

**PRIMA CERT INTERNATIONAL SDN BHD (1107878-A)**

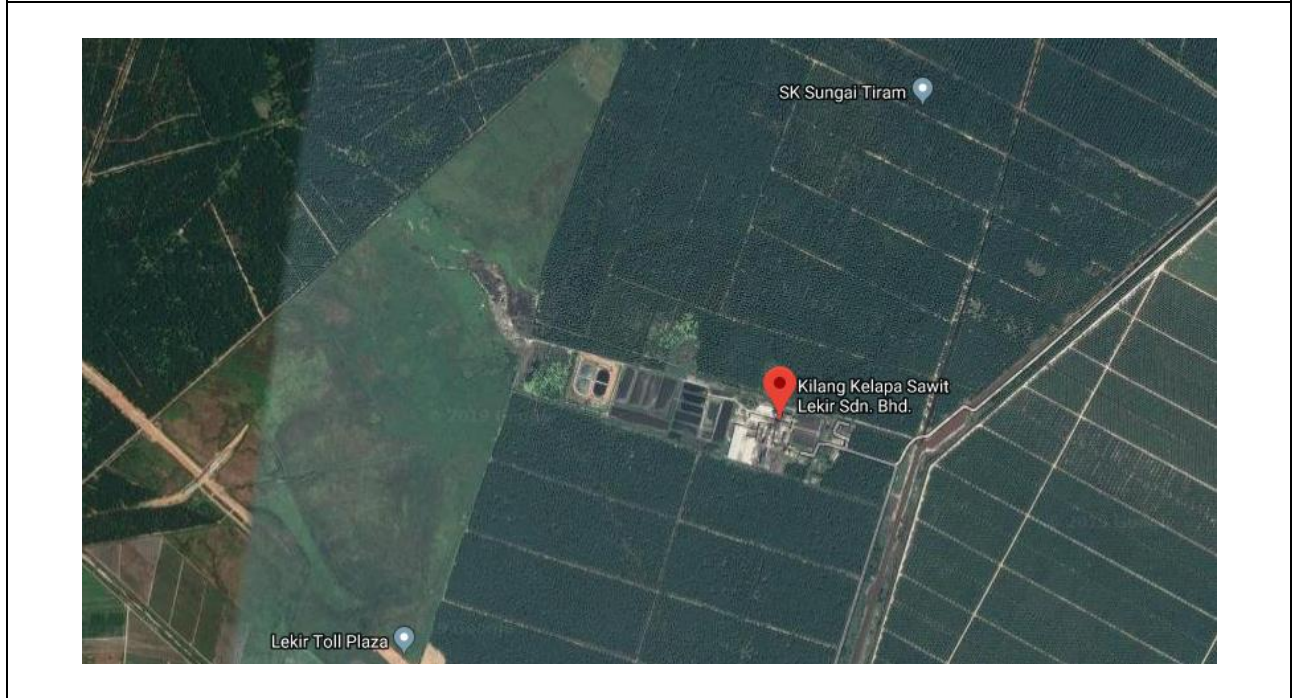
5A, Jalan Anggerik Eria AU 31/AU  
 Kota Kemuning, 40460 Shah Alam  
 Selangor, D. E. Malaysia  
[www.pci.com.my](http://www.pci.com.my) / +603-5525 8359

**MSPO Audit Summary**

Company Name:	<b>Kilang Kelapa Sawit Lekir Sdn Bhd</b>
Address:	<b>Batu 11, Lekir, 32020 Sitiawan, Perak</b>
Reference No.:	<b>100022</b>
Standard(s):	<b>MS 2530-4:2013</b>
MPOB licence no: (for group certification, list all licences no. in the group)	<b>500235704000</b>
MPOB licence scope of activity:	<b>1. Menjual &amp; mengalih PK, CPO, SPO</b> <b>2. Membeli dan mengalih FFB, PK, CPO</b> <b>3. Menyimpan PK, CPO, SPO</b> <b>4. Mengilang FFB</b>
MPOB Licence expiry date:	<b>30/06/2019</b>
Audit Type:	<input checked="" type="checkbox"/> <b>Stage 2 Audit</b> <input type="checkbox"/> <b>Surveillance Audit</b> <input type="checkbox"/> <b>Re-certification Audit</b>
Audit scope:	<b>Palm Oil Mill</b>
Sites sampled: (for group certification only)	<b>n/a</b>

**GPS Coordinate:**    **N 4° 9' 3.287" E 100° 46' 49.969"**

**Map showing approximate location of certified entity:**



**Audit date:**    **23/11/2018 to 24/11/2018**

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Total number of man-day(s):	<b>3.0</b> man-day(s)
(for MSPO Part 2 & Part 3) Planted Area:	<input checked="" type="checkbox"/> Not applicable ha.
(for MSPO Part 2 & Part 3) Estimated tonnage of annual FFB produced:	<input checked="" type="checkbox"/> Not applicable mt.
(for MSPO Part 4) Estimated processing capacity: Estimated certified palm oil (CSPO): Estimated certified palm kernel (CSPK):	<input type="checkbox"/> Not applicable <b>100</b> mt. FFB/hour <b>19.19</b> mt./hour <b>5.27</b> mt./hour
(N/A for Stage 2 & Re-certification assessment) Date of certificate issued and validity	<input checked="" type="checkbox"/> Not applicable <b>dd/mm/yyyy to dd/mm/yyyy</b>
Please state if the organization certified for other sustainability scheme(s)?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, _____

**Executive Summary**

**KKSL palm oil mill had adopted the MSPO certification scheme with the signing of the MSPO Policy on 1<sup>st</sup> July 2018 by its Director Mr Goh Hiang Keat. This commitment was evident with the prominent display of the mill MSPO Policy as well as banners on the implementation of MSPO in strategic locations throughout the plant area. A Management Review meeting had been conducted to discuss and resolve findings in the recent internal audit conducted before this Stage 2 Audit. Although not covered in the Management Review meeting, 5 Improvement Action Plans were noted to be implemented with a designated person-in-charge defined.**

**Transparency in communication was manifested in the Information / Document Request Procedure as well as the Request for Information / Document Form, although these were not utilised at the time of the Stage Audit. To disseminate the latest information on its development, KKSL palm oil mill conducted its stakeholder consultation on 29<sup>th</sup> August 2018. Among its stakeholders included neighbouring plantations, village headmen and representatives of nearby schools.**

**The management of KKSL palm oil mill is aware of legal compliance for its operation. DOE Perak has issued a licence for an approved processing capacity of 100 MT per hour of FFB while MPOB licence is for a yearly processing capacity of 360,000 tons of FFB. The mill currently occupies 3 lots in Mukim Jaya Baru on which it has a 99-year lease. No dispute has been recorded in the land use of its holdings.**

**KKSL identifies 9 aspects in its social impact assessment, some of which generate positive impacts. Since 01/07/2018, only one record on complaints and grievances has been received regarding infrastructure for worker welfare and safety. The mill manager had promptly responded by calling for a quotation to prepare a concrete surface for motorcycles and to arrange for street lighting in a frequently used pedestrian path. By interacting with the local communities through donations to the Parents-Teachers**

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Association of nearby primary school, village recreation clubs, charity bodies and bereaved families of its own staff and workers, KKSL had shown itself to be a cordial corporate neighbour. It had also entertained a group of university on an educational visit to the mill.

The KKSL Safety and Health Policy was available in both English and Bahasa Malaysia. To cater to its 161-strong workforce, the KKSL manual on safe work procedures is also in BM. As for its training plans, KKSL intends to send its staff to attend a biogas power plant operation and maintenance as well as to send its staff for competency training in handling scheduled waste and management of POME. KKSL has successfully conducted its fire drill involving 28 personnel including 2 from BOMBA on 12/09/2018. A total of 10 personnel attended First Aid training with St John's Ambulance on 6<sup>th</sup> to 8<sup>th</sup> August this year. Two scalding cases were reported at the Boiler No. 2, bringing to 3 persons injured this year.

The KKSL Good Social Practice Policy has been established and addresses non-discrimination. The legal minimum wage is adhered to. The thumb-print system is used to record hours worked with supporting documents from supervisors to verify attendance and overtime. Workers are entitled to medical benefit, transport allowance, bonus based on performance of the company as well as the individual.

In its efforts on environmental monitoring, KKSL has in place its environmental policy. Included in its environmental improvement plan are competency courses for its personnel in POME and scheduled waste management. Also included is an investment in equipment to reduce the opacity level of Chimney No. 3. A new boiler coupled to a new turbine alternator are to be installed with the expectation of weaning off KKSL off the TNB grid, thereby diverting the kernel shell from the present practice of burning as boiler fuel to be sold for more revenue.

The KKSL Waste Management Procedure covers both scheduled waste and no-scheduled waste. Disposal of scheduled waste is by DOE-certified Aliran Segar Sdn Bhd with transactions conducted on eSWIS. Domestic waste is regularly collected and dumped into a landfill within the premises of the mill. POME is treated before discharge into the water course. Sampling and analysis is done by an accredited chemist in Trinity laboratory Sdn Bhd. The result of the last sampling and testing indicated that the parameters were below the standard values. For the implementation of best practices, the Code of Good Milling Practice is referred to. KKSL Pricing Mechanism for Fresh Fruit Bunches (KKSL-P6-3) and FFB Pricing Calculation is same as defined by MPOB guideline. FFB Suppliers understand the calculation. In general, the MSPO system is already in place and being implemented in the KKSL palm oil mill.

**Listing of strength / strong point identified:**

No	Strength Statement
1.	<i>Strong support from the management for the implementation of the MSPO certification scheme.</i>
2.	<i>A conducive filing and recording system to capture and monitor changes to documents as assimilation of the MSPO Principles and Criteria are adhered to.</i>
3.	<i>Commitment from management and staff to environmental requirements</i>

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**Listing of improvement potential / opportunities for improvement (OFI)**

No	OFI Statement
1.	Consider to put a reference number and effective revision date on the KKSL Standard Operating Procedure.
2.	Review the securing of the stored gas cylinders within sturdy frames for safety as well as proper segregation.
3.	Drip pans may be installed under the more toxic chemicals as defined in the CSDS with respect to discharge to drains and water courses.
4.	The emergency wash station does not serve its function as the shower head is not installed.
5.	No meeting had been held so far, as only a briefing on MSPO requirements (which included environmental concerns) had been conducted.
6.	The baseline (an average obtained from data from 2015 – 2017) was 5.69 (while the auditor determined it as 0.54).

**Listing of nonconformity (NCR)**

No	Clause	NCR Statement	NCR status
1.	4.4.5.9	The MS 2530-4:2013 clause 4.4.5.9 stated wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. During the audit, it was found Pay slip on Oct 2018 for Employee No. MRM009 with deduction of salary due to annual leave taken. The deduction of salary is not allowed by legal requirements.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Close
2.	4.5.5.1c	The MS 2530-4:2013 clause 4.5.5.1c states that: "The water management plan may include: b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities " During the audit, it was found that the compound around the vehicle servicing area was overgrown with weeds. Consider housekeeping to clear clutter of materials and soil as the oil trap was under water (potentially discharging polluted water into the adjacent drain).	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Close

**Stakeholder consultation summary**

Any issues raised by the stakeholder(s) towards the company?	<input type="checkbox"/> Yes, issue: _____ <input checked="" type="checkbox"/> No.
Remarks: <b>Based on interview with relevant stakeholders, they are satisfied with the relationship and positive interaction with KKSL.</b>	

**Certification recommendation**

In reference to **MS 2530-4:2013**, the audit team recommends for:

<input type="checkbox"/> Issuance of the certificate.
<input checked="" type="checkbox"/> Issuance of the certificate as soon as implementation of corrective action(s) has been demonstrated.

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<input type="checkbox"/> Maintenance of the certificate.
<input type="checkbox"/> Maintenance of the certificate as soon as implementation of corrective action has been demonstrated.
<input type="checkbox"/> Not applicable, due to extraordinary type of report.

Tentative next audit date:	<b><u>11/2019</u></b>
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<b>Company Representative</b>	
Designation:	<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Other, please specify:
Name:	<b>Chan Wey Liang</b>
Position:	<b>Mill Manager</b>
Tel:	<b>+605-6792 888 / +605-6792 828</b>
Email:	<a href="mailto:info@kksl.com.my">info@kksl.com.my</a>
<b>PCI Audit Team Leader</b>	
Name:	Dominic Retan Giah
Area of expertise	Plantation management, ESH, EIA consultant
Tel:	+603-5525 8359
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<b>PCI Audit Team Member 1</b>	
Name:	Lim Aik Loong
Position:	<input checked="" type="checkbox"/> Co-Auditor <input type="checkbox"/> Auditor-in-Training <input type="checkbox"/> Technical Expert <input type="checkbox"/> Observer <input type="checkbox"/> Other, please specify:
Area of expertise (N/A if observer & other)	Social economic, quality management, business management