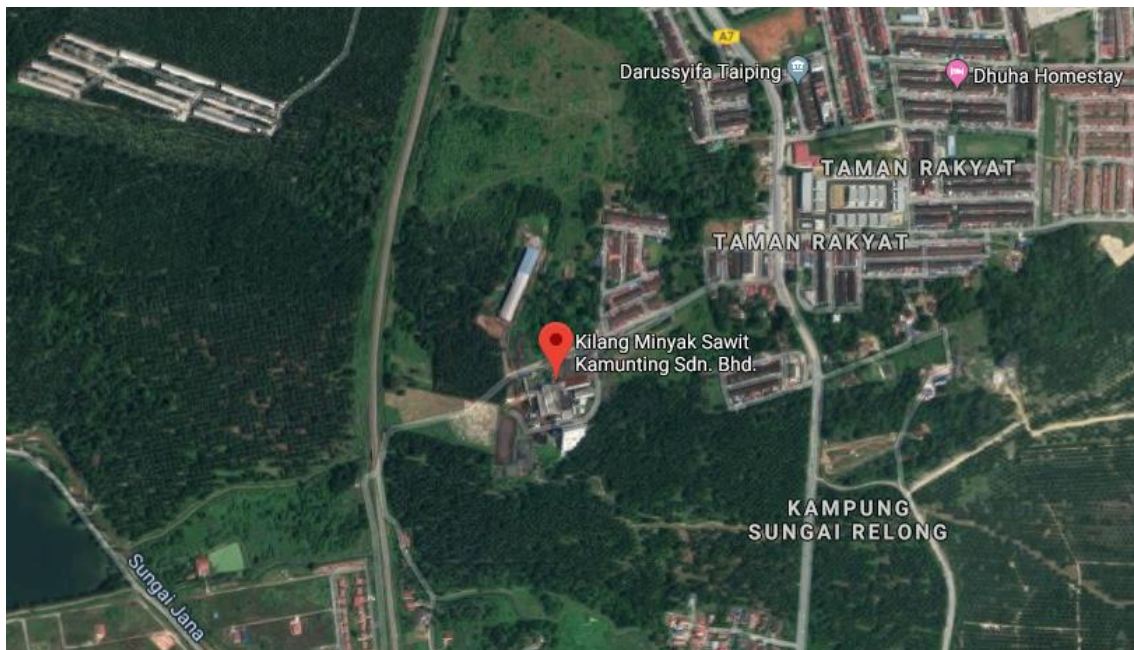


MSPO Audit Summary

Company Name:	Kilang Minyak Sawit Kamunting Sdn Bhd
Address:	Lot 143, 146, 7872 & 30582, Mukim Asam Kumbang, Batu 5, Jalan Batu Kurau, 34600 Kamunting, Perak
Reference No.:	100042
Standard(s):	MS 2530-4:2013
MPOB licence no: (for group certification, list all licences no. in the group)	537768004000
MPOB licence scope of activity:	1. Menjual & mengalih PK, CPO, SPO 2. Membeli dan mengalih FFB, PK, CPO 3. Menyimpan PK, CPO, SPO 4. Mengilang FFB
MPOB Licence expiry date:	Contact PCI for detail
Audit Type:	<input checked="" type="checkbox"/> Stage 2 Audit <input type="checkbox"/> Surveillance Audit <input type="checkbox"/> Re-certification Audit
Audit scope:	Palm oil milling.
Sites sampled: (for group certification only)	n/a

GPS Coordinate: N 4° 55' 22.681" E 100° 43' 9.688"

Map showing approximate location of certified entity:



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 / +603-5525 8359



Audit date:	12/12/2018 to 14/12/2018
Total number of man-day(s):	3.0 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 30.0 mt. FFB/hour 5.757 mt./hour 1.581 mt./hour
(N/A for Stage 2 & Re-certification assessment) Date of certificate issued and validity	<input checked="" type="checkbox"/> Not applicable dd/mm/yyyy to dd/mm/yyyy
Please state if the organization certified for other sustainability scheme(s)?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, _____

Executive Summary

Kamunting palm oil mill had adopted the MSPO certification scheme with the signing of the MSPO Policy on 15th July 2018 by its Director Mr Ngan Teng Han. 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 on 27th November 2018 to discuss and resolve findings in the recent internal audit. Kamunting mill has started 13 improvement plans related to its main social and environmental impacts and opportunities.

In terms of Transparency, the Information / Document Request Form was not utilised for supplying of information although there was much verbal requests and feedback received during the Stakeholders Consultation conducted in a series beginning 20-21/09/2018, on 26/10/2018 till & 21/11/2018. MSPO policy documents are prominently displayed at strategic locations in the mill compound – at the office, at the guard house and at the supervisor’s stations in the plant. Its identified stakeholders comprise both internal (Board of Directors, staff and employees) and external such as FFB suppliers (which include smallholders and plantations), FFB dealers, government departments, spare parts suppliers, community leaders, school representatives and NGOs. The Traceability system is in place and inspection is conducted every 6 months on a sample of FFB, CPO and PK.

The management of Kamunting mill is aware of legal compliance for its operation with evaluation records maintained by the designated Legal Officer Ms Chan X’ze Yen. Kilang Minyak Sawit Kamunting Sdn Bhd has freehold ownership over 5 lots in Mukim Asam Kumbang, Daerah Kamunting, Perak. No dispute has been recorded in the land use of its holdings.

Kamunting identifies aspects in its social impact assessment procedure, some of which generate positive impacts. The Kamunting mill Complaint and Grievance Procedure was approved and implemented on 15/07/2018. There had yet to be any submission of the forms although a suggestion box and forms are made available at the office. The local communities had been informed of the procedure at an external

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) / +603-5525 8359)



stakeholder consultation on 19/09/2018. Kamunting had shown itself to be a genial corporate neighbour by interacting with the local communities. Some examples of such engagement were a donation to a primary school SK Taman Jana and to the Advisory Panel for the Kamunting Health Clinic both on 16/11/2018. The mill also provided industrial attachment to undergraduates of local institutions of higher learning in 2017. An annual get-together for employees as well the surrounding communities was conducted at the plant compound on 13/03/2018.

The Kamunting Safety and Health Policy was approved by the Managing Director Mr Ngan Teng Han on 15/07/2018. Elements of safety are presented at the start of every shift. The Safety and Health Policy is prominently displayed on the office noticeboard, the office of each section head in the plant area and also on the mill noticeboard. The Kamunting HIRARC Procedure identifies all hazards, risk analysis and risk control in connection with its mill operations. In tune with its Emergency Preparedness and Response Procedure, 5 mill personnel attended the Emergency Response Team Training conducted by BOMBA on 30/09/2018. At the time of this Stage 2 Audit, there were 5 trained First Aiders who held keys to the First Aid boxes in the mill. They were also members of the ERT. For this year, there had been 3 incidents of workers sustaining injury in the plant.

The Kamunting Good Social Practice Policy has been established and addresses non-discrimination. The legal minimum wage is adhered to. Workers are entitled to medical benefit, transport allowance, bonus based on performance of the company as well as the individual. Opportunities for training are also made available through regular posting of training by external providers for employees to attain competency and trade licences, claimable through the HRDF. The thumb-print reader is used to record hours worked with supporting documents from supervisors to verify attendance and overtime. The Sexual Harassment and Violence Policy is in place. Also in use is the punch card system but this is gradually being phased out. Workers of contractors were also evident in the plant area, attending to ongoing construction activities and repair works. Their wages were hourly-rated being in the semi-skilled category based on their experience and skill sets (whether as welders, electricians or brick masons).

In its efforts on environmental monitoring, Kamunting mill has in place its environmental policy. Thirteen environmental improvement plans are being implemented this year. They deal with the improvement on discharge (air emissions and effluent), existing plant equipment (ramp & de-pericarper), waste management (scheduled and non-scheduled waste) and attending to a CAR in the Internal Audit Report. Among the topics discussed at the 5th meeting of the year by the KMSK Environmental Monitoring Committee were the issue of effluent oxidation pond, status of the renovation of the scheduled waste store, monitoring of the smokestack emission and th bottleneck at the EFB press.

The Kamunting Waste Management Procedure covers both scheduled waste and non-scheduled waste. Scheduled waste is removed for disposal by a DOE-licensed and registered contractor. General or domestic waste is disposed into a landfill pending on an application to the Taiping town council. POME flows in an isolated drainage system into oil separators before undergoing biological treatment and eventual discharge for land application. Sampling and analysis is done by an accredited chemist. The result of the last sampling and testing indicated that the parameters were below the standard values. For the implementation of best practices, the Mill Flow Chart & Safe Work Procedure are adhered to. The Contract or Offer Letter is referred for the pricing mechanism and communicated to the FFB suppliers. The FFB Pricing Calculation is the same as defined by MPOB guideline. In general, the MSPO system is already in place and being implemented in the Kamunting palm oil mill.

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 / +603-5525 8359)

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

No	Strength Statement
1.	Prompt response in accessing information & rectification of findings.
2.	Good practices noted in the mill (safety signage) and use of PPE among workers.
3.	Dedicated team to ensure compliance to MSPO requirements.
4.	Strong management support in the implementation of MSPO compliance.
5.	Generally good housekeeping in terms of facilitating movement in the plat and store areas.
6.	Documents are easily accessible, thanks to the document control team.
7.	A good mix of competencies among staff.
8.	Positive feedback from stakeholders (smallholders) in terms of pricing.

Listing of improvement potential / opportunities for improvement (OFI)

No	OFI Statement
1.	A rubber mat or other insulating material may be put on the floor adjacent to the front of the cabinet for the electrical switch board.
2.	Visibility in the dark passage way over the oil tanks should be improved to ensure worker safety
3.	Consider to provide a warning sign and cushioning cladding on the low steam pipe to facilitate safe passage for personnel.
4.	Free standing gas cylinders left unattended near a pillar pose a hazard. To secure for safety consideration.
5.	Preparation of training programs maybe more effective if training needs analysis had been carried out initially.
6.	Storage of empty containers used to hold oils or chemicals maybe better improved if stacked in an orderly manner and labelled (as a lot).
7.	The dump site can be improved by marking of the pit and progressive topping with soil.

Listing of nonconformity (NCR)

No	Clause	NCR Statement	NCR status
1.	4.4.4.2	<p>With reference to the unanimous decision by mill workers that deduction for advance be made in their payslip, mill management can improve on the practice by maintaining minutes of such meetings and to keep records of written consent.</p> <p>The MS 2530-4:2013 clause 4.4.4.2.g) states that: "The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meetings shall be kept and the concerns of the employees and any remedial actions taken shall be recorded.</p> <p>This consent was not recorded in the meeting and neither were the minutes available.</p>	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Close

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 / +603-5525 8359)



2.	4.4.4.2	<p><i>The Safety & Health Committee meeting could have been more meaningful if a review of accident records was included in the agenda. The MS 2530-4:2013 clause 4.4.4.2.j) states that: "Records shall be kept of all accidents and be reviewed periodically at quarterly intervals."</i></p> <p><i>The record of accidents during the year was not discussed in the last Safety and Health Committee meeting.</i></p>	<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: <p><i>While the stakeholders were generally satisfied with the relationship and positive actions of KMSK mill, the smallholders were quite worked up discussing the apparently rampant pilferage of green fruits. Although more of an enforcement issue, this matter was nevertheless brought up to the attention of the mill manager.</i></p>	

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.
<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:	12/2019
----------------------------	----------------

Company Representative	
Designation:	<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Other, please specify:
Name:	Shah Rizan Sulaiman
Position:	Mill Manager
Tel:	019-981 3813
Email:	kmsk2010@yahoo.com
PCI Audit Team Leader	
Name:	Dominic Retan Giah
Area of expertise	Forestry, plantation management, health & safety, EIA expert
Tel:	+603-5525 8359
Email:	info@pci.com.my