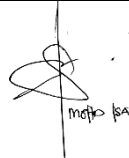


MALAYSIAN SUSTAINABLE PALM OIL PUBLIC SUMMARY AUDIT REPORT

CLIENT/COMPANY	EL DISTRIBUTIONS GROUP (M) SDN.BHD	AUDIT NO.	586/19
ADDRESS	No. 2, Jalan Manis, 86000 Kluang, Johor		
TYPE OF ASSESSMENT	Main Audit		
GROUP MANAGER	Mr. Saiful Nor Al Amin Bin Mohd Yusuf		
EMAIL ADDRESS	saiful.elsb@gmail.com		
WEB PAGE	-		
AUDIT STANDARD(S)	MS 2530-3:2013 - Malaysian Sustainable Palm Oil Part 3: General principles oil palm plantations		
AUDIT SCOPE	Provision of 1,070.24 Ha of Sustainable Oil Palm Plantation.		
AUDIT DATE	15 th -16 th December 2019		
PREVIOUS AUDIT DATE	13 th November 2019		
NEXT AUDIT DATE	1 st Surveillance Audit tentatively plan on November 2020		
CLIENT'S REFERENCE DOCUMENTS	Per clients document master list		
OTHER CERTIFICATION HELD	Nil		
CERTIFICATE VALIDITY	20/01/2020 to 19/01/2025		
AUDITOR TEAM MEMBERS	LEAD AUDITOR	Mohd Isa Bin Hasim (ISA)	
	AUDITOR	Hamsah Bin Sulaiman (HMS)	
	AUDITOR IN TRAINING	Roszaidi Zianal Abidin (RZA)	

***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 Stage 2 Audit, we conclude that EL DISTRIBUTION GROUP (M) SDN BHD has effectively implemented its Malaysian sustainable Palm Oil system in accordance to the MS 2530-3:2013 requirements in line with the organization procedure & policy for the above mention scope
Recommendation
The audit team has agreed to recommend EL DISTRIBUTION GROUP(M) SDN BHD to be awarded with MS 2530-3:2013 Certifications based on applied scope subject to review by Certification Approval Panel

Lead Auditor	MOHD ISA HASIM	Signature		Date	16/12/2019
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AUDIT OBJECTIVE

The objectives of this audit are as follows:

To evaluate the implementation, including effectiveness of **EL DISTRIBUTION GROUP (M) SDN BHD** on MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) documentation. It shall include at least the following:

- a. Information and evidence about conformity to all requirements of the applicable management system standard or other normative document;
- b. Performance monitoring, measuring, reporting and reviewing against key performance objectives and targets (consistent with the expectations in the applicable management system standard or other normative document);
- c. The **EL DISTRIBUTION GROUP (M) SDN BHD** MSPO and performance as regards legal compliance;
- d. Operational control of the **EL DISTRIBUTION GROUP (M) SDN BHD** processes
- e. Internal auditing and management review (if applicable)
- f. Management responsibility for the **EL DISTRIBUTION GROUP (M) SDN BHD** policies;
- g. Links between the normative requirements, policy, performance objectives and targets (consistent with the expectations in the applicable management system standard or other normative document), any applicable legal requirements, responsibilities, competence of personnel, operations, procedures, performance data and internal audit findings and conclusions.

EXECUTIVE SUMMARY

Stage 2 Audit was satisfactorily conducted to evaluate MSPO implementation at **EL DISTRIBUTION GROUP (M) SDN BHD**. The Organisation area covering Division A, Division B and Division C with the total size of **1071.54 Ha**

Stage 2 of MSPO certification was satisfactorily conducted by NIOSH Certification on **15-16 December 2019**. 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 **16 December 2019**, the overall results of the audit are as follow:

- a. **NIL – Major Nonconformity Report (NCR)**
- b. **TWO (2) – Minor Nonconformity Report (NCR)**
- c. **FOUR (4) – Opportunities for Improvement (OFI)**

EL DISTRIBUTION GROUP (M) SDN BHD has prepared Corrective Action Plan as respond of raised NCR which date of implementation adequately accepted by Audit Team. The effectiveness of the corrective action for minor NCR will be reviewed on the next surveillance while major NCR satisfactorily reviewed closed.

ASSESSMENT TEAM MEMBER

Lead Auditor	<p>Mr. 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 MSPO Auditor since 2015 until now 2018. Current achievement he had got certification for Train The Trainer (TTT) from NIOSH and also (TTT) from HRDF. He has experience working in plantation industry which is background in palm oil mill as an Mill Engineer. 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>Mr. HamsahSulaiman</p> <p>He holds Master in Plantation Management & bachelor's 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. He successfully completed the Lead Auditor course for ISO 9001, ISO 14001 & ISO 45001 and Lead 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 in Training	<p>En. Roszaidi bin Zainal Abidin</p> <p>Roszaidi bin Zainal Abidin holds an Executive Master in Management from Asia e University (AeU) in Plantation Management with more than 30 years working experience in military and various plantations company, 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 MSPO, OHSAS ISO 45001 and QMS ISO 9001</p>

AUDIT METHODOLOGY & AUDIT PROGRAMME

The assessment was conducted involving estates under **EL DISTRIBUTION GROUP (M) SDN 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 based on initial review self-questionnaire and Stage 1 Audit assessment, the risk factor medium (1.5) is determined.

The **Stage 2 audit** assessment has been conducted on sampling based on sampling size $1.5\sqrt{3}$ 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 **16th December 2019**, the overall results of the audit are as follows:

The following items represented positive observations by the audit team:

The overall results of the audit are as follows:

- a. **NONE** – Major Nonconformity Report (NCR)
- b. **TWO (2)** – Minor Nonconformity Report (NCR) and
- c. **FOUR (4)** – 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

MALAYSIAN SUSTAINABLE PALM OIL PUBLIC SUMMARY AUDIT REPORT

DETAILS OF PLANTATION UNIT (S)				
NO	ESTATES NAME	FULL ADDRESS	GPS COORDINATE	TOTAL TITLE AREA (Ha)
1	Division A	Bt 28, Jalan Mersing – Kluang, 86000, Kluang, Johor	2.246105 103.594863	903.93
2	Division B & C	Lot PTD 9564, Jalan Bendi Yap Tau Sah, 86000 Kluang, Johor.	2.030980 103.321715	166.31
TOTAL				1,070.24

MPOB LICENSE DETAILS

NO	ESTATES NAME	MPOB LICENSE	SCOPE OF ACTIVITY	EXPIRY DATE
1	Division A	527647002000 618862002000 603382015000	Menjual & Mengalih FFB	29/2/2020
2	Division B & C	618862002000	Menjual & Mengalih FFB	31/10/2020

AREA AND FFB PRODUCTION

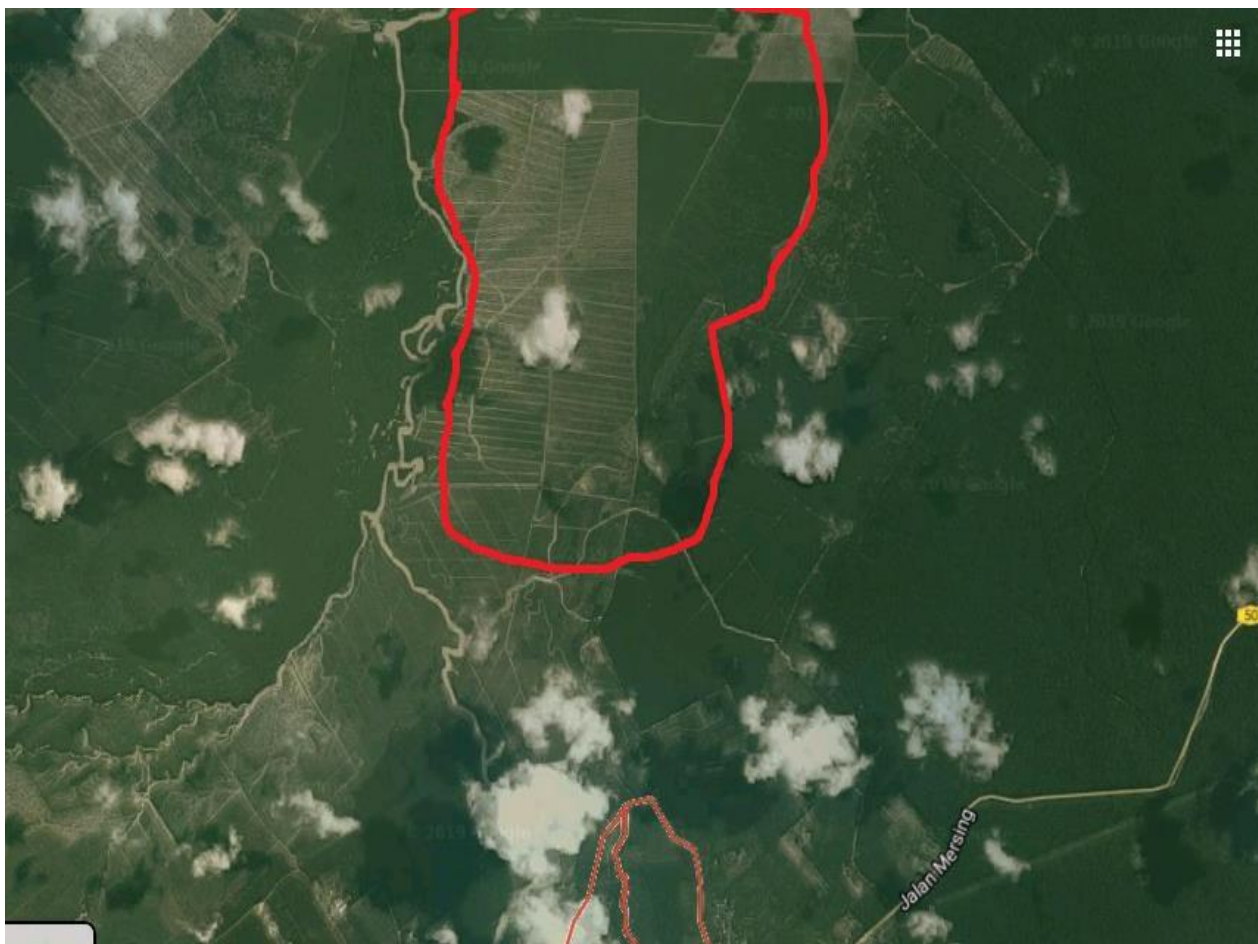
		PLANTED AREAS			NON PLANTED AREA			TOTAL TITLE AREA (Ha)
NO	ESTATES NAME	IMMATURE AREA (Ha) 0-3 YRS	MATURE AREA (Ha) >3 YRS	TOTAL PLANTED AREAS (Ha)	CONSERVATION AREA (HBV, Steep Land, etc.) Ha	OTHERS (BUILDING, LINE SITES, ETC.) Ha	TOTAL UNPLANTED AREA (Ha)	
1	Division A	202.23	492.52	694.75	-	2.02	207.16	903.93
2	Division B & C	31.40	134.91	166.31	-	-	-	166.31
	TOTAL	233.63	627.43	861.06	-	2.02	207.16	1,070.24

PRODUCTION VOLUME

NO	ESTATES NAME	TITLE AREA (Ha)	FFB PRODUCTION PREVIOUS Y2018 (MT)	FFB PRODUCTION FORECAST Y2019 (MT)
1	Division A	484.63	4,944.37	7,009.10
2	Division B & C	166.31	2,675.27	2,584.97
TOTAL			650.94	7,619.64
OER%			19.75	19.75

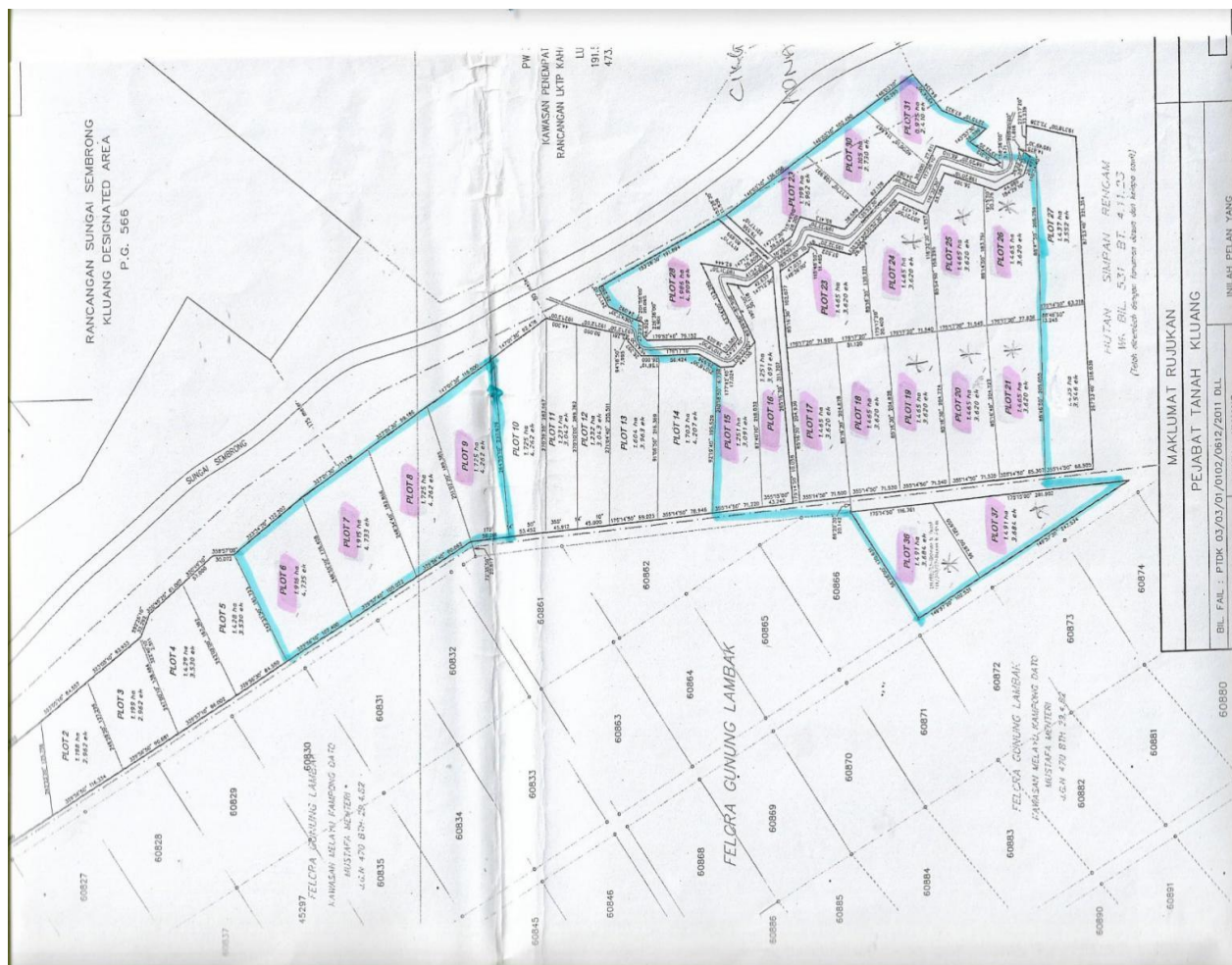
LOCATION AND MAP

EL DISTRIBUTION GROUP – DIVISION A



MALAYSIAN SUSTAINABLE PALM OIL PUBLIC SUMMARY AUDIT REPORT

EL DISTRIBUTION GROUP – DIVISION B & C



Review and follow-up on previous audit findings

All findings raised during the previous audit found has been addressed adequately. All NCR has been verified accordingly

Stakeholders Consultation Session

Stakeholder consultation began with notification of **a month prior of** upcoming assessment by official letter 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 **EL DISTRIBUTION GROUP (M) SDN BHD**. 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:

- Good relationship stakeholder between estate management
- Good communication and cooperation between estate management
- Good implementation of MSPO awareness to local community & company

No	Organisation	Stakeholder
1	Supplier Tyre	External
2	EL - Distribution	Internal
3	EL - Distribution	Internal
4	EL - Distribution	Internal
5	EL - Distribution	Internal
6	EL - Distribution	Internal
7	EL - Distribution	Internal
8	EL - Distribution	Internal

All positive and negative inputs from stakeholders has been discussed with management of **EL DISTRIBUTION GROUP (M) SDN BHD** with proper justification and adequate action plan by the management team to address the issue.



MALAYSIAN SUSTAINABLE PALM OIL PUBLIC SUMMARY AUDIT REPORT

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 -