

MALAYSIAN SUSTAINABLE PALM OIL PUBLIC SUMMARY AUDIT REPORT

CLIENT/COMPANY	MELANGKING OIL PALM PLANTATION SDN BHD	AUDIT NO.	113/18
ADDRESS	7 th Floor, Wisma Harbour View, Old Slipway Estate, 90711 Sandakan, Sabah, Malaysia.		
MILL UNIT(S)	Palm Oil MillJalanSukau, KM52 Off Sandakan-LahadDatu Highway, 90711, Sandakan, Sabah		
TYPE OF ASSESSMENT	Main Audit		
GROUP MANAGER	Mr.GopinathanNadarajan		
EMAIL ADDRESS	melangkingmill@yahoo.com.my		
WEB PAGE	www.mopp.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	23 rd November 2018		
STAGE 1 AUDIT DATE	25 th & 26 th October 2018 (Stage 1 Audit)		
NEXT AUDIT DATE	1 st Surveillance Audit tentatively plan on November 2019		
OTHER CERTIFICATION HELD	Nil		
CERTIFICATE VALIDITY	05/04/2019 to 04/04/2024		
AUDITOR TEAM MEMBERS	LEAD AUDITOR	Yusof Khairan Nizar Ahmad Tarmizi (YKN)	
	AUDITOR	Ahmad Kamal Shahabuddin (AKS)	

*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, MELANGKING OIL PALM PLANTATION SDN BHD , has effectively implemented its Malaysian Sustainable Palm Oil Part 4General principles palm oil mill Management System in accordance to the MS 2530-4:2013 requirements inine with the organization procedure & policy for the above mentioned scope.
Recommendation
The audit team has agreed to recommend for MELANGKING OIL PALM PLANTATION SDN BHD to be awarded with MS 2530-4:2013 Certifications based on existing scope on the conditions that the raised NCRs are satisfactorily closed within the stipulated time framesubject to review by Certification Approval Panel (CAP).

Lead Auditor	YusofKhairanNizar Ahmad Tarmizi	Signature		Date	30/3/2019
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EXECUTIVE SUMMARY

Melangking Palm Oil Mill (MPOM) a subsidiary company of AbadiMewah Group started operation in 15 February 2005. It is located at KM52, off Sandakan-LahadDatu highway. Processing capacity is 60mt Fresh Fruit Bunch (FFB)/hr. Major supplier of FFB is from Melangking Oil Palm Plantation (MOPP) accommodates 60% and 40% is from nearby small holders. The final products are Crude Palm Oil (PO) and Palm Kernel (PK). Both products are sold to all refinery in Sandakan and LahadDatu area for further refining and crushing process.

Stage 2 Audit was satisfactorily conducted to evaluate MSPO implementation at Melangking Palm Oil Mill. Stage 2 of MSPO certification was satisfactorily conducted by NIOSH Certification on 23rd November 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.

The Stage 2 compliance audit was satisfactorily conducted to evaluate the MSPO implementation of Melangking Palm Oil Mill. During the audit closing meeting held on 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)

ASSESSMENT TEAM MEMBER

Lead Auditor	<p>En. Yusof Khairan Nizar Has educational background Certificate 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 course ISO 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).</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 Sdn Bhd & 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 involving assessment for oil and gas companies, plantations industries, manufacturing, utilities, cleaning and transportations services (since 2003).</p>
Auditor	<p>En. Ahmad Kamal Shahabuddin Lead Auditor for MPOB Codes Of Practice for Palm Oil Mills, Refineries, Estate, Nurseries, Bulking and Kernel crushers since 2011. 30 years' experience in Palm Oil Industries with MPOB & other plantation companies. Diploma in Industrial Chemistry from the MARA Institute of Technology. 6 years of auditing experience in Quality, Environment [EQA], Occupational Health and Safety [OSH], Factories and Machineries [FMA]. Experience in managing MSPO and RSPO training and consultation works since 2015. Involved in MSPO and RSPO Principles & Criteria assessment since 2014. Completed and certified MSPO Auditor course in 2017, ISO 9001:2015 course in 2018 and RSPO Supply Chain certification held by David Ogg and Partner in 2015. Currently active as Member of Auditor with NIOSH Certification MSPO Audit team.</p>

AUDIT METHODOLOGY & AUDIT PROGRAMME

The assessment was conducted involving Melangkong Palm Oil Mill (MPOM). 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, an interview sessions with relevant staff and workers such as foreman, workers, a stakeholders consultation and a site visit for observing mill operating activities such as loading, sterilizing, boilers operation, eater treatment plant, effluent pond, workshop, chemicals and scheduled waste store and etc.

SUMMARY AUDIT FINDINGS

During the audit closing meeting held on 23rd November 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 the management and staff of the MOPP Palm Oil Mill during the audit.
- b. Clean and good housekeeping as observed in MOPP Palm Oil Mill operation area.

The overall results of the audit are as follows:

- a. **NONE** – Major Nonconformity Report (NCR);
- b. **THREE (3)** – Minor Nonconformity Report (NCR); and
- c. **THREE (3)** – 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.

Review and follow-up on previous audit findings

Three (3) Areas of Concern raised during the previous audit found has been addressed adequately. While balance another Three (3) Areas of Concern still recurring and upgraded into nonconformities during Stage 2 audit. The management of MPOM has taken action to improve understanding and implementation of MSPO prior to Stage 2 audit as informed and observed.

Stakeholders Consultation Session

Stakeholder consultation began with notification of upcoming assessment by official letter 21st October 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 Melangking Oil Palm Plantation. 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:

- a. Donny Chong from Kejuruteraan Megah Maju Sdn Bhd
- b. Sharveen Pillai from Advanced Chemtech
- c. Tan Wei Sen Director of Kejuruteraan Megah Maju Sdn Bhd
- d. Mohamad Saiful Spenee from Felcra Plantation
- e. Amran b. Hassin from Mesej Abai Estate
- f. Chang Wai Kit (contractor)
- g. Nickalls Kong from Wei Liong Contractor
- h. Chee Chaw Fah from GMW
- i. Koper al Janrry Yassin from Royal Malaysian Police
- j. Lo Chee Kuan from VMT

Individual stakeholders were interviewed and consulted to get their views and opinions related to operation of Melangking Palm Oil Mill.

For contractors among issues discussed related to contract of work, job specification and payment of claim for job performed. As feedback received found no negative issues and MPOM has been providing a clear information on job specification and payment was made promptly. Training related to MSPO was given to their representatives that attended the session when invitation was made earlier.

Neighbouring estates found not having any land disputes issues with MPOM. FFB were offered with a price as MPOB recommendation for smallholders and estates. Payment was made accordingly and slip of weight bridge tickets provided accordingly.

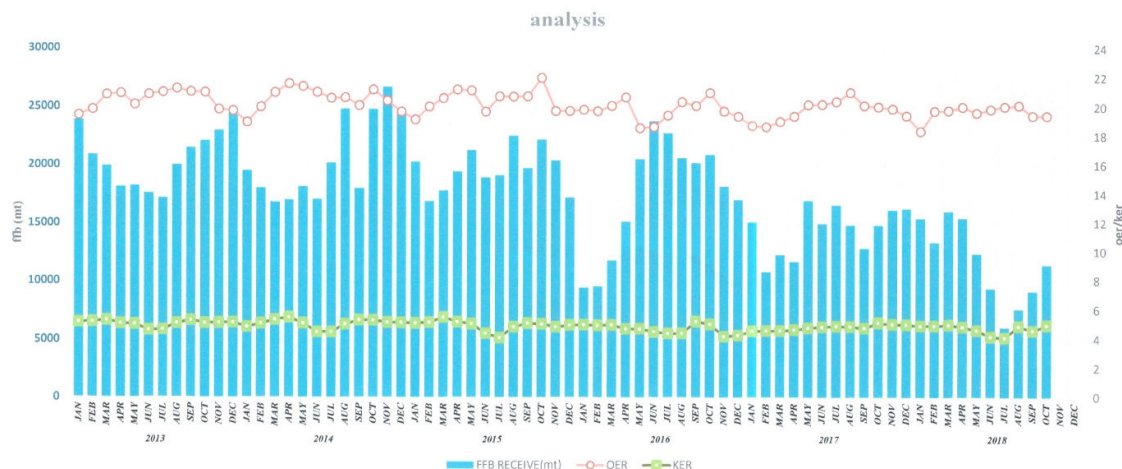
While for criminal cases and illegal workers, so far no reported cases involving MPOM. The management of MPOM has been working closely with police to maintain peace and harmony in the area.

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

DETAILS OF MILL UNIT (S)

MELANGKING PALM OIL MILL

YEAR /MONTH	FFB RECEIVE(mt)	OER	KER	YEAR /MONTH	FFB RECEIVE(mt)	OER	KER	YEAR /MONTH	FFB RECEIVE(mt)	OER	KER	
2013	JAN	23882.75	19.43	5.20	JAN	20284.70	19.15	5.12	JAN	15096.09	18.73	4.59
	FEB	20896.49	19.84	5.23	FEB	16902.48	20.05	5.19	FEB	10789.21	18.64	4.62
	MAR	19936.35	20.85	5.34	MAR	17824.36	20.62	5.53	MAR	12277.24	19.02	4.62
	APR	18143.68	20.94	5.11	APR	19443.09	21.21	5.21	APR	11661.00	19.39	4.62
	MAY	18240.80	20.18	5.06	MAY	21282.18	21.14	5.09	MAY	16977.83	20.19	4.81
	JUN	17595.82	20.86	4.66	JUN	18934.24	19.89	4.43	JUN	14979.75	20.21	4.89
	JUL	17187.02	21.01	4.69	JUL	19155.81	20.75	4.15	JUL	16600.68	20.40	4.93
	AUG	20016.62	21.27	5.12	AUG	22539.66	20.72	4.89	AUG	14850.17	21.02	4.90
	SEP	21498.27	21.05	5.32	SEP	19742.20	20.75	5.12	SEP	12838.63	20.13	4.80
	OCT	22088.04	21.01	5.14	OCT	22227.25	22.02	5.08	OCT	14829.86	20.04	5.16
	NOV	22987.90	19.85	5.16	NOV	20384.53	19.73	4.87	NOV	16167.56	19.90	5.05
	DEC	24469.25	19.76	5.19	DEC	17224.62	19.74	4.99	DEC	16273.16	19.43	5.04
2014	JAN	19511.48	18.95	4.87	JAN	9435.060	19.83	5.02	JAN	15427.44	18.36	4.96
	FEB	18051.40	20.01	5.11	FEB	9551.850	19.73	4.98	FEB	13360.15	19.76	4.96
	MAR	16853.30	21.00	5.36	MAR	11791.33	20.10	5.02	MAR	16038.22	19.79	5.02
	APR	17025.25	21.60	5.52	APR	15165.04	20.89	4.74	APR	15425.03	20.03	4.87
	MAY	18168.34	21.42	5.12	MAY	20522.35	18.57	4.75	MAY	12355.01	19.63	4.65
	JUN	17088.82	21.03	4.54	JUN	23781.76	18.63	4.53	JUN	9371.410	19.87	4.20
	JUL	20189.36	20.62	4.54	JUL	22753.43	19.44	4.43	JUL	6044.370	20.07	4.14
	AUG	24843.84	20.65	5.05	AUG	20610.78	20.37	4.44	AUG	7601.730	20.15	4.92
	SEP	18002.76	20.12	5.34	SEP	20200.26	20.11	5.24	SEP	9121.230	19.43	4.62
	OCT	24801.81	21.19	5.32	OCT	20916.05	21.00	5.07	OCT	11401.04	19.44	4.99
	NOV	26723.58	20.44	5.18	NOV	18193.03	19.73	4.23	NOV			
	DEC	24413.82	19.69	5.17	DEC	17046.25	19.38	4.31	DEC			



NAME	ADDRESS OF MILL	MILL CAPACITY	GPS COORDINATE
Melangking Oil Palm Plantation SdnBhd	JalanSukau, KM52 Off Sandakan-LahadDatu Highway, 90711, Sandakan, Sabah	60 Mt/Hr	05°37'15.29" N 118°14'49.47" E

MPOB LICENSE DETAILS

NO	MILL NAME	MPOB LICENSENO.	SCOPE OF ACTIVITY	EXPIRY DATE
1	Melangking Oil Palm Plantation SdnBhd	500388404000	<ul style="list-style-type: none"> - Menjualdanmengalih FFB, PK, CPO, PPO, SPO - Membelidanmengalih FFB - Menyimpan PK, CPO, SPO - Mengilang FFB 	29/12/2020

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. 80,168.37			a.		
a. Own Supply				b.		
b. Other Supply	b. 65,784.97					
TOTAL	145, 953.34	28, 314.91	7, 057. 40			
Conversion Rate		OER: 19.40 %	KER: 4.84 %		OER:	KER:

LOCATION AND MAP

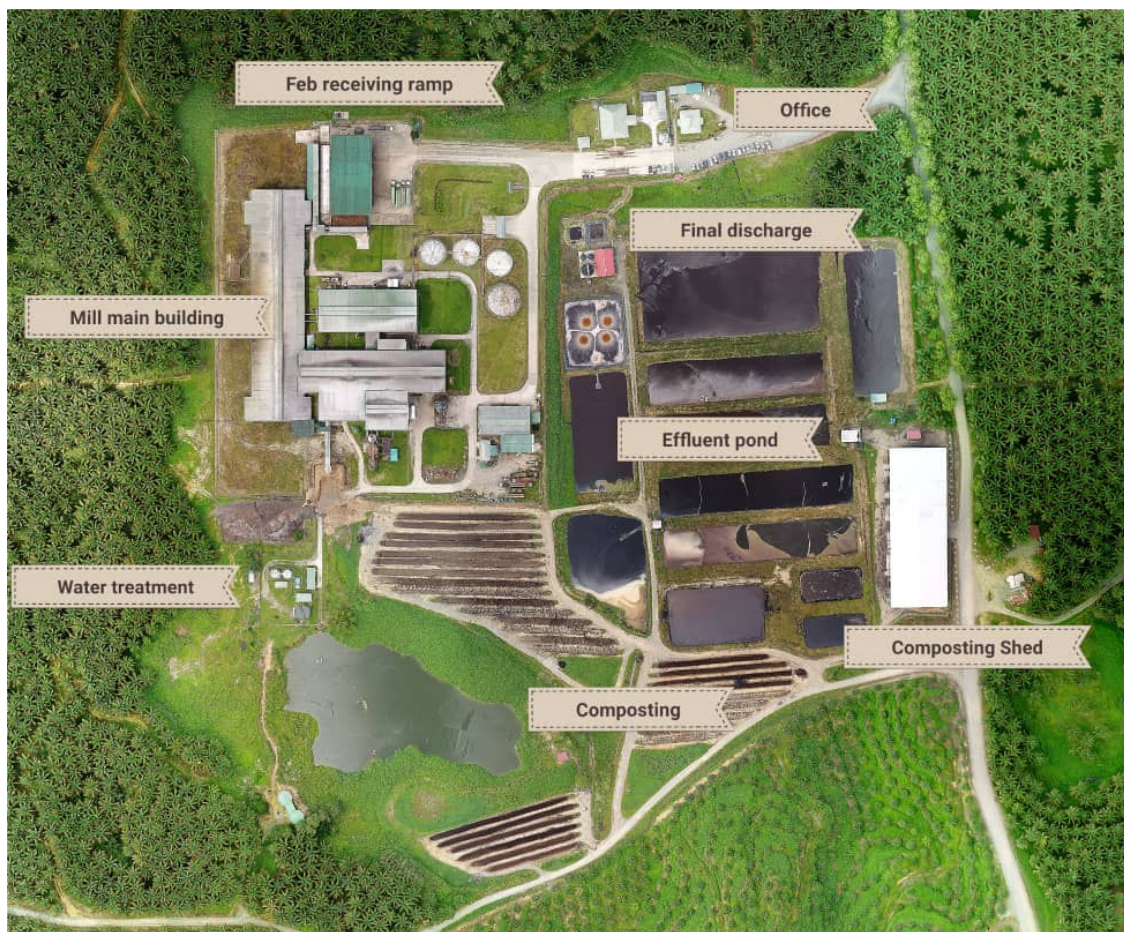


Figure 1: Locations Photo Map



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Others

Nil

Disclaimer

NIOOSH 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.

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- End of Audit Report -