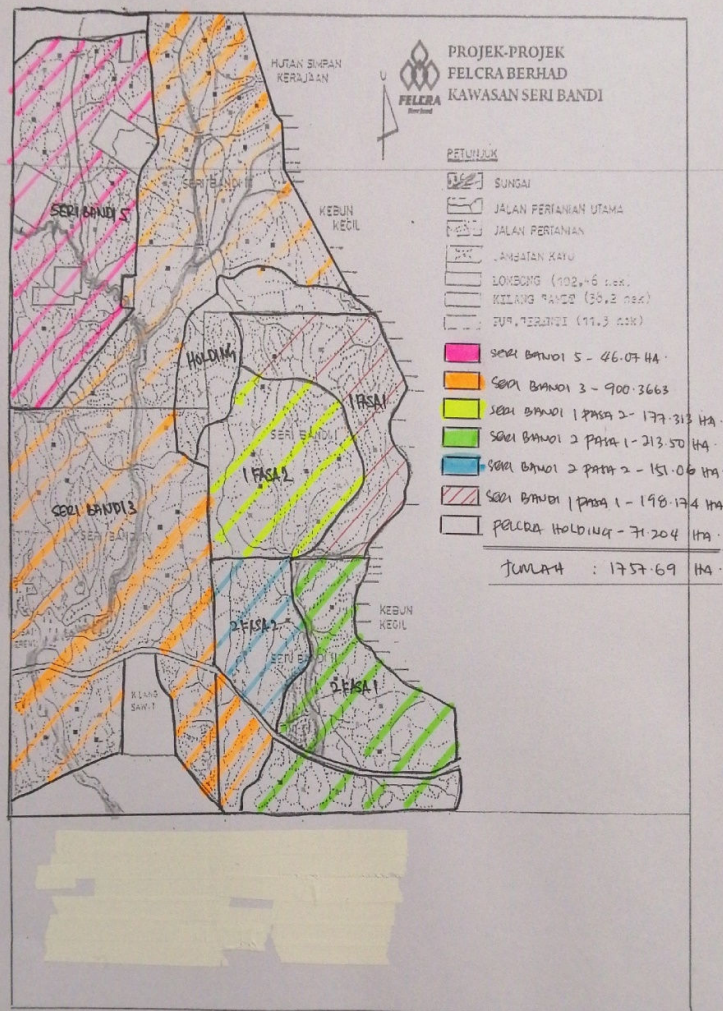
LOCATION AND MAP

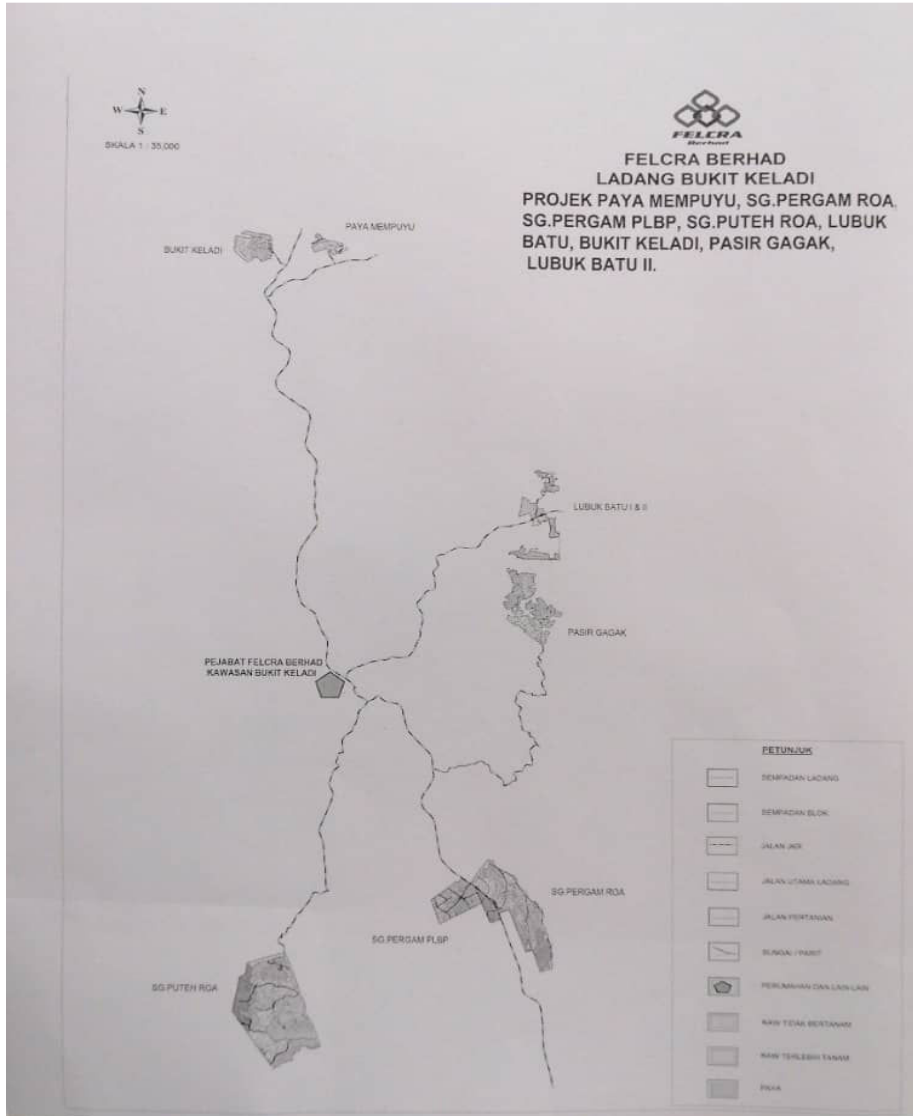
1. LOCALITY MAP



2. ESTATE MAP









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Others

Nil

Disclaimer

NIOSH Certification provides services which are designed to determine whether the referenced Management System of the client:

- a) complies with the relevant (mentioned) Standard; and
- b) has been properly implemented and maintained.

Audits are based on random sampling techniques and non conformances may exist which did not become apparent during the audit.

NIOSH Certification does not provide any advice on compliance with any legislation, regulation, or standards. All audit reports and other documentation provided by NIOSH Certification, are given in good faith and in reliance on the accuracy and completeness of the information provided by the client. No responsibility is accepted to any third party that may rely in whole or in part on the content of this report, to the extent permitted by Law.

- End of Audit Report -