

MALAYSIAN SUSTAINABLE PALM OIL SURVEILLANCE AUDIT REPORT

CLIENT/COMPANY	PPB OIL PALMS BHD	AUDIT NO.	083/19
ADDRESS	Lot 57, Sawai Land District, BatangSuai, Miri Sarawak.		
TYPE OF ASSESSMENT	Main Audit		
MILLMANAGER	Mr.Saiman Bin Kumpot		
EMAIL ADDRESS	saiman.kumpot@my.wilmar-intl.com		
WEB PAGE	www.wilmar-international.com		
AUDIT STANDARD(S)	MS 2530-4:2013		
AUDIT SCOPE	Provision of Palm Oil Mill with Capacity of 45 MT/Hr.		
STAGE 2 AUDIT DATE	16 th April 2019		
STAGE 1 AUDIT DATE	April 2018		
NEXT AUDIT DATE	Surveillance Audit tentatively plan on April 2020		
OTHER CERTIFICATION HELD	RSPO, ISO 22000, GMP (MS1514) HACCP (MS1480)		
CERTIFICATE VALIDITY	12/04/2018 to 11/04/2023		
AUDITOR TEAM MEMBERS	LEAD AUDITOR	Mohd Isa Hasim (ISA)	
	AUDITOR	HamsahSulaiman (HBS)	

*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 during this Surveillance 1 Audit , we conclude that PPB OIL PALMS BHD has effectively implemented its Malaysian sustainable Palm Oil system in accordance to the MS 2530-4:2013 requirements in line with the organization procedure & policy for the above mention scope.
Recommendation
The audit team has agreed to recommend PPB OIL PALMS BHD to be awarded with MS 2530-4:2013 Certifications based on applied scope subject to review by Certification Approval Panel

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Lead Auditor	Mohd Isa Hasim	Signature		Date	18/4/2019
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EXECUTIVE SUMMARY

Transfer cum surveillance audit for the third year annual surveillance audit was satisfactorily conducted to evaluate MSPO implementation at Saremas 2 Palm Oil Mill, which located in in the Miri District Sarawak, Malaysia. The mill can be assessed by using the Bintulu - Miri Road about 115km from Bintulu Town. The mill function as MSPO certified crop receiver and processing the certified crop to produce certified CPO and PK. Audit team has verified the implementation by site inspection, interview with personnel for accessing their understanding towards the MSPO requirements and documentation checking.

The transfer cum surveillance audit has assessed the conformity status against the standard and confirmed that the mill's certified activities fall within the accredited scope of certification of NIOOSH Certification. The mill has successfully maintained its management system as accordance with the standards and during transfer review, the Saremas 2 Palm Oil mill's accredited certification is still valid in terms of authenticity, duration and scope of activities covered by the MSPO management systems. MSPO Certificates was issued previous certification bodies and valid until 11.04.2021, MSPO Cert No CU-MSPO MS2530-4-846691. Based on previous report, the non-conformity raised regarding the availability of first aid kit was adequately closed as assessed by the audit team, thus is no pending non conformity raised.

The reason for seeking certification body transfer was to reduce the risks of certification by not only focusing the same certification body for auditing since the company was certified with different standards. Transfer of certification body was verified by the audit team.

During the Closing Meeting held on 6th April 2019, the overall results of the audit are as follow:

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

COMPANY BACKGROUND

Saremas 2 Palm Oil Mill a subsidiary company of Perlis Plantation Oil Palms Berhad started operation on 1st February 2000. It is located at Lot 35 BatangSuai, Sawai Land, Miri. At present, we are operating at 45 Mt/hour. Major supplier of FFB is from our own estate which accommodates 100% of the total crop. Our final products are Crude Palm Oil (PO) and Palm Kernel (PK). Both products are sold to Bintulu Edible Oil (BEO) for further refining and crushing process.

Currently, Saremas 2 Palm Oil Mill have 14 staffs including 2 executives. For processing, SPOM 2 have 92 workers with 27% (local) and 73% (Indonesian). During normal mill operation, 2 shifts will operate the processing from 7.00am – 3.00pm and 3.00pm – 11.00pm. The operating hours does change depend on the high or low crop season.

ASSESSMENT TEAM MEMBER

Lead Auditor	<p>En. Mohd Isa Hasim</p> <p>As a holding professional certificated 1st grade Steam Engineer, Lead Auditor MSPO MS2530, Lead Auditor ISO 9001:2015, Safety Officer (SHO) NIOSH, Authorized Entry Standby Person (AESP) NIOSH, Competent Person Schedule Waste (CePSWaM) DOE. Currently join a team between Certification Body as aMSPO Auditor since 2015 until now 2018. Current achievement he had got certification for Train The Trainer (TTT) from NIOSH and also (TTT) from HRDF.</p> <p>He has experience working in plantation industry which is background in palm oil mill asMill Engineer at Sime Darby Plantation. Expertise in palm oil mill processing, implementation good mill practice in mill organization and maintain on legal compliance for safety, health and environment. He shows a good communicate between his cooperate team members during develop the documentation on Roundtable Sustainable Palm Oil (RSPO). Lastly, he has demonstrated leadership skill within palm oil mill organization with lead a team until successful achieving the certification of RSPO.</p>
Auditor	<p>En. HamsahSulaiman</p> <p>He holds Master in Plantation Management & Bachelor Degree in Organization Management from University Science Malaysia (USM) in 2005. He has 15 years working experience of managing oil palm plantations with expertise in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM), Labour &Logistics Management. He is experienced with RSPO, MSPO and ISCC requirements for certification from all these various organizations.</p> <p>He successfully completed the Lead Auditor course for ISO 9001, ISO 14001 & ISO 45001, Auditor MSPO MS 2530:2013 & MS SCCS. He had been involved in MSPO auditing since 2018 in various companies in Malaysia. Able to communicate in Bahasa Malaysia, Bahasa English and Local Language.</p>
Auditor	<p>Wan MohdAzlan Bin Wan Ngah</p> <p>His employment career in Oil Palm Plantation for 30 Years had made him gained knowledge of various activities in plantation sector including sustainability related matters. Completed MPOB Codes of Practice Lead Auditor Course in 2017.Participated in MSPO Lead Auditor Training in 2017 conducted by SIRIM. Attended ISO 9001-2015 Quality Management System Lead Auditor Training in</p>

	2018 and MSPO Supply Chain Certification Standard (SCCS) Auditor Training in 2019. A Post Graduate in Business Administration. Able to communicate in Bahasa Malaysia and English both oral and written. A member of NIOSH Certification MSPO Audit Team
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AUDIT METHODOLOGY & AUDIT PROGRAMME

The assessment was conducted involving mill under **PPB OIL PALMS BHD**. 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.

The **Surveillance3 Audit** assessment has been conducted based on individual certification. The assessment was cover documentation and records review, physical field observation covering all plantation processes, workshop, chemicals store, waste management, boundary, workers housing, stakeholders consultation, interview with internal & external stakeholders, workers and contractors.

SUMMARY AUDIT FINDINGS

During the audit closing meeting held on **18th April 2019**, the overall results of the audit are as follows:

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

The following items represented positive observations by the audit team:

1. Good commitment and support from MSPO & Safety Team
2. Good understanding on the requirement of MSPO
3. Good of filing system on MSPO Documentation
4. Good presentation for safety briefing before auditing start

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

There was THREE (3) Area of Concern (AOC) raised during Stage 1 Audit by the previous audit team. The auditee has made a preparation to further improve the management system and operations of smallholders of **PPB OIL PALMS BHD** based on comment and verbal findings.

Stakeholders Consultation Session

Stakeholder consultation began with notification of upcoming assessment by official letter one month earlier to identified 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 **PPB OIL PALMS BHD**

It was started with a slide presentation by NIOSH Certification 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. All positive and negative inputs from stakeholders has been discussed with management of **PPB OIL PALMS BHD** with proper justification and adequate action plan by the management team to address the issue.

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DETAILS OF MILL UNIT (S)

NO	NAME	ADDRESS OF MILL	MILL CAPACITY	GPS COORDINATE	TOTAL MILL AREA (HA)
1	Saremas 2 POM	Lot 57, Sawai Land District, BatangSuai, Miri Sarawak.	45 TPH	113° 46' 11.821"E 3° 26' 55.704"E	31.02

MPOB LICENSE DETAILS

NO	MILL NAME	MPOB LICENSE NO.	SCOPE OF ACTIVITY	EXPIRY DATE
1	Saremas 2 POM	500297704000	Menjual dan mengalih FFB, PK, CPO, SPO Membeli dan mengalih FFB, PK, CPO Menyimpan PK, CPO, SPO Mengilang FFB Mengeksport CPO	31/01/2020

MILL PROCESSING DATA

Supply Base	Mill Processing and Production Data Actual Previous Year (2018)			Mill Processing and Production Data Forecast Current Year (2019)		
	FFB Processed (MT)	CPO Production (MT)	PK Production (MT)	FFB Processed (MT)	CPO Production (MT)	PK Production (MT)
Supply Base a. Own Supply b. Other Supply	a. 151,386.62 b. NIL.	33,336.691	7,065.85	a. 136,900 b. NIL	30,118	6,571
TOTAL	151,386.62	33,336.691	7,065.85	136,900	30,118	6,571
Conversion Rate		OER: 22.02	KER: 4.67		OER: 22.00	KER: 4.80

LOCATION AND MAP

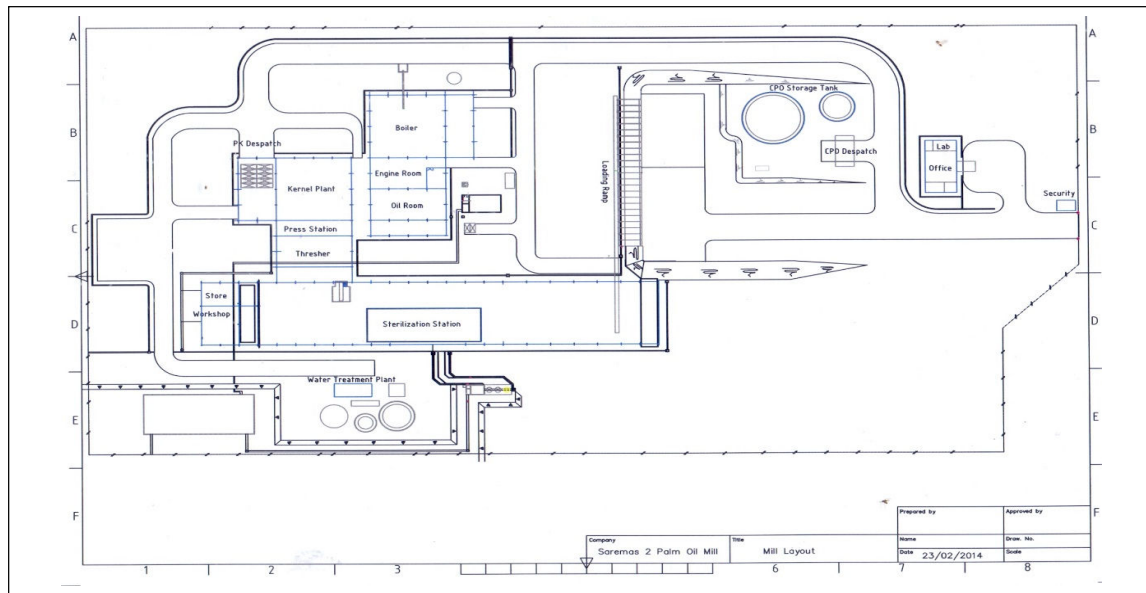


Figure 1: Mill layout for Saremas 2 Palm Oil Mill for PPB Oils Berhad

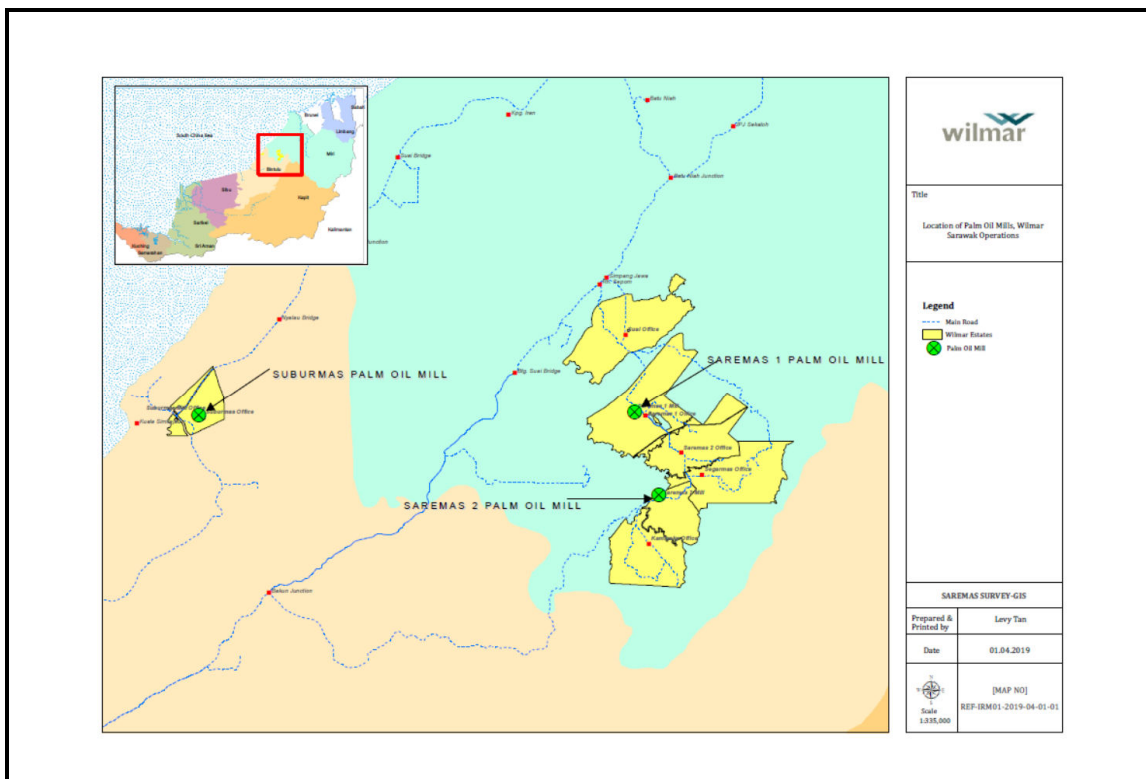


Figure 2: Location Map for the Saremas 2 Palm Oil Mill in Sarawak Region, Malays



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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 -