

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)

**MSPO Audit Summary**

Company Name:	Havys Oil Mill Sdn Bhd
Address:	KM31, Bahau-Keratong Highway, Mukim Bera, Pahang.
Reference No.:	100053
Standard(s):	MS 2530-4:2013
MPOB licence no: (for group certification, list all licences no. in the group)	1. 500379-504000
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:	1. 31/10/2019
Audit Type:	<input checked="" type="checkbox"/> Stage 2 Audit <input type="checkbox"/> Surveillance Audit <input type="checkbox"/> Re-certification Audit
Audit scope:	Palm Oil Mill.
Sites sampled: (for group certification only)	N/A

GPS Coordinate: N 2°53'37.4" E 102°39'40.8"

Map showing approximate location of certified entity:



Audit date:

13/05/2019 to 14/05/2019

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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 45.0 mt. FFB/hour 8.77 mt./hour 2.44 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

Havys Oil Mill Sdn Bhd (henceforth to be addressed as Havys) had adopted the MSPO certification scheme with the signing of the MSPO Policy on 4th July 2018 by its Managing Director Datuk Michael Lim. This commitment was evident with the prominent display of a banner proclaiming the implementation of the MSPO Policy at the main gate to the mill compound. There was however, a lack of display of the policy in areas frequented by workers and external stakeholders. Two Management Review meetings had been conducted on 30th January 2019 and on 22nd February 2019 to discuss findings of the internal audit. The internal audit was carried out in 2 rounds: 29 to 30th January 2019 and from 20th to 22nd February 2019. The results of the 2 rounds of internal audit were only categorised as findings without defining them as good practices, opportunity for improvement and non-compliance to enable allocating resources to address them. Actions had been taken to close 4 of the 13 findings by 01/04/2019 while documentation on the rest was in progress. Havys has prepared 5 continual improvement plans related to workers quarters (with a budget of RM1 million), canteen fencing, staff development training, car park and office. Two of these plans have now been completed: the workers quarters and the canteen fencing.

In terms of Transparency, Havys has established its Consultation and Communication Procedure (H-CC-SOP-0008 Rev. No. 00 dated 18/10/2018, revision 00) which defined the method of communication and the complaint / grievance process. The Human Resource Executive and the Operation & Administration Manager have been appointed as persons-in-charge of Consultation and Communication. Commendably, the feedback received in its stakeholders served as input for its social impact assessment. The traceability system is in place manifested as the Traceability Supply Chain Policy and the Traceability Procedure. The Senior Weighbridge Clerk is the Traceability Officer, appointed on 02/11/2018.

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The management of Havys oil mill is aware of legal compliance for its operation with its list of 22 permits and licences. Its Legal Register is reviewed monthly by the designated Regulatory Compliance Officer Mr Pragasha Rao appointed on 19/11/2018. Havys occupies a plot inside a plantation block in the name of Paramount Enterprise which has land titles on 4 lots on 99-year lease in Mukim Bera, Pahang. No dispute has been recorded in the land use of its holdings and the boundary of the mill compound is well defined with fencing. No other users are affected as adjoining lots belong to Paramount estate.

Havys utilises feedback from its stakeholders' consultation as inputs for its Social Impact Assessment. Its grievance and complaint procedure had been formalised on 19/03/2019 although stakeholders had been briefed on the complaint mechanism on 28/02/2019. The procedure determines that complaints records be kept for 24 months. No complaint has been received to date. Sharing the same Owner and being in the same area, Havys conducted CSR activities jointly with Paramount estate. These took the form of complimentary fertilizer to smallholders, free supply of EFB for mulching as well donations to nearby mosques and a secondary school.

The Havys Occupational Safety and Health Policy was approved on 03/01/2018. The risks of all operations in the Havys oil mill are covered in the HIRARC forms reviewed by the appointed Occupational Safety and Health Officer Mr Pragasha Rao (who is also the Regulatory Compliance Officer). Risk analysis with high rating is at the kernel process (elevator, conveyor, heater and bunker) although none of the personnel at the kernel section was named in the list of workers with impaired hearing in the Annual Audiometric Testing Report for testing done on 14/02/2019. The Havys Training Programme details out 30 types of training, from handling of hazardous chemicals to HSE awareness to SOP of operation of the Sterilizer. First aid training was internally provided although an external course for certified first aiders was being planned. Mill workers were provided with PPE as evident in the Havys Daily Store Transaction. A fire drill was conducted on 17/01/2019 with a note that the fire engines from Jempol BOMBA took 40 minutes to arrive at the scene. The Havys Safety Committee conducted its 1st quarter meeting on 25/03/2019 but missed out discussing the statistics on its accident record in the agenda.

The Havys Good Social Practice Policy, established on 03/09/2018 is displayed on noticeboards at the office and in the production area. Workers are hired based on their competency divulged in an interview. An annual appraisal is used to determine promotion and salary adjustment with bonus awarded depending on the company performance and worker aptitude. A sample of the payslip and contract revealed that Havys complied with regulatory requirement on minimum wages. The "Time Manager" System is used to record hours worked with supporting documents from supervisors with the punch card as back up to verify attendance. Havys Violence Prevention Policy was established on 18/09/2018 while its Sexual Harassment Policy was approved on 20/12/2017. These policies are communicated to the workers by prominent display at the office and the production area.

In its efforts on environmental monitoring, Havys oil mill has in place its Environmental Policy established on 05/07/2018. Its Environmental Aspect and Impact Assessment created on 01/02/2019 lists out 41 processes of which 3 had high risk assessment rating. These were noise

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pollution and pollution to water and land. It was noted that Havys had ample mitigation measures in place in the form of stack monitoring, CEMS and yearly audio-metric tests for affected personnel. Havys initiated a Management Plan to mitigate issues in 7 areas of concern such as excessive stacking of EFB, BOD and littering. The oil mill utilises renewable energy obtained from waste products as fuel for the boiler is evident in its monthly submission to the Energy Commission of Malaysia. Two units of 1,800 kWh gas turbines generate electricity from biomass (EFB, mesocarp and shell).

The Havys Waste Management Plan identifies 9 areas of concern with sources of waste (such as EFB, domestic waste, used containers and contaminated soil). Among its mitigation measures were the sale of EFB and the recycling of used drums into rubbish bins. Scheduled waste is made up of SW 305 and SW 410 as noted a submission on eSWIS by Mr Pragasha Rao on 09/05/2019. Domestic waste was disposed into a landfill located in the Paramount estate. Disposal is on a monthly basis and the weight recorded to obtain a monthly total. Havys sources its raw water for process water and drinking from Sg Kelai and stores this in a reservoir in the Paramount estate. The Havys Water Management Plan defines that every metric ton of FFB processed results in 600 kg of POME of which 500 kg is water and 100 kg is a mixture of solid and colloidal substances. POME is diverted to a nearby facility (operated by the Owner) which treats effluent to extract gas for electricity generation for sale to Tenaga Nasional Berhad.

The Havys Budget for Year 2019 presents an optimistic projection of its operation and profits. The pricing mechanism is defined in the purchase agreement between the FFB supplier and the Havys oil mill. The FFB Pricing Calculation is the same as defined by MPOB guideline. Currently, no contractor employees are at work in the mill. Yearly contract workers are hired via a formal contract. Havys hires 3 CPO transporters to deliver its CPO to the refinery.

In general, the MSPO system is already in place and being implemented in the Havys palm oil mill.

Listing of strength / strong point identified:

No	Strength Statement
1.	<i>Good methodology deploy for Stakeholder consultation and address by SAI.</i>
2.	<i>Prompt action and involvement on management to investigate and action.</i>
3	<i>Time Manager is ease the calculation and tracking of Overtime as it linked to Payroll Manager and avoid error and mistake during calculation and time saving.</i>
4	<i>Synergistic relationship between Paramount Estate and other nearby business units towards an efficient utilisation of FFB by-products.</i>
5	<i>Rapid response to rectification of findings at the site.</i>

Listing of improvement potential / opportunities for improvement (OFI)

No	OFI Statement
1.	<i>To consider month MPOB report, DOE monthly monitoring submission etc as part of transparency of sharing information with stakeholders.</i>

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2.	<i>To consider displaying MSPO related Policies at the areas with workers and stakeholders (FFB lorry driver, visitor) regular access like canteen, punch card area, guardhouse, production office, workshop etc.</i>
3.	<i>To consider further elaborate consultation and communication as per type of stakeholder, Person-in charge, method, frequency and any record retain for more consistent ongoing implementation.</i>
4.	<i>To consider define the inspection by non-weighbridge personnel and its interval in the existing procedure for more robust implementation.</i>
5.	<i>Date of Birth for foreign workers need to updated to Payroll Manager based on employee record.</i>
6.	<i>To consider define the Overtime premium rate of 3.0 and entitlement of 11 days of Public day was seen in yearly Public Holiday memo while can consider linked to employment contract</i>
7.	<i>The internal audit should categorise the findings (good practices, opportunity for improvement and non-compliance) to enable the focus of resources to address them</i>
8.	<i>The minutes of the Management meeting can serve as a robust document by having the attendance list, an agenda (recurring) and columns to monitor status, person(s) responsible and date line.</i>
9.	<i>The improvement and action plan can be more meaningful with an update on the document/form.</i>
10.	<i>To improve on the format of the minutes of the OSH Committee meeting for better presentation of information and decision taken, PIC and date line where applicable.</i>
11.	<i>The statistics on accidents were not reviewed in the recent OSH meeting.</i>
12.	<i>To improve on waste disposal at the landfill (due to odours) near the workers quarters and to educate workers on the use of recycle bins.</i>
13.	<i>To better monitor implementation, a column of the status should be included in the management plan for environmental improvement.</i>
14.	<i>The efficiency of energy use from a non-renewable source may be more evident if the record of processed FFB is included in the calculation.</i>
15.	<i>The efficiency of renewable energy (from biomass) may be more evident if the record of processed FFB is included in the calculation.</i>
16.	<i>To indicate sources of such waste in the Waste Management Plan and to review the mitigation plan (treatment measures) for spent & used chemicals from chemical handling and storage, used drums, used oil and contaminated soil.</i>

Listing of nonconformity (NCR)

No	Clause	NCR Statement	NCR status
1.	4.4.5.5	<i>Lack of evidences Job description is established.</i>	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Close
2.	4.4.5.6	<i>It was found the yearly contract for employee GW2168 is expired and currently no valid contract.</i>	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Close
3.	4.4.6.1	<i>Training records for First Aid (In house) planned on Feb 2019, Fire Extinguisher Training plan on Jan 2019, Chemical Spillage planned on Feb 2019 are not sighted. Training Need Analysis from Process Department, Purchasing Department (include Store) are not sighted.</i>	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Close
4.	4.5.3.3	<i>At the workshop, noted that: a) No control valve or stopcock on the outlet from the scheduled waste containment area.</i>	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Close

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	b) <i>The drain in front of the workshop is contaminated with oil-stained wash water and it is not equipped with an oil trap.</i>	
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Stakeholder consultation summary

Any issues raised by the stakeholder(s) towards the company?	<input type="checkbox"/> Yes, issue: _____ <input checked="" type="checkbox"/> No.
Remarks: <i>All the stakeholders were generally positive in their responses regarding the operational activities of the mill as well as the plantation. The external stakeholders among them were appreciative of the social contributions made by the 2 symbiotic entities (Havys and Paramount) towards the nearby communities in the area. A marked change noted in recent months was the posting of safety and environmental signage in the mill and the plantation.</i>	

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:	05/2020
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Company Representative	
Designation:	<input type="checkbox"/> Mr. <input checked="" type="checkbox"/> Ms. <input type="checkbox"/> Other, please specify: Dr
Name:	Debra Yap
Position:	Manager
Tel:	+60 18-376 0879
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PCI Audit Team Leader	
Name:	Dominic Retan Giah
Area of expertise	Forestry, plantation management, health & safety, EIA consultant
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PCI Audit Team Member 1	
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)	Management System, Best Practices