

MALAYSIAN SUSTAINABLE PALM OIL PUBLIC SUMMARY AUDIT REPORT

CLIENT/COMPANY	KWANTAS CORPORATION BERHAD		AUDIT NO.	162/18
ADDRESS	K-63-3 rd Floor, Signature Office, KK Times Square, Off Coastal Highway, 88100 Kota Kinabalu, Sabah.			
MILL UNIT(S)	Haranky POM			
TYPE OF ASSESSMENT	Main Audit			
GROUP MANAGER	Mr. Perumal A/L Rajoo			
EMAIL ADDRESS	perumal.rajoo@kwantas.com.my			
WEB PAGE	kwantas.com.my			
AUDIT STANDARD(S)	MS 2530-4:2013 - Malaysian Sustainable Palm Oil Part 4: General principles Palm Oil Mill			
AUDIT SCOPE	Provision of Palm Oil Mill with Capacity of 60 MT/Hr.			
STAGE 2 AUDIT DATE	28 th December 2018			
STAGE 1 AUDIT DATE	26 th December 2018			
NEXT AUDIT DATE	1 st Surveillance Audit tentatively plan on November 2019			
OTHER CERTIFICATION HELD	RSPO, ISCC			
CERTIFICATE VALIDITY	14/03/2019 to 13/03/2024			
AUDITOR TEAM MEMBERS	LEAD AUDITOR	Mohamad Padil Mat Saman (PMS)		
	AUDITOR	Khairul Faris Syamsurial (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, KWANTAS CORPORATION BERHAD , 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 mentioned scope despite of 1 Minor NC and 4 OFI's raised
Recommendation
The audit team has agreed to recommend for KWANTAS CORPORATION BERHAD , to be awarded with MS 2530-4:2013 Certifications based on existing scope subject to review by Certification Approval Panel (CAP).

Lead Auditor	Mohamad Padil Mat Saman	Signature		Date	20/01/2019
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EXECUTIVE SUMMARY

The Stage 2 audit was satisfactorily conducted to evaluate the MSPO implementation of **Kwantas Corporation Berhad** which consist of Haranky Palm oil Mill (HPOM) and is a wholly own company of **Kwantas Corporation Berhad** which located in the Haranky Estate approximately 1 hour from Lahad Datu Town, Sabah. The company has various businesses and one of the core business is Oil Palm plantation.

NIO SH Certification is an accredited certification body by Standards Malaysia which providing a comprehensive certification and inspection services mainly for management system of occupational safety & health, environmental, quality and MSPO for various industries. The Stage 1 audit have been exemption due to the unit already awarded with RSPO certification earlier. The Stage 2 audit have been satisfactorily conducted by NIO SH Certification on 27th December 2018 and closing meeting held on 28th December 2018.

- a. **NIL** – Major Nonconformity Report (NCR)
- b. **ONE(1)** – Minor Nonconformity Report (NCR)
- c. **FOUR(4)** – Opportunities for Improvement (OFI)

ASSESSMENT TEAM MEMBER

Lead Auditor	<p>En. Mohamad Padil Mat Saman</p> <p>Mohamad Padil Mat Saman holds a Diploma from MARA University of Technology in Plantation Management with more than 10 years working experience in various plantations company and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM) and Structured Safety and Health Plantation Programme. Fully trained in similar agriculture certification programs such as EUROGAP, RSPO, ISCC, MSPO, OHSAS and etc. Qualified as Lead Auditor/Auditor for MSPO and CoP under MPOB. Involved in MSPO assessment since 2015. Involved in audits conducted in for many different companies in Malaysia. Completed and certified MSPO Auditor course in 2015 (1st Batch) and attended Integrated Management System (IMS) course.</p>
Auditor	<p>En. Khairul Faris Syamsurial</p> <p>Mr. Khairul Faris 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</p>

	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.
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AUDIT METHODOLOGY & AUDIT PROGRAMME

The assessment was conducted involving palm oil mill under Kwantas Corporation Berhad. Kwantas Corporation Berhad has been registered as an individual of certification. 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 were cover documentation and records review, physical field observation, interview with stakeholder, workers and contractors.

SUMMARY AUDIT FINDINGS

During the audit closing meeting held on 28th December 2018, the overall results of the audit are as follows:

The following items represented **positive observations** by the audit team:

- a. Strong commitment and cooperation from the management and site team towards MSPO implementation.
- b. Appropriate documentation & site preparation (Policy, SOP & Signages).
- c. Good understanding and MSPO awareness among the workers
- d. Good preparation for audit process.
- e. Proper filing system and facilities preparation.
- f. Wonderful and warm hospitality.

The overall results of the audit are as follows:

- a. **NONE** – Major Nonconformity Report (NCR);
- b. **ONE (1)** – Minor Nonconformity Report (NCR); and
- c. **FOUR (4)** – Opportunity 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.

Follow-up on previous audit findings

None raised during the previous audit found due to RSPO certified unit. No Stage 1 audit been carried out.

Stakeholders Consultation Session

Stakeholder consultation began with notification of upcoming assessment by official letter dated 26th November 2018 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 **Kwantis Corporation Berhad**. Among stakeholders contacted included:

- Neighbor estates
- Smallholders
- Contractors
- Suppliers

The agenda of discussion including legal compliance, environmental protection, biodiversity conservation, safety & social responsibility and development of community. No adverse issue been raised as consulted during the audit:

a. Kiat Sew Sung

Stakeholder consultation was done through meeting with the stakeholders conducted on 28/12/18 and meet Manager's representative Mr Roslee M.Chacho. No adverse findings were received. Kiat Sew Sung is transporter company come with collection centre and also transport and supplying FFB for Haranky Palm Oil Mill (HPOM). The stakeholder highlighted that road along the estate towards to mill need to improve instate of the road already surface by stone due to raining season. However, it was not a big issues and it was under control by the Kwantis as both parties concern. Stakeholder aware on the MSPO certification due to meeting done between Kwantis Corporation Berhad and Kiat Sew Sung to brief on the MSPO earlier.

b. Rahmat

Stakeholder consultation was done through meeting with the stakeholders conducted on 28/12/18 and neighbour land owner Mr Rahmat. No adverse findings were received. Rahmat is estate neighbour for Haranky Estates also transport and supplying FFB for Haranky Palm Oil Mill (HPOM). There was no issues on the stakeholder. Stakeholder aware on the MSPO certification due to meeting done between Suburmas Plantation and Soon Long to brief on the MSPO earlier.

All positive and negative inputs from stakeholders has been discussed with management of Kwantis with proper justification and adequate action plan by the management team to address the issue.

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DETAILS OF MILL UNIT (S)

	NAME	ADDRESS OF MILL	GPS COORDINATES	TOTAL TITLE AREA (HA)
1	HARANKY PALM OIL MILL	KM40, SIMPANG HARANKY ESTATE, 91100 JALAN KINABATANGAN, LAHAD DATU, SABAH, MALAYSIA	5' 12'47.10" N 118' 03'52.02" E	60MT/hour

Description of Supply Base: Area and FFB production from estates

	Name	Planted Area			Conservation / HCV Area (ha)	Others (Building, line sites, river etc.)	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				
1	Haranky 1		737.85	296.63		88.42	1,122.90	16,196.91
2	Haranky 2			214.91	6	1.25	222.16	6,338.14
Total							1345.06	22,535.05

Age Planting Profile

No	Estate	Age Planting Profile (Hectare)						Tonnage FFB Production	
		<3 yrs	>3 - 7 yrs	>7 – 15 yrs	>15 – 20 yrs	>20 – 25 yrs	>25 yrs (Due for Replanting)	Actual	Forecast
1.	Haranky 1		737.85			101.29	195.34	16,196.91	19,274
2.	Haranky 2				74.37	146.54		6,338.14	7,240
TOTAL								22,535.05	26514

No	Supply Base	Mill Processing and Production Data			
		FFB Received (MT)	FFB Processed (MT)	CPO Production (MT)	PK Production (MT)
1	MSPO certified	21,674	21,674	4,493.02	1,127.05
2	NON-MSPO certified	136,050	132,698	27,506.90	6,900.75
Total				31,999.92	8,027.82

LOCATION AND MAP

figure as at Jan'18-Nov'18

1. LOCALITY MAP



Figure 1 : Locations Map

Others

Nil

Disclaimer

NIO SH 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.

NIO SH Certification does not provide any advice on compliance with any legislation, regulation, or standards. All audit reports and other documentation provided by NIO SH 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 -